

Sompo Holdings, Inc.

Integrated Annual Report 2025

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Financial Highlights

From the fiscal year ended March 31, 2025, the Company prepares consolidated financial statements in accordance with International Financial Reporting Standards (IFRS).

Consolidated Financial Indicators for Sompo Holdings

1. IFRS

	IFRS		
	Transition date (Beginning of FY2023)	FY2023	FY2024
Key Figures (Millions of Yen)			
Insurance revenue	—	4,836,830	5,065,520
Net income before tax	—	614,529	330,279
Net income attributable to owners of parent	—	529,655	243,132
Comprehensive income attributable to owners of parent	—	1,253,872	381,260
Per Share Information (Yen)			
Earnings per share — Basic	—	534.46	250.90
Earnings per share — Diluted	—	534.28	250.90
Dividend per share (Yen)			
Annual dividends	—	300.00	132.00
(Of which, Interim)	—	150.00	56.00
Financial Condition (Millions of Yen)			
Total equity	2,984,618	4,127,198	4,226,153
Total equity attributable to owners of parent	2,967,633	4,107,621	4,205,192
Total Assets	14,860,669	16,459,939	15,890,039
Ratio of equity attributable to owners of parent to total assets (%)	20.0	25.0	26.5
Consolidated Solvency Margin Ratio (%)	—	—	602.9
Stock Information (Thousand shares)			
Number of Shares Outstanding	347,698	330,160	990,482
Adjusted Financial Indicators			
Adjusted Consolidated Profit (Billions of Yen)	—	335.9	323.4
Adjusted Consolidated ROE (%)	—	—	9.2

- Notes:
- The shares of the Company remaining in the Board Benefit Trust (BBT) are included in treasury stock as a deduction in the calculation of the average number of shares outstanding during the period for the purpose of calculating basic income per share and diluted income per share.
 - On April 1, 2024, a 3-for-1 stock split of common stock was executed; net income per share and diluted net income per share are calculated on the assumption that the stock split was executed on the transition date. In addition, the total number of shares outstanding and the dividend per share for years other than the fiscal year ended March 31, 2025 represent the actual numbers of shares and dividends before the stock split.
 - The consolidated solvency margin ratio for the fiscal year ended March 31, 2024 is not stated as it has not been calculated in accordance with IFRS.

2. Japanese GAAP

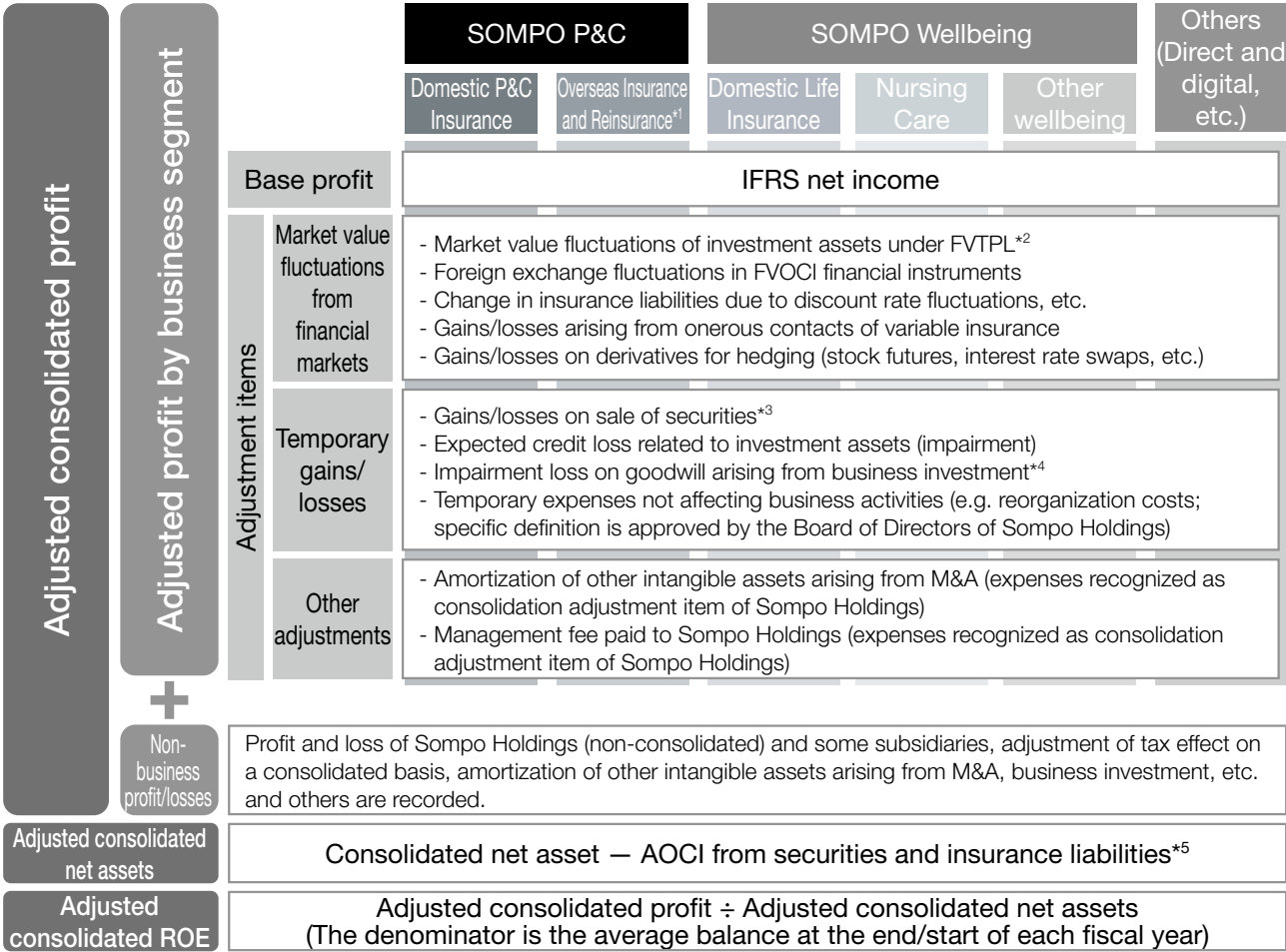
	Japanese GAAP				
	FY2020	FY2021	FY2022	FY2023	FY2024
Key Figures (Millions of Yen)					
Ordinary Income	3,846,323	4,167,496	4,525,869	4,933,646	5,453,769
Net Premiums Written (P&C Insurance)	2,923,547	3,215,713	3,670,717	3,690,419	4,016,599
Life Insurance Premiums	346,177	325,183	316,752	311,850	316,610
Ordinary Profit	215,097	315,512	49,504	488,034	552,924
Net income attributable to shareholders of the parent	142,482	224,842	26,413	416,054	422,927
Comprehensive Income	512,417	143,823	29,346	1,061,846	281,096
Per Share Information (Yen)					
Net Income	132.46	214.74	26.14	419.83	436.45
Diluted Net Income	132.38	214.62	26.13	419.69	436.45
Dividend per share (Yen)					
Annual dividends	170.00	210.00	260.00	300.00	132.00
(Of which, Interim)	80.00	105.00	130.00	150.00	56.00
Financial Condition (Millions of Yen)					
Total Net Assets	2,031,168	2,040,789	1,919,140	2,868,258	2,865,132
Total Assets	13,118,656	13,787,835	13,351,277	14,832,778	15,030,015
Equity Ratio (%)	15.39	14.71	14.25	19.23	18.94
Consolidated Solvency Margin Ratio (%)	871.8	773.0	584.0	697.6	—
Stock Information (Thousand shares)					
Number of Shares Outstanding	373,330	347,698	347,698	330,160	990,482
Adjusted Financial Indicators					
Adjusted Consolidated Profit (Billions of Yen)	202.1	261.3	152.2	291.0	334.3
Adjusted Consolidated ROE (%)	8.0	9.4	5.5	9.2	9.0

- Notes:
- The shares of the Company remaining in the “Board Benefit Trust (BBT)” are included in treasury stock as a deduction in the calculation of the average number of shares outstanding during the period for the purpose of calculating net income per share and diluted net income per share.
 - On April 1, 2024, the 3-for-1 stock split of common stock was executed; net income per share and diluted net income per share are calculated on the assumption that the stock split was executed at the beginning of the fiscal year ended March 31, 2021. In addition, the total number of shares outstanding and the dividend per share for years other than the fiscal year ended March 31, 2025 represent the actual numbers of shares and dividends before the stock split.
 - Overseas consolidated subsidiaries that have adopted International Financial Reporting Standards (IFRS) have applied IFRS 17 “Insurance Contracts” and IFRS 9 “Financial Instruments” from the beginning of the fiscal year ended March 31, 2024. Accordingly, figures for the fiscal year ended March 31, 2023 have been retrospectively applied. The cumulative effect of the change for the fiscal year ended March 31, 2022 and earlier is reflected in the net asset amount at the beginning of the fiscal year ended March 31, 2023.
 - The consolidated solvency margin ratio for the fiscal year ended March 31, 2025 is not stated as it has not been calculated in accordance with Japanese standards.
 - The consolidated financial statements for the fiscal year ended March 31, 2025 based on Japanese GAAP have not been audited, pursuant to the provisions of Article 193-2 Paragraph 1 of the Financial Instruments and Exchange Act.

