

SONY

B U S I N E S S

SEGMENT

M E E T I N G

2 0 2 4

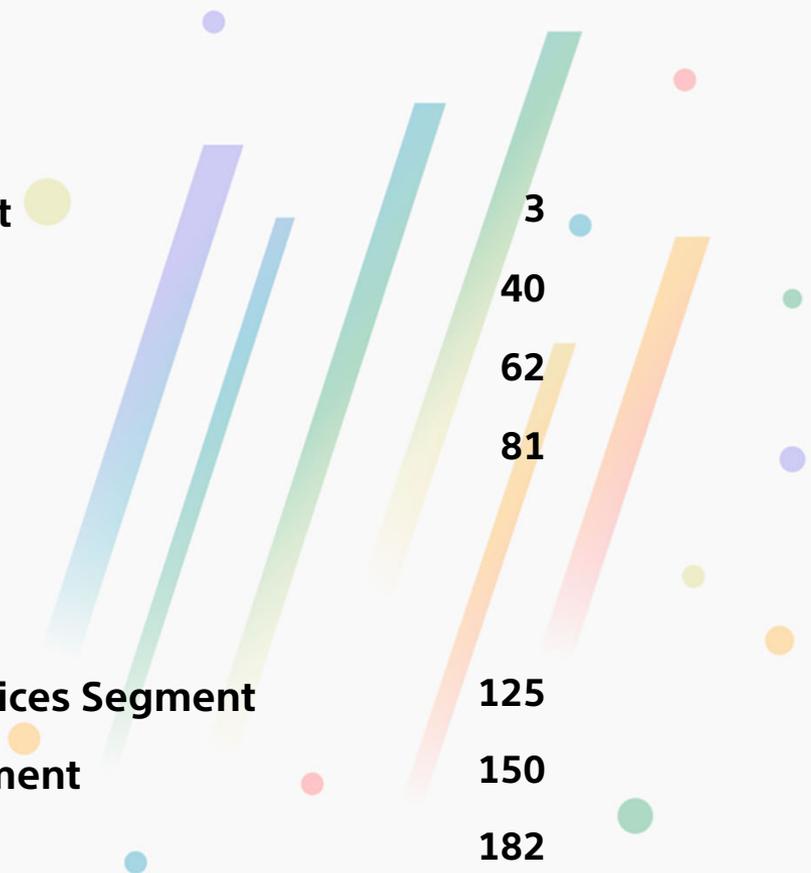


Day 1 (May 30)

- Game & Network Services Segment
- Music Segment (Global)
- Music Segment (Japan)
- Pictures Segment

Day 2 (May 31)

- Entertainment, Technology & Services Segment
- Imaging & Sensing Solutions Segment
- Financial Services Segment



3
40
62
81
125
150
182

G & N S

GAME & NETWORK SERVICES SEGMENT

SVP, Platform Experience,
Sony Interactive Entertainment

Hideaki Nishino

SVP, Head of PlayStation Studios,
Sony Interactive Entertainment

Hermen Hulst

Introduction



PS5

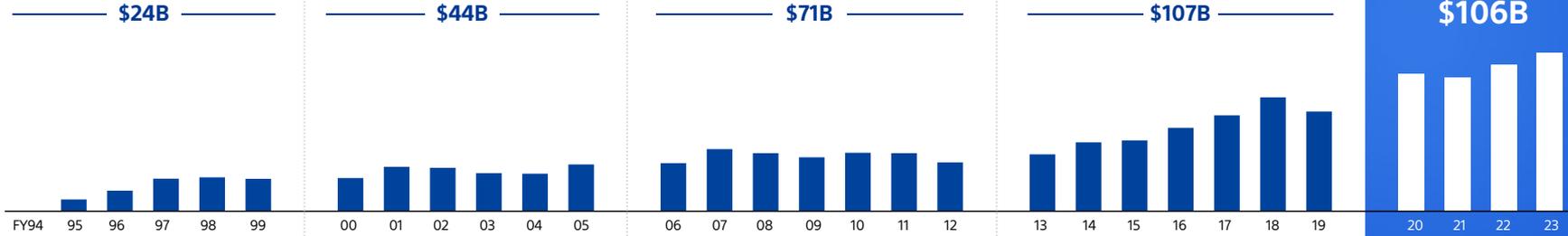


CONSOLE & BEYOND



Most Profitable Generation To-Date

SALES



PlayStation.

