

Summary Information on Sony Assurance's Financial Results
for the Three Months Ended June 30, 2020

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Disclaimer:

This English translation is prepared for the readers' convenience. When there are any discrepancies between original Japanese version and English translation version, the original Japanese version always prevails.

1. Balance Sheets

(Millions of yen)

	As of March 31, 2020	As of June 30, 2020
Assets:		
Cash and deposits	28,671	29,149
Call loans	10,000	15,000
Securities	147,813	147,276
Tangible fixed assets	1,266	1,076
Intangible fixed assets	14,845	14,860
Other assets	19,884	18,433
Deferred tax assets	12,388	12,419
Total Assets	234,870	238,217
Liabilities:		
Underwriting reserves	179,511	182,569
Reserve for outstanding losses and claims	40,354	38,199
Underwriting reserves	139,157	144,369
Other liabilities	14,101	12,546
Income taxes payable	1,808	2,289
Others	12,292	10,256
Reserve for employees' retirement benefits	1,972	2,024
Reserve for employees' bonuses	1,231	588
Reserve under the special laws	268	275
Reserve for price fluctuations	268	275
Total Liabilities	197,085	198,003
Net Assets:		
Shareholders' equity		
Common stock	20,000	20,000
Capital surplus	3,389	3,389
Retained earnings	13,768	15,958
Total shareholders' equity	37,158	39,348
Valuation and translation adjustments		
Net unrealized gains (losses) on available-for-sale securities, net of taxes	626	865
Total valuation and translation adjustments	626	865
Total Net Assets	37,785	40,213
Total Liabilities and Net Assets	234,870	238,217

2. Statements of Income

(Millions of yen)

	For the three months ended June 30, 2019	For the three months ended June 30, 2020
Ordinary Revenues	31,865	35,363
Underwriting income	31,233	35,042
Net premiums written	30,418	32,868
Interest and dividends on deposits of premiums	19	19
Reversal of reserve for outstanding losses and claims	795	2,154
Investment income	628	305
Interest income and dividends	336	325
Gains on sale of securities	311	—
Transfer to interest and dividends on deposits of premiums	(19)	(19)
Other ordinary income	4	14
Ordinary Expenses	27,973	28,269
Underwriting expenses	20,918	20,705
Net losses paid	14,183	12,750
Loss adjustment expenses	2,088	2,206
Net commissions and brokerage fees	475	537
Provision for underwriting reserves	4,170	5,211
Operating, general and administrative expenses	7,054	7,560
Other ordinary expenses	0	3
Ordinary Profit	3,891	7,093
Extraordinary Gains	—	—
Extraordinary Losses	25	7
Losses on disposal of fixed assets	18	0
Provision for reserve under the special laws	7	7
Provision for reserve for price fluctuations	7	7
Income Before Income Taxes	3,865	7,086
Income Taxes—Current	1,087	2,114
Income Taxes—Deferred	6	(124)
Total Income Taxes	1,093	1,990
Net Income	2,772	5,095

3. Financial Summary

(Millions of yen)

	For the three months ended June 30, 2019	For the three months ended June 30, 2020	YoY change (Amount)	YoY change (%)
Gross direct premiums written	30,347	32,927	+2,580	+8.5
Direct premiums written	30,347	32,927	+2,580	+8.5
Underwriting income	31,233	35,042	+3,809	+12.2
Net premiums written	30,418	32,868	+2,450	+8.1
Underwriting expenses	20,918	20,705	(212)	(1.0)
Net losses paid	14,183	12,750	(1,432)	(10.1)
Loss adjustment expenses	2,088	2,206	+117	+5.6
Net commissions and brokerage fees	475	537	+61	+12.9
Investment income	628	305	(322)	(51.3)
Interest income and dividends	336	325	(10)	(3.2)
Gains on sale of securities	311	—	(311)	(100.0)
Investment expenses	—	—	—	—
Operating, general and administrative expenses	7,054	7,560	+506	+7.2
Operating, general and administrative expenses related to underwriting	7,037	7,547	+509	+7.2
Other ordinary income (losses), net	4	11	+7	+186.2
Ordinary Profit	3,891	7,093	+3,201	+82.3
Underwriting profit	3,276	6,788	+3,512	+107.2
Extraordinary Gains	—	—	—	—
Extraordinary Losses	25	7	(18)	(71.6)
Extraordinary gains (losses), net	(25)	(7)	+18	—
Income Before Income Taxes	3,865	7,086	+3,220	+83.3
Income Taxes –Current	1,087	2,114	+1,027	+94.5
Income Taxes –Deferred	6	(124)	(130)	(2,079.1)
Total Income Taxes	1,093	1,990	+896	+82.0
Net Income	2,772	5,095	+2,323	+83.8
Net loss ratio	53.5%	45.5%		
Net expense ratio	24.7%	24.6%		
Adjusted ordinary profit	4,865	8,154	+3,289	+67.6
E.I. loss ratio	56.3%	43.9%		

Notes 1. Underwriting profit = Underwriting income – (Underwriting expenses + Operating, general and administrative expenses related to underwriting) ± Other income (expenses)
Other income (expenses) is the amount equivalent to the corporate income taxes for compulsory automobile liability insurance, etc.