Consolidated Business Overview

(Reference) Definition of Adjusted Consolidated Profit

IFRS



^{*1} Adjusted profit by business segment of the overseas insurance business is measured for the January to December accounting period (adjusted consolidated profit is for the April to March accounting period).

^{*2} Mutual funds. In addition, stocks and bonds, etc. held in the overseas insurance business, excluding non-traditional assets.

^{*3} Some adjustment made to the scope of exclusion for the domestic P&C insurance and overseas insurance businesses.

^{*4} Includes impairment losses (reversal) on tangible fixed assets and leases in the nursing care business.

^{*5} Unrealized gains/losses on securities held and insurance liabilities (AOCI:Accumulated Other Comprehensive Income).

Japanese GAAP

Adjusted consolidated profit is the sum of the adjusted profit^{*1} of each business segment.

Domestic P&C Insurance	Overseas Insurance and Reinsurance	Domestic Life 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)	Operating income ^{*2} Net income is used for affiliates accounted for under the equity method in principle.	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) – Gains/losses on sales of securities and impairment losses on securities (after tax) – Surplus relief reinsurance effect (after tax)
Nursing Care	Digital & Others	
Net income	Net income – Gains/losses on sales and impairment losses related to investment (after tax)	

^{*1} Adjusted profit by business segment excludes one-time gains and losses or special factors such as dividend from group companies.

^{*2} Defined as the operating income, which excludes one-time fluctuation factors (= Net income – Net foreign exchange gains and losses – Net realized and unrealized gains and losses on securities – Net impairment losses recognized in earnings, etc.)

1. Management’s Discussion and Analysis of Financial Condition, Results of Operations, and Cash Flows

(1) Overview of results of operations, etc.

SOMPO Holdings, Inc. (the “Company”) and its group companies (the “Group”) has adopted International Financial Reporting Standards (IFRS) to the consolidated financial statements from the fiscal year ended March 31, 2025. Figures for the previous fiscal year have also been restated in accordance with IFRS for comparative analysis. An overview of the Group’s financial condition, results of operations, and cash flows (collectively “results of operations, etc.”) for the fiscal year ended March 31, 2025 is as follows.

(i) Financial condition and results of operations

■ The Group’s results of operations

The global economy grew at a moderate pace in the fiscal year ended March 31, 2025, driven by the U.S. supported by robust consumer spending, despite tight monetary policy mainly in Europe and the U.S.

The Japanese economy recovered at a moderate pace, despite continued inflation, since corporate earnings, labor market, and income levels improved. However, the implications of the U.S. trade policy, persistent inflation, and financial/capital market fluctuations need to be closely monitored.

Under these circumstances, the consolidated financial results of the Group for the fiscal year ended March 31, 2025 were as follows:

Insurance service result decreased by 47.4 billion yen to 304.1 billion yen compared to the previous fiscal year, the components of which were insurance revenue of 5,065.5 billion yen, insurance service expenses of 4,401.1 billion yen and income or expenses from reinsurance contracts held of (360.2) billion yen. Finance result decreased by 201.6 billion yen to 119.7 billion yen compared to the previous fiscal year, the components of which were investment gains and losses of 327.1 billion yen and insurance finance gains and losses of (207.4) billion yen.

As a result of the foregoing, the Company reported net income before tax, calculated as the sum of insurance service result, finance result and other income and expenses, of 330.2 billion yen, a decrease of 284.2 billion yen from the previous fiscal year. The Company posted net income attributable to owners of parent, net of income tax expenses and others, of 243.1 billion yen, a decrease of 286.5 billion yen from the previous fiscal year.

■ The Group’s financial condition

Total assets as of March 31, 2025 amounted to 15,890.0 billion yen on a consolidated basis, a decrease of 569.9 billion yen from March 31, 2024. Total liabilities as of March 31, 2025 amounted to 11,663.8 billion yen, a decrease of 668.8 billion yen on a consolidated basis from March 31, 2024. Total equity as of March 31, 2025 amounted to 4,226.1 billion yen on a consolidated basis, an increase of 98.9 billion yen from March 31, 2024.

■ Results of operations by reportable segments

Domestic P&C insurance business

In the domestic P&C insurance business, insurance revenue amounted to 2,634.4 billion yen, an increase of 48.8 billion yen from the previous fiscal year. The domestic P&C insurance business posted net income attributable to owners of parent of 58.3 billion yen, a decrease of 134.1 billion yen from the previous fiscal year.

(Millions of yen)

Category	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)		Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)	
	Amount	% of year-on-year change	Amount	% of year-on-year change
Insurance revenue	2,585,678	—	2,634,478	1.9
Net income attributable to owners of parent	192,477	—	58,338	(69.7)

(Notes) 1. Figures are amounts before the elimination of internal transactions between segments.
2. As the Group adopted IFRS starting from the fiscal year ended March 31, 2025, with a transition date of April 1, 2023, % of year-on-year change for the previous fiscal year is not disclosed.

Overseas insurance business

In the overseas insurance business, insurance revenue amounted to 2,227.7 billion yen, an increase of 175.5 billion yen from the previous fiscal year. Net income attributable to owners of parent decreased by 82.6 billion yen to a net income of 177.7 billion yen compared to the previous fiscal year.

(Millions of yen)

Category	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)		Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)	
	Amount	% of year-on-year change	Amount	% of year-on-year change
Insurance revenue	2,052,186	— %	2,227,704	8.6 %
Net income attributable to owners of parent	260,392	—	177,771	(31.7)

(Notes) 1. Figures are amounts before the elimination of internal transactions between segments.
2. As the Group adopted IFRS starting from the fiscal year ended March 31, 2025, with a transition date of April 1, 2023, % of year-on-year change for the previous fiscal year is not disclosed.

Domestic life insurance business

In the domestic life insurance business, insurance revenue amounted to 254.7 billion yen, an increase of 6.2 billion yen from the previous fiscal year. The domestic life insurance business posted net income attributable to owners of parent of 29.8 billion yen, a decrease of 45.8 billion yen from the previous fiscal year.

(Millions of yen)

Category	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)		Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)	
	Amount	% of year-on-year change	Amount	% of year-on-year change
Insurance revenue	248,493	— %	254,716	2.5 %
Net income attributable to owners of parent	75,714	—	29,876	(60.5)

(Notes) 1. Figures are amounts before the elimination of internal transactions between segments.
2. As the Group adopted IFRS starting from the fiscal year ended March 31, 2025, with a transition date of April 1, 2023, % of year-on-year change for the previous fiscal year is not disclosed.

Nursing care business

Other revenue increased by 5.4 billion yen to 181.3 billion yen compared to the previous fiscal year. Net income attributable to owners of parent decreased by 1.1 billion yen to a net income of 5.3 billion yen compared to the previous fiscal year.

■ Financial condition by reportable segments

Domestic P&C insurance business

Segment assets as of March 31, 2025 amounted to 6,311.9 billion yen on a consolidated basis, a decrease of 513.4 billion yen from March 31, 2024, mainly due to a decrease in investment securities.

Overseas insurance business

Segment assets as of March 31, 2025 amounted to 5,243.1 billion yen on a consolidated basis, an increase of 371.5 billion yen from March 31, 2024, mainly due to an increase in investment securities.

Domestic life insurance business

Segment assets as of March 31, 2025 amounted to 3,392.4 billion yen on a consolidated basis, a decrease of 466.5 billion yen from March 31, 2024, mainly due to a decrease in investment securities.

Nursing care business

Segment assets as of March 31, 2025 amounted to 429.1 billion yen on a consolidated basis, a decrease of 1.6 billion yen from March 31, 2024, mainly due to a decrease in property and equipment.

(Reference) Overview of entire business

Underwriting business

(Millions of yen)

Category	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)		Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)	
	Amount	% of year-on-year change	Amount	% of year-on-year change
Insurance revenue	4,836,830	— %	5,065,520	4.7 %
Insurance service expenses	4,287,494	—	4,401,125	2.7
Income or expenses from reinsurance contracts held	(197,750)	—	(360,232)	—
Insurance service result	351,585	—	304,162	(13.5)

(Notes) 1. Figures are amounts before the elimination of internal transactions between segments.
2. As the Group adopted IFRS starting from the fiscal year ended March 31, 2025, with a transition date of April 1, 2023, % of year-on-year change for the previous fiscal year is not disclosed.

(ii) Cash flows

Cash flows for the fiscal year ended March 31, 2025 were as follows:

Cash flows from operating activities

Cash flows from operating activities resulted in a net inflow of 573.0 billion yen, a decrease of 61.2 billion yen from the previous fiscal year. This was mainly due to an increase in income taxes expenses.

Cash flows from investing activities

Cash flows from investing activities resulted in a net outflow of (272.2) billion yen, an increase of 367.8 billion yen from the previous fiscal year. This was mainly due to a decrease in purchase of investment securities, which partially offset a decrease in proceeds from sales and redemption of investment securities.

Cash flows from financing activities

Cash flows from financing activities resulted in a net outflow of (481.6) billion yen, a decrease of 369.0 billion yen from the previous fiscal year. This was mainly due to an increase in acquisition of treasury stock and an expanded net decrease in repo and similar securities borrowings.

As a result, cash and cash equivalents at the end of the period were 1,027.6 billion yen, a decrease of 189.1 billion yen from the end of the previous fiscal year.

(2) Analysis and discussion of results of operations, etc. from a management perspective

Management's recognition, analysis, and discussion of the Group's results of operations, etc. from a management perspective are as follows. Forward-looking statements contained herein represent judgments made as of June 30, 2025.

(i) Financial condition and results of operations

■ The Group's results of operations

During the fiscal year ended March 31, 2025, the Group experienced a deterioration in the profitability of automobile insurance in the domestic P&C insurance business due to factors such as rising costs of repair and increasing severity and frequency of natural disasters; however, we steadily advanced the transformation of our earnings structure and operating foundation. Meanwhile, the overseas insurance business improved its underwriting profit and expanded its geographic footprint in line with the plan. In the domestic life insurance business, we worked to increase customers (Himawari clients/users) through providing more attractive Insurhealth® products and promoting the use of health support services by corporations and individuals to create a synergy effect. In the nursing care business, we steadily improved productivity as well as quality and strengthened earnings base by promoting our “Future Nursing Care” model.

As a holding company for the entire Group, we allocated the management resources necessary for executing our business plans and sustainably increasing our corporate value, and promoted business transformation and the reform in portfolio.

As a result of these initiatives, the Group's key consolidated indicators were as follows.

Key consolidated indicators

(Millions of yen)				
	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)	Increase (Decrease)	Rate of change
Insurance revenue	4,836,830	5,065,520	228,690	4.7%
Insurance service expenses	4,287,494	4,401,125	113,630	2.7
Income or expenses from reinsurance contracts held	(197,750)	(360,232)	(162,482)	—
Insurance service result	351,585	304,162	(47,422)	(13.5)
Finance result	321,404	119,734	(201,670)	(62.7)
Other revenue	214,074	220,689	6,614	3.1
Net income attributable to owners of parent	529,655	243,132	(286,522)	(54.1)

Insurance revenue amounted to 5,065.5 billion yen, an increase of 228.6 billion yen from the previous fiscal year. This was mainly due to increased revenue in local currency in the overseas insurance business, as well as the impact of foreign exchange rates.

Insurance service expenses amounted to 4,401.1 billion yen, an increase of 113.6 billion yen from the previous fiscal year. This was mainly due to an increase in natural disaster losses in the overseas insurance business, as well as the impact of foreign exchange rates.

Income or expenses from reinsurance contracts held decreased by 162.4 billion yen from the previous fiscal year to (360.2) billion yen. This was mainly due to a decrease in reinsurance recoveries in the overseas insurance business.

Finance result amounted to 119.7 billion yen, a decrease of 201.6 billion yen from the previous fiscal year. This was mainly due to the impact of changes in market conditions in the domestic P&C insurance business.

For the fiscal year ended March 31, 2025, the Group reported net income before tax—the aggregate of insurance service result and finance result, net of other income and expenses—of 330.2 billion yen, a decrease of 284.2 billion yen from the previous fiscal year. The Group posted net income attributable to owners of parent—net income before tax, net of income tax expenses and other items—of 243.1 billion yen, a decrease of 286.5 billion yen from the previous fiscal year.

■ The Group's financial condition

Assets

Total assets as of March 31, 2025 amounted to 15,890.0 billion yen, a decrease of 569.9 billion yen from the end of the previous fiscal year. This was mainly due to a decrease in investment securities, including domestic stocks.

Liabilities

Total liabilities as of March 31, 2025 amounted to 11,663.8 billion yen, a decrease of 668.8 billion yen from the end of the previous fiscal year. This was mainly due to a decrease in repo and similar securities borrowings.

Equity

Total equity as of March 31, 2025 amounted to 4,226.1 billion yen, an increase of 98.9 billion yen from the end of the previous fiscal year. This was mainly due to an increase in retained earnings resulting from the recording of net income attributable to owners of parent.

■ Results of operations by reportable segments

Domestic P&C insurance business

The domestic P&C insurance business has pursued the transformation of its earnings structure and operating foundation, primarily through SJ-R, a group-wide transformation project. These efforts include portfolio underwriting reform and sales reform to strengthen the earnings structure, and culture change, enhancement of quality control, and promotion of data-driven operations to strengthen the operating foundation.

Despite these initiatives, the business was affected by adverse effects, such as rising average claim payments and corporate expenses due to worsening inflation, as well as fluctuations in foreign exchange rates and stock markets. The results of operations were as follows.

(Millions of yen)				
	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)	Increase (Decrease)	Rate of change
Insurance revenue	2,585,678	2,634,478	48,800	1.9%
Net income attributable to owners of parent	192,477	58,338	(134,139)	(69.7)

Insurance revenue amounted to 2,634.4 billion yen, an increase of 48.8 billion yen from the previous fiscal year, mainly due to the impact of product revisions in fire insurance and expanded sales of casualty (other) insurance.

Net income attributable to owners of parent amounted to 58.3 billion yen, a decrease of 134.1 billion yen from the previous fiscal year, mainly due to a decrease in investment profit. This lower investment profit was primarily driven by a pullback from the gains recorded in the previous fiscal year as a result of market fluctuations.

Overseas insurance business

In the overseas insurance business, profitability improved through the continued strategic expansion of business scale and the construction of a well-diversified portfolio based on disciplined underwriting. In addition, investment income increased due to growth in invested assets resulting from successful investments in geographic expansion and higher reinvestment yields in line with recent interest rate trends.

The results of operations were as follows.

(Millions of yen)				
	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)	Increase (Decrease)	Rate of change
Insurance revenue	2,052,186	2,227,704	175,517	8.6%
Net income attributable to owners of parent	260,392	177,771	(82,621)	(31.7)

Insurance revenue amounted to 2,227.7 billion yen, an increase of 175.5 billion yen from the previous fiscal year, mainly due to higher revenue at Sompo International Holdings Ltd. This was primarily driven by growth in the commercial business—North America, the UK, the EMEA region, and reinsurance segments—as well as revenue growth in the consumer business, which more than offset a decrease in agricultural insurance revenue resulting from lower crop prices and portfolio adjustments to control geographic concentration risk.