2. Net loss ratio = (Net losses paid + Loss adjustment expenses) / Net premiums written x 100

3. Net expense ratio = (Net commissions and brokerage fees + Operating, general and administrative expenses related to underwriting) / Net premium written x 100

4. Adjusted ordinary profit = Ordinary profit + Provision for catastrophe reserve

* Provision for catastrophe reserve is described as positive amount.

5. E.I. loss ratio = (Net losses paid + Provision for reserve for outstanding losses and claims + Loss adjustment expenses) / Earned premiums x 100

* Earthquake insurance and compulsory automobile liability insurance are excluded from the above calculation.

4. Premiums and Losses Paid by Type of Policy

Direct premiums written

(Millions of yen)

	For the three months ended June 30, 2019			For the three months ended June 30, 2020		
	Amount	Composition	YoY change	Amount	Composition	YoY change
		%	%		%	%
Fire	374	1.2	+582.7	952	2.9	+154.3
Marine	—	—	—	—	—	—
Personal accident	2,277	7.5	+5.3	2,223	6.8	(2.4)
Voluntary automobile	27,695	91.3	+4.2	29,752	90.4	+7.4
Compulsory automobile liability	—	—	—	—	—	—
Total	30,347	100.0	+5.4	32,927	100.0	+8.5

Net premiums written

(Millions of yen)

	For the three months ended June 30, 2019			For the three months ended June 30, 2020		
	Amount	Composition	YoY change	Amount	Composition	YoY change
		%	%		%	%
Fire	197	0.6	+3,985.5	543	1.7	+175.3
Marine	—	—	—	0	0.0	—
Personal accident	2,244	7.4	+1.0	2,294	7.0	+2.2
Voluntary automobile	27,621	90.8	+4.1	29,661	90.2	+7.4
Compulsory automobile liability	354	1.2	+18.1	368	1.1	+3.9
Total	30,418	100.0	+4.7	32,868	100.0	+8.1

Net losses paid, net loss ratio

(Millions of yen)

	For the three months ended June 30, 2019			For the three months ended June 30, 2020		
	Amount	YoY change	Net loss ratio	Amount	YoY change	Net loss ratio
		%	%		%	%
Fire	3	+96.6	8.3	19	+497.1	7.3
Marine	(3)	(321.8)	—	0	—	29.2
Personal accident	763	+10.5	37.2	804	+5.4	38.8
Voluntary automobile	13,097	+8.7	54.7	11,598	(11.4)	46.2
Compulsory automobile liability	323	(1.6)	91.2	327	+1.3	89.0
Total	14,183	+8.5	53.5	12,750	(10.1)	45.5

5. Non-consolidated Solvency Margin Ratio

(Millions of yen)

	As of March 31, 2020	As of June 30, 2020
(A) Total non-consolidated solvency margin	66,674	75,121
Capital or treasury, etc.	34,252	39,348
Reserve for price fluctuations	268	275
Contingency reserve	131	133
Catastrophe reserve	27,860	28,922
General reserve for possible loan losses	—	—
Net unrealized gains (losses) on available-for-sale securities and net deferred gains (losses) on hedging instruments (before tax deductions)	783	1,081
Net unrealized gains (losses) on real estate	—	—
Excess refund reserve	—	—
Subordinated debt	—	—
The portion of the excess refund reserve and subordinated debt that is not included in the margin	—	—
Deductible items	—	—
Others	3,379	5,360
(B) Total non-consolidated risk	$\sqrt{(R_1+R_2)^2+(R_3+R_4)^2+R_5+R_6}$	15,446
Ordinary insurance risk (R ₁)	13,711	13,887
Third-sector insurance risk (R ₂)	0	0
Assumed interest rate risk (R ₃)	132	134
Asset management risk (R ₄)	1,829	1,709
Business management risk (R ₅)	335	336
Major catastrophe risk (R ₆)	1,100	1,100
(C) Non-consolidated solvency margin ratio	872.3 %	972.6 %
$[(A) / \{(B) \times 1/2\}] \times 100$		

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

A part of calculations for non-consolidated solvency margin ratio as of June 30, 2020 is calculated according to simplified methods in major catastrophe risk. The figure is assumed to be equivalent to the amount as of March 31, 2020.