Net income attributable to owners of parent amounted to 177.7 billion yen, a decrease of 82.6 billion yen from the previous fiscal year, mainly due to lower profit at Sompo International Holdings Ltd. This was primarily driven by increased losses from large-scale natural disasters and a decline in reinsurance recoveries in agricultural insurance at Sompo International Holdings Ltd., which more than offset an increase in investment income reflecting higher interest rates and growth in invested assets and a decrease in insurance liabilities reflecting higher discount rates.

Domestic life insurance business

As part of our main initiatives in the domestic life insurance business, we strive to establish ourselves as a “health support enterprise” by providing Insurhealth®, a new value that combines the essential function of insurance (Insurance)—preparing for the unexpected—with the function of health support (Healthcare)—being there for customers in their daily lives. In FY2024, we launched a new product, simplified-issue medical insurance (M2) with inpatient treatment coverage, to deliver Insurhealth® primarily to senior customers, aiming to expand our customer base and support our customers’ healthy behaviors.

The results of operations were as follows.

(Millions of yen)				
	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)	Increase (Decrease)	Rate of change
Insurance revenue	248,493	254,716	6,222	2.5%
Net income attributable to owners of parent	75,714	29,876	(45,838)	(60.5)

Insurance revenue amounted to 254.7 billion yen, an increase of 6.2 billion yen from the previous fiscal year, mainly due to an increase in policies in force, particularly for protection-type products.

Net income attributable to owners of parent amounted to 29.8 billion yen, a decrease of 45.8 billion yen from the previous fiscal year, mainly due to the effects of exchange rate fluctuations.

Nursing care business

In the nursing care business, we have positioned the platform business and the wellbeing business, which is to be intensively promoted by the Group, as new pillars of earnings, in addition to our mainstay operators business, to pursue not only our own profit growth but also the reform and development of the nursing care industry as a whole.

Our main initiatives in the nursing care business are outlined below across the three pillars:

In the operator business, we focused on improving profitability, rolling out the “future nursing care” model, and adapting to the external environment such as price hikes. As a result, the occupancy rate of our nursing facilities achieved 94.7% (as of March 31, 2025), the highest ever since our entrance into the nursing care business.

In the platform business, we sold to external parties nursing care software developed by ND Software Co., Ltd., as well as food and consulting services that are accumulated in the operator business.

In the wellbeing business, we worked to deliver a one-stop nursing care-based service to address concerns for health, nursing care and money for retirement.

The results of operations were as follows.

(Millions of yen)				
	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)	Increase (Decrease)	Rate of change
Other revenue	175,870	181,368	5,498	3.1%
Net income attributable to owners of parent	6,414	5,303	(1,110)	(17.3)

Other revenue amounted to 181.3 billion yen, an increase of 5.4 billion yen from the previous fiscal year. This was mainly due to a rise in occupancy rates driven by proactive marketing activities at Sompo Care Inc.

Net income attributable to owners of parent amounted to 5.3 billion yen, a decrease of 1.1 billion yen from the previous fiscal year. This was mainly due to the absence of the positive impact from the FY2024 Tax Reform (pro forma standard taxation).

Financial condition by reportable segments

Domestic P&C insurance business

Segment assets as of March 31, 2025 amounted to 6,311.9 billion yen, a decrease of 513.4 billion yen from the end of the previous fiscal year, mainly due to a decrease in investment securities, including domestic stocks.

Overseas insurance business

Segment assets as of March 31, 2025 amounted to 5,243.1 billion yen, an increase of 371.5 billion yen from the end of the previous fiscal year, mainly due to an increase in investment securities, including foreign bonds.

Domestic life insurance business

Segment assets as of March 31, 2025 amounted to 3,392.4 billion yen, a decrease of 466.5 billion yen from the end of the previous fiscal year, mainly due to a decrease in investment securities, including Japanese government bonds.

Nursing care business

Segment assets as of March 31, 2025 amounted to 429.1 billion yen, a decrease of 1.6 billion yen from the end of the previous fiscal year, mainly due to a decrease in property and equipment.

(ii) Cash flows, capital resources and liquidity

Cash flows for the fiscal year ended March 31, 2025

(Millions of yen)			
	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)	Increase (Decrease)
Cash flows from operating activities	634,292	573,009	(61,282)
Cash flows from investing activities	(640,089)	(272,236)	367,853
Cash flows from financing activities	(112,617)	(481,660)	(369,042)
Ending balance of cash and cash equivalents	1,216,739	1,027,628	(189,111)

Cash flows from operating activities

Cash flows from operating activities resulted in a net inflow of 573.0 billion yen, a decrease of 61.2 billion yen from the previous fiscal year. This was mainly due to an increase in income tax expenses by Sompo Japan Insurance Inc. and other Group companies.

Cash flows from investing activities

Cash flows from investing activities resulted in a net outflow of (272.2) billion yen, an increase of 367.8 billion yen from the previous fiscal year. This was mainly due to a decrease in purchase of investment securities by Sompo International Holdings Ltd. and other Group companies, which partially offset a decrease in proceeds from sales and redemption of investment securities by Sompo International Holdings Ltd. and other Group companies.

Cash flows from financing activities

Cash flows from financing activities resulted in a net outflow of (481.6) billion yen, a decrease of 369.0 billion yen from the previous fiscal year. This was mainly due to an increase in acquisition of treasury stock and an expanded net decrease in repo and similar securities borrowings by Sompo Japan Insurance Inc.

The Group's capital resources and liquidity

Approach to allocation of management resources

The Company's business plans are formulated through deliberation at the Group Executive Committee, which serves as an advisory body to the Group CEO. Based on these business plans, capital is allocated to the two business segments “Sompo P&C” and Sompo Wellbeing” and then to the individual businesses within each segment, taking into account growth potential and profitability. Each business segment and its individual businesses operate using the allocated capital with the aim of achieving the targets set forth in the business plan, namely adjusted consolidated ROE and adjusted EPS growth. In addition, the Group regularly monitors the relevant facts and circumstances, including changes in the business environment and the progress of the plan, and revises the business plan and capital allocation as necessary.

Funding requirements and capital resources

The Group's primary funding requirements consist of working capital, investments in growth business areas, and shareholder returns. Among these, working capital and shareholder returns are mainly funded through cash flows from operating and investing activities. In addition, investments in growth business areas are funded using internal resources, supplemented as necessary by funds raised externally, such as through the issuance of corporate bonds or borrowings.

When raising funds, the Group carefully selects the most appropriate financing methods, with due consideration given to maintaining financial soundness and minimizing funding costs. The target range for the Economic Solvency

Ratio (ESR)—an indicator of whether the Group maintains sufficient capital relative to its risks—is set at 200% to 250% under the Mid-Term Management Plan (FY2024–2026). As of March 31, 2025, the ESR stood at 256%, indicating that the Group continues to maintain a high level of financial soundness.

The shareholder return policy under the Mid-Term Management Plan sets forth that 50% of adjusted consolidated profit* is paid as a basic return, and we look to increase the total payout amount as profits grow by adding share buybacks to the total dividend amount. Furthermore, in principle, we pay an additional return of 50% of the after-tax gains on the sale of strategic shareholdings and also consider adjusting the capital level depending on risk and capital conditions, trends in earnings, and the financial market environment. In addition, we basically aim to raise dividends in line with profit growth over the medium term and increase the ratio of dividends to the basic return.

* From FY2025, the basic return will be based on 50% of the average of the adjusted consolidated profits for the most recent three years.

Liquidity

The ending balance of cash and cash equivalents as of March 31, 2025 was 1,027,628 million yen. The Group manages liquidity risks by well controlling day-to-day cash positions as well as the potential peak cash outflows that could result from incidents such as large-scale natural disasters and by protecting the liquid assets required to meet such funding needs.

(iii) Material accounting estimates and underlying assumptions

The consolidated financial statements of the Group are prepared in accordance with IFRS pursuant to the provisions of Article 312 of “Regulation on Terminology, Forms and Preparation Methods of Consolidated Financial Statements” (hereinafter the “Regulation for Consolidated Financial Statements”). In preparing these consolidated financial statements, the necessary estimates have been made based on reasonable criteria. The estimates that have a material impact on the amounts presented in the Group’s consolidated financial statements are as follows.

- Fair value measurement of financial instruments
- Impairment of goodwill
- Estimation of fulfilment cash flows relating to insurance contracts and reinsurance contracts

The material accounting policies, estimates, and underlying assumptions adopted in the Group’s consolidated financial statements are disclosed in “Summary of Accounting, Notes to the Consolidated Financial Statements, 3. Summary of material accounting policies, and 4. Use of material accounting estimates and judgments.”

(3) Parallel disclosure information

The condensed consolidated financial statements prepared in accordance with the Regulation for Consolidated Financial Statements (excluding Parts III through VI; hereinafter referred to as “Japanese GAAP”) are as follows.

It should be noted that the condensed consolidated financial statements for the fiscal year ended March 31, 2025 prepared in accordance with Japanese GAAP have not been audited pursuant to Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act.

(i) Condensed Consolidated Balance Sheet (Japanese GAAP)

	(Millions of yen)	
	As of March 31, 2024	As of March 31, 2025
Assets:		
Cash and deposits	1,231,345	998,947
Call loans	—	30,000
Receivables under resale agreements	14,999	209,861
Monetary receivables bought	21,686	20,563
Money trusts	4,843	4,721
Securities	11,424,810	11,572,638
Loans	451,662	433,134
Tangible fixed assets	371,583	384,814
Intangible fixed assets	518,922	485,125
Other assets	710,294	782,964
Net defined benefit asset	433	687
Deferred tax assets	85,110	109,478
Allowance for possible credit losses	(2,913)	(2,921)
Total assets	14,832,778	15,030,015
Liabilities:		
Underwriting funds	9,810,421	10,449,179
Corporate bonds	682,349	691,395
Other liabilities	1,111,287	792,083
Net defined benefit liability	21,654	28,357
Reserve for retirement benefits to directors	16	21
Reserve for bonus payments	57,500	63,511
Reserve for bonus payments to directors	443	595
Reserve for stocks payments	2,535	1,995
Reserves under the special laws	116,413	121,975
Deferred tax liabilities	161,895	15,767
Total liabilities	11,964,519	12,164,882
Net assets:		
Shareholders’ equity	1,419,799	1,560,051
Accumulated other comprehensive income	1,432,100	1,286,991
Stock acquisition rights	235	3
Non-controlling interests	16,123	18,086
Total net assets	2,868,258	2,865,132
Total liabilities and net assets	14,832,778	15,030,015

(ii) Condensed Consolidated Statement of Income and Condensed Consolidated Statement of Comprehensive Income
(Japanese GAAP)

Condensed Consolidated Statement of Income

(Millions of yen)

	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)
Ordinary income:	4,933,646	5,453,769
Underwriting income	4,099,489	4,432,472
Investment income	592,545	793,063
Other ordinary income	241,611	228,234
Ordinary expenses:	4,445,611	4,900,845
Underwriting expenses	3,495,132	3,833,977
Investment expenses	108,014	124,290
Operating, general and administrative expenses	658,750	725,039
Other ordinary expenses	183,714	217,538
Ordinary profit	488,034	552,924
Extraordinary gains	1,129	674
Extraordinary losses	9,583	9,308
Net income before income taxes	479,581	544,290
Total income taxes	61,514	119,222
Net income	418,066	425,067
Net income attributable to non-controlling interests	2,012	2,139
Net income attributable to shareholders of the parent	416,054	422,927

Condensed Consolidated Statement of Comprehensive Income

(Millions of yen)

	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)
Net income	418,066	425,067
Other comprehensive income	643,779	(143,970)
Comprehensive income	1,061,846	281,096
(Comprehensive income attributable to)		
Comprehensive income attributable to shareholders of the parent	1,059,555	277,817
Comprehensive income attributable to non-controlling interests	2,291	3,279

(iii) Condensed Consolidated Statement of Changes in Net Assets (Japanese GAAP)
Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(Millions of yen)

	Shareholders' equity	Accumulated other comprehensive income	Stock acquisition rights	Non-controlling interests	Total net assets
Balance at the beginning of the period	1,114,447	788,599	269	15,824	1,919,140
Effect of hyperinflation	4,059				4,059
Adjusted beginning balance	1,118,506	788,599	269	15,824	1,923,200
Changes during the period	301,292	643,500	(33)	298	945,058
Balance at the end of the period	1,419,799	1,432,100	235	16,123	2,868,258

Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(Millions of yen)

	Shareholders' equity	Accumulated other comprehensive income	Stock acquisition rights	Non-controlling interests	Total net assets
Balance at the beginning of the period	1,419,799	1,432,100	235	16,123	2,868,258
Effect of hyperinflation	5,944				5,944
Adjusted beginning balance	1,425,743	1,432,100	235	16,123	2,874,203
Changes during the period	134,307	(145,109)	(232)	1,963	(9,070)
Balance at the end of the period	1,560,051	1,286,991	3	18,086	2,865,132

(iv) Condensed Consolidated Statement of Cash Flows (Japanese GAAP)

(Millions of yen)

	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)
Cash flows from operating activities	473,137	430,676
Cash flows from investing activities	(496,986)	(53,251)
Cash flows from financing activities	(87,612)	(457,402)
Effect of exchange rate changes on cash and cash equivalents	38,988	30,749
Increase (decrease) in cash and cash equivalents	(72,473)	(49,228)
Cash and cash equivalents at the beginning of the period	1,271,040	1,198,566
Cash and cash equivalents at the end of the period	1,198,566	1,149,338

- (v) Changes in Significant Accounting Policies for the Preparation of the Condensed Consolidated Financial Statements (Japanese GAAP)

Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(Changes in accounting policies)

(IFRS 17 *Insurance Contracts*)

Overseas consolidated subsidiaries that have applied IFRS have applied IFRS 17 *Insurance Contracts* from the beginning of the fiscal year ended March 31, 2024. As a result of this application, underwriting funds are measured to reflect the effects of the time value of money, the financial risks of cash flows from insurance contracts, and the uncertainty of cash flows from insurance contracts.

These changes in accounting policies have been applied retrospectively. Accordingly, the consolidated financial statements for the fiscal year ended March 31, 2023 have reflected the retrospective application. As a result, for the fiscal year ended March 31, 2023, ordinary expenses have decreased by 81,743 million yen, and ordinary profit and net income before income taxes have increased by 81,743 million yen, respectively, compared to those prior to the retrospective application. In addition, for the fiscal year ended March 31, 2023, other assets have decreased by 1,109,401 million yen, other liabilities have decreased by 515,938 million yen, and underwriting funds have decreased by 643,254 million yen. The cumulative impact of these changes has been reflected in the balance of net assets at the beginning of the fiscal year ended March 31, 2023. As a result, the balance of retained earnings at the beginning of the fiscal year ended March 31, 2023 has decreased by 16,769 million yen.

(IFRS 9 *Financial Instruments*)

Overseas consolidated subsidiaries that have applied IFRS have applied IFRS 9 *Financial Instruments* from the beginning of the fiscal year ended March 31, 2024. As a result of this application, the methods for classification and measurement of financial instruments have changed.

These changes in accounting policies have been applied retrospectively. Accordingly, the consolidated financial statements for the fiscal year ended March 31, 2023 have reflected the retrospective application. As a result, for the fiscal year ended March 31, 2023, ordinary income has decreased by 81,265 million yen, ordinary expenses have increased by 73,503 million yen, and ordinary profit and net income before income taxes have decreased by 154,768 million yen, respectively, compared to those prior to the retrospective application. In addition, the cumulative impact of these changes has been reflected in the balance of net assets at the beginning of the fiscal year ended March 31, 2023. As a result, the balance of retained earnings at the beginning of the fiscal year ended March 31, 2023 has increased by 7,578 million yen, and the balance of unrealized gains and losses on securities available for sale at the beginning of the fiscal year ended March 31, 2023 has decreased by 7,578 million yen.

Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

None.

(4) Information on differences in key items related to “Overview of Results of Operations, etc.”

The differences between key items in the consolidated financial statements prepared in accordance with IFRS and the corresponding items that would have been prepared under Japanese GAAP are as follows.

Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

These differences are disclosed in “Summary of Accounting, Notes to the Consolidated Financial Statements, 39. Transition to IFRS.”

Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(*Investment securities (equity instruments)*)

Under Japanese GAAP, for stocks that are classified as securities available for sale, gains or losses on sale of securities and impairment losses are recognized in profit or loss. Under IFRS, those stocks are designated as equity instruments measured at fair value through other comprehensive income and changes in the fair value of such equity instruments are recognized as other comprehensive income. When the financial assets are derecognized, the accumulated other comprehensive income previously recognized is reclassified to retained earnings. Under Japanese GAAP, in principle, non-listed stocks are measured at their cost, whereas under IFRS, these are measured at fair value. As a result of these differences, investment gains and losses under IFRS decreased by 357,753 million yen compared to the corresponding item under

Japanese GAAP. In addition, other comprehensive income (after tax effect) increased by 271,572 million yen under IFRS compared to Japanese GAAP.

(*Insurance contracts and reinsurance contracts*)

Due to significant differences in measurement and presentation methods between Japanese GAAP and IFRS as described below, the entire amount recorded under Japanese GAAP has been reversed and the entire amount recorded under IFRS has been newly recognized as “Differences in recognition and measurement.”

Classification and measurement

Under Japanese GAAP, reserve for insurance policy liabilities (required under the Insurance Business Act) was recognized as liabilities. Under IFRS, insurance and reinsurance contracts are measured as per “Summary of Accounting, Notes to the Consolidated Financial Statements, 3. Summary of material accounting policies,” as assets or liabilities.

The measuring methods under Japanese GAAP and IFRS are similar for assets or liabilities for remaining coverage related to contracts measured by applying the premium allocation approach (PAA). However, for assets or liabilities for incurred claims related to such contracts and assets or liabilities related to contracts that are measured by not applying PAA, the methods are different mainly in the following points:

- Under Japanese GAAP, undiscounted amounts have been recognized, in principle. Under IFRS, the amount is measured based on the estimates of future cash flows discounted by using the rate that reflects the time value of money.
- Japanese GAAP does not consider risk adjustments explicitly. Under IFRS, the amounts are measured by reflecting a risk adjustment for non-financial risks in the estimates of future cash flows.
- Japanese GAAP is based on the assumptions related to the estimates at the time of contract signing, in principle. Under IFRS, the estimates of future cash flows are measured based on the estimates as of the period end.
- Under Japanese GAAP, costs related to insurance contracts are recognized as they arise, in principle. Under IFRS, acquisition expenses and direct maintenance costs are included in the measurement of the estimates of future cash flows.

As a result of these differences, the net liability amount of insurance contract assets, insurance contract liabilities, reinsurance contract assets, and reinsurance contract liabilities decreased by 2,329,915 million yen under IFRS compared to the corresponding items under Japanese GAAP.

Presentation of insurance revenue

Under Japanese GAAP, insurance revenue is presented separately as premium income which is recognized at the time of premium receipt from policyholders and changes in underwriting reserves, a part of underwriting funds (“provision for underwriting reserves” in ordinary expenses and “reverse of underwriting reserves” in ordinary income), while under IFRS, it is presented as “insurance revenue.”

Presentation of insurance service expenses

Under Japanese GAAP, insurance service expenses are recognized separately as claims paid at the time of payment to policyholders and changes in reserve for outstanding losses and claims, a part of underwriting funds (“provision for reserve for outstanding losses and claims” in ordinary expenses or “reverse of outstanding losses and claims” in ordinary income), while under IFRS, they are presented as insurance service expenses. In addition, gains and losses on onerous contracts are also included in insurance service expenses under IFRS.

(*Goodwill*)

Under Japanese GAAP, goodwill was amortized on a straight-line basis over a certain period. Under IFRS, goodwill is no longer amortized on and after the transition date and conduct impairment tests. As a result of this difference, administrative expenses under IFRS decreased by 38,319 million yen compared to the corresponding item under Japanese GAAP.

2. Overview of Business Results of Principal Consolidated Subsidiaries

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

Summary of Results of Operations (IFRS)

(Billions of yen)				
	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)	Increase (Decrease)	Rate of change
Insurance service result:	81	81	(0)	% (0.2)
(+) Insurance revenue	2,516	2,561	45	1.8
(-) Insurance service expenses:	2,279	2,295	15	0.7
Incurred claims, etc.	1,592	1,583	(9)	(0.6)
Other insurance service expenses	720	758	37	5.3
Gains and losses on onerous contracts	(33)	(46)	(12)	—
(+) Income or expenses from reinsurance contracts held	(154)	(184)	(29)	—
Finance result:	286	74	(212)	(74.2)
(+) Interest income	26	31	4	18.0
(+) Other investment gains and losses:	291	72	(219)	(75.3)
Dividend income	137	106	(30)	(22.3)
Gains and losses on sales	(13)	(63)	(49)	—
FVTPL/Foreign exchange gains and losses, etc.	168	29	(139)	(82.7)
(-) Expenses related to investment	6	5	(0)	(2.8)
(+) Insurance finance gains and losses	(25)	(23)	2	—
Other income and expenses	(9)	(19)	(10)	—
Net income before tax	358	135	(222)	(62.2)
(-) Income tax expenses	70	15	(54)	(77.5)
Net income	288	119	(168)	(58.5)

(Note) FVTPL stands for Fair Value Through Profit or Loss, and financial assets classified in the FVTPL category are measured at fair value through profit or loss. (Same for following tables)

(2) Sompo International Holdings Ltd. (Consolidated)

Summary of Results of Operations (IFRS)

(Billions of yen)				
	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)	Increase (Decrease)	Rate of change
Insurance service result:	182	142	(39)	% (21.6)
(+) Insurance revenue	2,039	2,216	177	8.7
(-) Insurance service expenses:	1,800	1,884	84	4.7
Incurred claims, etc.	1,414	1,433	19	1.4
Other insurance service expenses	375	453	77	20.7
Gains and losses on onerous contracts	10	(2)	(12)	(122.6)
(+) Income or expenses from reinsurance contracts held	(56)	(188)	(132)	—
Finance result:	105	115	9	9.1
(+) Interest income	24	17	(6)	(27.9)
(+) Other investment gains and losses:	182	236	53	29.5
FVTPL/Foreign exchange gains and losses, etc.	182	236	53	29.5
(-) Expenses related to investment	5	8	3	57.0
(+) Insurance finance gains and losses	(95)	(129)	(34)	—
Other income and expenses	(24)	(48)	(24)	—
Net income before tax	263	209	(54)	(20.5)
(-) Income tax expenses	(14)	36	51	—
Net income	278	172	(105)	(37.9)
Net income attributable to owners of parent	276	170	(105)	(38.2)

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

Summary of Results of Operations (IFRS)

(Billions of yen)				
	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)	Increase (Decrease)	Rate of change
Insurance service result:	86	79	(6)	% (7.5)
(+) Insurance revenue	248	254	6	2.5
(-) Insurance service expenses:	161	174	12	7.9
Incurred claims, etc.	88	95	6	7.7
Other insurance service expenses	73	77	3	5.3
Gain and losses on onerous contracts	(0)	1	2	—
(+) Income or expenses from reinsurance contracts held	(0)	(0)	0	—
Finance result:	21	(16)	(38)	(173.9)
(+) Interest income	55	56	0	1.3
(+) Other investment gains and losses:	24	(18)	(42)	(178.2)
Gains and losses on sales	(13)	(11)	2	—
FVTPL/Foreign exchange gains and losses, etc.	37	(7)	(45)	(119.9)
(+) Insurance finance gains and losses	(57)	(53)	3	—
Other income and expenses	(3)	(5)	(2)	—
Net income before tax	105	58	(46)	(44.5)
(-) Income tax expenses	29	28	(1)	(3.5)
Net income	75	29	(45)	(60.5)
New CSM	68	69	1	2.6
CSM balance	761	736	(25)	(3.3)

(Note) CSM stands for Contractual Service Margin and represents the unearned profit that will be recognized in the future as insurance services are provided.

3. Solvency Margin Ratio

(1) Solvency Margin Ratio of Sompo Holdings, Inc.

■ Consolidated Solvency Margin Ratio

The Company calculates the consolidated solvency margin ratio based on the consolidated financial statements prepared in accordance with IFRS, pursuant to the provisions of Articles 210-11-3 and 210-11-4 of the Ordinance for Enforcement of the Insurance Business Act, as well as Article 1, Paragraph 2 of Public Notice No. 23 of the Financial Service Agency (2011) and other relevant laws and regulations.

In addition to reserves to cover payments for claims, benefits and maturity refunds, etc., it is necessary for an insurance company group to maintain sufficient solvency in order to cover against risks which exceed their normal estimates, e.g., occurrence of major catastrophes and a big decline in value of assets held by insurance companies.

(C) Consolidated Solvency Margin Ratio, which is calculated in accordance with the Insurance Business Act, etc., is the ratio of the “solvency margin of insurance company group by means of its capital, reserves, etc.” ((A) Total Consolidated Solvency Margin) to “risks which will exceed its normal estimates” ((B) Total Consolidated Risks).

Consolidated solvency margin ratio is one of the objective indicators for the regulatory authorities to monitor the financial soundness of an insurance company group. A solvency margin ratio exceeding 200% would indicate adequate capability to meet payments of possible insurance claims and others.

The consolidated solvency margin ratio of the Company as of March 31, 2025 decreased by 94.7 points from March 31, 2024 to 602.9%.

Sompo Holdings, Inc. (Consolidated)

	(Millions of yen)	
	As of March 31, 2024	As of March 31, 2025
(A) Total Consolidated Solvency Margin	4,354,188	3,970,551
Capital and funds, etc.	1,160,271	3,162,297
Reserve for price fluctuation*	116,413	—
Contingency reserve*	40,575	—
Catastrophic loss reserve*	525,110	—
General allowance for possible credit losses*	128	—
Unrealized gains and losses on securities available for sale / deferred gains or losses on hedges (before tax effect deductions)	1,554,434	569,864
Unrealized gains or losses on land	117,291	128,885
Total of unrecognized actuarial differences and unrecognized prior service costs (before tax effect deductions)	56,505	12,412
Surplus such as premium fund	139,674	135,841
Subordinated debt, etc.	427,000	427,000
Excess amount of surplus such as premium fund and subordinated debt, etc. which are excluded from total solvency margin	—	—
Adjustment for GAAP differences for insurance policies*	—	(1,026,292)
Unrealized gains and losses on insurance liabilities of overseas subsidiaries	—	149,319
Total solvency margin related to small amount and short-term insurance companies*	47	—
Deductions	55,624	41,009
Others	272,359	452,232
(B) Total Consolidated Risks	1,248,317	1,316,976
$\sqrt{((R_1)^2 + (R_2)^2 + (R_3 + R_4)^2 + (R_5 + R_6 + R_7)^2 + R_8 + R_9)}$		
Underwriting risk for property and casualty insurance policies (R ₁)	427,963	436,812
Underwriting risk for life insurance policies (R ₂)	13,893	13,004
Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R ₃)	14,184	15,150
Underwriting risk related to small amount and short term insurance companies (R ₄)	112	175
Guaranteed interest rate risk (R ₅)	19,352	18,055
Guaranteed minimum benefit risk for life insurance policies (R ₆)	420	514
Investment risk (R ₇)	768,355	820,889
Business management risk (R ₈)	31,728	33,322
Major catastrophe risk for property and casualty insurance policies (R ₉)	312,741	330,083
(C) Consolidated Solvency Margin Ratio [(A) / {(B) × 1/2}] × 100	697.6%	602.9%

(Note) The amounts and figures as of March 31, 2025 have been calculated based on the consolidated financial statements prepared in accordance with IFRS under the provisions of Article 210-11-3, Paragraph 3, and Article 210-11-4 of the Regulation for Enforcement of the Insurance Business Act, as well as the Notification No. 23 of 2011 issued by the Financial Services Agency. Items that have been added to or removed from the categories of consolidated solvency margins in line with revisions to relevant laws and regulations are marked with an asterisk (*).

(2) Solvency Margin Ratios of Principal Consolidated Subsidiaries

■ Non-consolidated Solvency Margin Ratio

Domestic insurance companies calculate the non-consolidated solvency margin ratio based on the 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).

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, e.g. occurrence of major catastrophes, fluctuation in mortality rate due to significant changes in key environmental factors and a 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 the “solvency margin of insurance companies by means of their capital, reserves, etc.” ((A) Total Non-consolidated Solvency Margin) to “risks which will exceed their normal estimates” ((B) Total Nonconsolidated Risks).

Solvency margin ratio is one of the objective indicators for the regulatory authorities to monitor the financial soundness of insurance companies. A solvency margin ratio exceeding 200 percent would indicate adequate capability to meet payments of possible insurance claims and others.

Non-consolidated solvency margin ratios of the domestic insurance subsidiaries at the end of the current fiscal year are as follows.

Sompo Japan Insurance Inc. (Non-consolidated, Japanese GAAP)

	(Millions of yen)	
	As of March 31, 2024	As of March 31, 2025
(A) Total Non-consolidated Solvency Margin	3,568,741	3,174,732
Capital and funds, etc.	735,325	688,508
Reserve for price fluctuation	104,368	108,886
Contingency reserve	5,587	7,338
Catastrophic loss reserve	521,086	596,503
General allowance for possible credit losses	92	102
Unrealized gains and losses on securities, deferred gains and losses on hedges (before tax effect deductions)	1,437,042	1,030,498
Unrealized gains and losses on land	134,953	149,822
Excess amount of reserve for maturity refunds	—	—
Subordinated debt, etc.	427,000	427,000
Excess amount of reserve for maturity refunds and subordinated debt, etc. which are excluded from total solvency margin	—	—
Deductions	32,677	39,572
Others	235,963	205,644
(B) Total Non-consolidated Risks $\sqrt{(R_1 + R_2)^2 + (R_3 + R_4)^2} + R_5 + R_6$	1,049,207	931,496
Underwriting risk (R_1)	205,429	209,177
Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R_2)	—	—
Guaranteed interest rate risk (R_3)	11,101	9,910
Investment risk (R_4)	792,254	691,688
Business management risk (R_5)	24,093	21,767
Major catastrophe risk (R_6)	195,907	177,611
(C) Non-consolidated Solvency Margin Ratio [(A) / ((B) × 1/2)] × 100	680.2%	681.6%

(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, Japanese GAAP)

	(Millions of yen)	
	As of March 31, 2024	As of March 31, 2025
(A) Total Non-consolidated Solvency Margin	422,873	360,047
Capital, etc.	127,595	128,192
Reserve for price fluctuation	12,035	13,069
Contingency reserve	34,976	35,874
General allowance for possible credit losses	0	0
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)	72,194	10,416
Unrealized gains and losses on land (85% of gain or 100% of loss)	—	—
Excess amount of continued Zillmerized reserve	139,674	135,841
Subordinated debt, etc.	—	—
Excess amount of continued Zillmerized reserve and subordinated debt, etc. which are excluded from total solvency margin	—	—
Brought in capital, etc.	—	—
Deductions	—	—
Others	36,395	36,651
(B) Total Non-consolidated Risks $\sqrt{(R_1 + R_3)^2 + (R_2 + R_3 + R_7)^2} + R_4$	74,928	74,280
Underwriting risk (R_1)	13,473	13,004
Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R_2)	14,184	15,150
Guaranteed interest rate risk (R_3)	8,238	8,134
Guaranteed minimum benefit risk (R_7)	420	514
Investment risk (R_4)	58,925	58,034
Business management risk (R_5)	1,904	1,896
(C) Non-consolidated Solvency Margin Ratio [(A) / ((B) × 1/2)] × 100	1,128.7%	969.4%

(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.

Summary of Accounting

Independent Auditor's Report

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Independent Auditor's Report

The Board of Directors
Sampo Holdings, Inc.

The Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Sampo Holdings, Inc. and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at March 31, 2025, and the consolidated statements of income, comprehensive income, changes in equity, and cash flows for the year then ended, and notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters.

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Measurement of the liabilities for remaining coverage related to the contracts measured by not applying the Premium Allocation Approach (PAA)	
Description of Key Audit Matter	Auditor's Response
The Group has voluntarily adopted the IFRSs from the current fiscal year and adopted the IFRS 17 "Insurance Contracts". The Group's consolidated statement of financial position as of March 31, 2025, includes ¥9,343,635 million of the "Insurance contract liabilities." The related notes are the Notes to the Consolidated Financial Statements "3. Summary of material accounting policies (11) Insurance contracts and reinsurance contracts" and the Notes to the Consolidated Financial Statements "17. Insurance contracts and reinsurance contracts." "Insurance contracts liabilities" for insurance contracts other than those with direct participation features include "Liability for remaining coverage" which consists of the fulfilment cash flows of services to be provided under the insurance contracts in future periods and the CSM (Contractual Service Margin) at the reporting date, with respect to contracts measured by not applying the premium allocation approach (PAA). Fulfilment cash flows are calculated based on estimates of future cash flows adjusted to reflect the time value of money and the financial risks related to the future cash flows, in addition to a risk adjustment for non-financial risk. The majority of "Liability for remaining coverage" included in the "Insurance contracts liabilities" in the consolidated statement of financial position are "Liability for remaining coverage" of Sampo Japan Insurance Inc. in the domestic P&C insurance business and Sampo Himawari Life Insurance Inc. in the domestic life insurance business.	Our audit procedures performed to assess the measurement of the liabilities for remaining coverage related to the contracts measured by not applying the premium allocation approach (PAA) included the following, among others: ● We assessed the design and tested the operating effectiveness of internal controls over the measurement of liabilities for remaining coverage. This assessment included an evaluation of internal controls related to the determination of key assumptions, such as the category based on the characteristics of insurance products, assumptions related to non-financial risks specific to the P&C and life insurance businesses, risk adjustments related to non-financial risks, and the discount rate. ● We involved our network firm's actuarial experts (actuaries) to perform the procedures, among others: - We assessed that the category used to determine the assumptions for the fulfilment cash flows of the insurance contracts was established based on the characteristics of the insurance products. - We compared and examined the assumptions for non-financial risks categorized based on the characteristics of the insurance product with the historical experience of such assumptions for the relevant insurance products as well as evaluated the Group's judgment as to whether the adjustment to outlier was necessary.

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The fulfilment cash flows of insurance contracts in the measurement of “Liabilities for remaining coverage” of these consolidated subsidiaries are measured at the reporting date using current estimates of future cash flows, current discount rates, and current estimates of a risk adjustment for non-financial risk. The measurement of fulfilment cash flows of an insurance contract requires a high degree of actuarial expertise, as it requires current estimates of future cash flows based on actuarial calculations, with future assumptions for each category based on the characteristics of the insurance product. The key assumptions in the measurement of fulfilment cash flows of an insurance contract include, among other things, the category based on the characteristics of insurance products, assumptions related to non-financial risks represented by loss ratios and maintenance expense ratios in the P&C insurance industry and mortality ratios and morbidity ratios in the life insurance industry, as well as a risk adjustment for non-financial risk, and discount rates. Based on the above, the measurement of the liabilities for remaining coverage related to the contracts measured by not applying the premium allocation approach (PAA) requires a high degree of actuarial expertise and the key assumptions used in the actuarial calculations are highly dependent on management’s judgment. The measurement of the liabilities for remaining coverage related to the contracts measured by not applying the premium allocation approach (PAA) was considered a key audit matter.	- We tested, by recalculation, that the discount rate was determined by interpolating between the risk-free rate and the ultimate forward rate based on the most recent market data available. - We tested, by recalculation, that the risk adjustment for non-financial risk was equal to the amount of required capital multiplied by the cost of capital ratios, discounted at the risk-free rate adjusted for illiquidity. - We inspected the documents related to the fulfilment cash flows of insurance contracts categorized based on the characteristics of the insurance products, as well as selected samples and recalculated the fulfilment cash flows thereof. ● In order to evaluate the data used to measure the fulfilment cash flows of the insurance contracts, we compared and examined the relevant materials including premiums with the underlying data for the measurement of the fulfilment cash flows.
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Method to estimate liabilities for incurred claims	
Description of Key Audit Matter	Auditor’s Response
The Group has voluntarily adopted the IFRSs from the current fiscal year and adopted the IFRS 17 “Insurance Contracts”. The Group’s consolidated statement of financial position as of March 31, 2025, includes ¥9,343,635 million of the “Insurance contract liabilities.” The related notes are the Notes to the Consolidated Financial Statements “3. Summary of material accounting policies (11) Insurance contracts and reinsurance contracts” and the Notes to the Consolidated Financial Statements “17. Insurance contracts and reinsurance contracts.” “Insurance contract liabilities” include “Liabilities for incurred claims”, which consists of incurred claims that have not yet been paid (including claims that have incurred but not yet reported) and fulfilment cash flows related to expenses. Fulfilment cash flows are calculated based on estimates of future cash flows adjusted to reflect the time value of money and the financial risks related to the future cash flows, in addition to a risk adjustment for non-financial risk. The majority of “Liabilities for incurred claims” contained in the “Insurance contracts liabilities” recorded in the consolidated statement of financial position are “Liabilities for incurred claims” of Sompo Japan Insurance Inc. included in the domestic P&C insurance business and Sompo International Holdings Ltd. included in the overseas insurance business.	Our audit procedures performed to assess the method to estimate the liabilities using statistical approach, included in the liabilities for incurred but not reported losses, included among others: ● We assessed the design and tested the operating effectiveness of internal controls over the method of estimating the liabilities using the statistical approach included in the liabilities for incurred but not reported losses. This assessment included an evaluation of internal controls over the selection of statistical estimation methods and the establishment of key assumptions, such as loss development factors, assumptions represented by expected loss ratios and loss adjustment expense ratios, risk adjustments for non-financial risks and discount rates. ● We involved our network firm’s actuarial experts (actuaries) to perform the following procedures, among others: - We assessed the consistency of the exclusion of anomaly such as losses arising from natural catastrophic disasters from the actuarial calculations as well as compared and considered the development in the loss development factor with the development in the amount of insurance claims. - We considered whether to modify the expected loss ratios considering current trends including the premium rate updates, as well as compared and considered the loss adjustment expense ratios with actual results.

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“Liabilities for incurred claims” of these consolidated subsidiaries include the estimated amount of insurance claims and other liabilities, individually estimated based on the details of the reported event triggering payment, the details of the insurance contract, and the details of the loss investigation, as well as the estimated amount of payment of insurance claims for which an event triggering payment stipulated in the insurance contract is deemed to have already occurred, although the occurrence of such event has not yet been reported (liabilities for incurred but not reported losses). Liability for incurred but not reported losses includes the liabilities estimated using statistical approach based on the unit of account by underwriting category of insurance line of business.	- We tested, by recalculation, that the risk adjustment for non-financial risk was equal to the amount of required capital multiplied by the cost of capital ratios, discounted at a risk-free rate adjusted for illiquidity. - We tested, by recalculation, that the discount rate was set by interpolating between the risk-free rate and the ultimate forward rate, based on the most recent market data available. - With regard to the liabilities estimated using statistical approach included in the liabilities for incurred but not reported losses for significant unit of account, we independently estimated the liabilities in consideration of the development of the losses attributable to the natural catastrophic disasters and considered the management’s estimates by comparing them with our estimates. ● In order to assess the data used for estimating the liabilities using statistical approach included in the liabilities for incurred but not reported losses (e.g. insurance claims), we selected samples to consider the actual data such as insurance claims payments which were reconciled with underlying payment evidence, and compared them with the underlying data used for estimation. ● We inspected the materials on the estimation of the liabilities using statistical approach included in the liabilities for incurred but not reported losses based on the units of account by underwriting category of each line of businesses, and recalculated the estimation of those liabilities, including the determination of loss development factors.
The liabilities estimated using statistical approach, included in the liabilities for incurred but not reported losses are estimated by actuarial calculations based on a certain estimation method using statistical approach, which requires a high degree of technical expertise in actuarial calculation. The key assumptions in the estimation using statistical approach include, the factors used to estimate the ultimate amount of insurance claims and other losses (i.e. loss development factors) and other assumptions (e.g. an expected loss ratios and a loss adjustment expense ratios), in light of the actual payment of insurance claims and other losses by accident year over a certain period of time in the past, in addition to a risk adjustment for non-financial risk and the discount rate. Also, these key assumptions are affected by the identification of large losses attributable to natural catastrophic disasters and the development of losses including insurance claims and other losses over passage of time.	

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Based on the above, as the method of estimating the liabilities using statistical approach requires a high degree of technical expertise in actuarial calculation and the key assumptions used in the estimation using statistical approach are highly dependent on management’s judgment, the method of estimating the liability for incurred but not reported losses included in “Liabilities for incurred claims”, using statistical approach of estimation, is considered a key audit matter.	
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