PS2
PlayStation 2

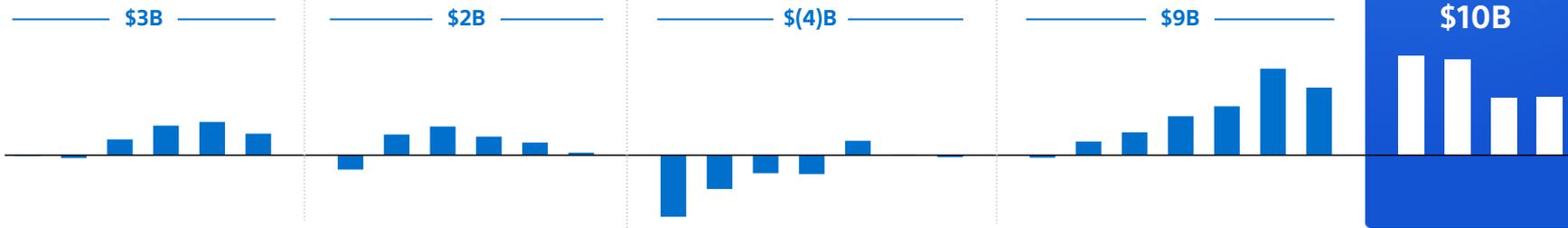
PS3



PS4

PS5

OPERATING INCOME



Evolving Financial Profile with Increasing Operating Leverage

Note: U.S. dollar figures are based on the average U.S. dollar / yen exchange rate during each period; Figures for FY20 and before are based on US GAAP; figures after FY21 and onwards are based on IFRS

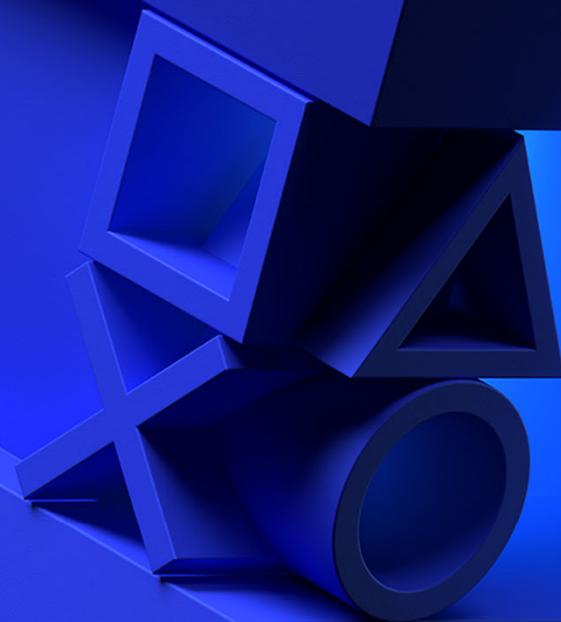
FY21-23

**Establish a Leading
Position in this
Console Generation**

FY24-26

**Drive Sustainable & Profitable
Growth and Invest Thoughtfully
in the Future of Play**

The PlayStation Experience





THE PLAYSTATION EXPERIENCE



The Best Place to
PLAY



The Best Place to
PUBLISH

THE BEST PLACE TO PLAY

118M
MAU*

9K+
Games*

Exceptional
Games

Compelling
Service
Offering

Innovative
Peripherals

Continued Brand
Momentum

State-of-the-Art
Console



*As of March 31, 2024

Note: Monthly Active Users (MAU) is an estimated total number of unique accounts that played games or used services on the PlayStation Network during the last month of the quarter and is based on company research, and may be updated in the future; Number of titles is an estimated number of PS4 and PS5 titles sold on the PlayStation Store, and may be updated in the future



THE BEST PLACE TO PUBLISH



2K+
Publishers*

Deep Relationships

From AAA to Indies

Partners in Engagement & Monetization

Streamlining & Empowering



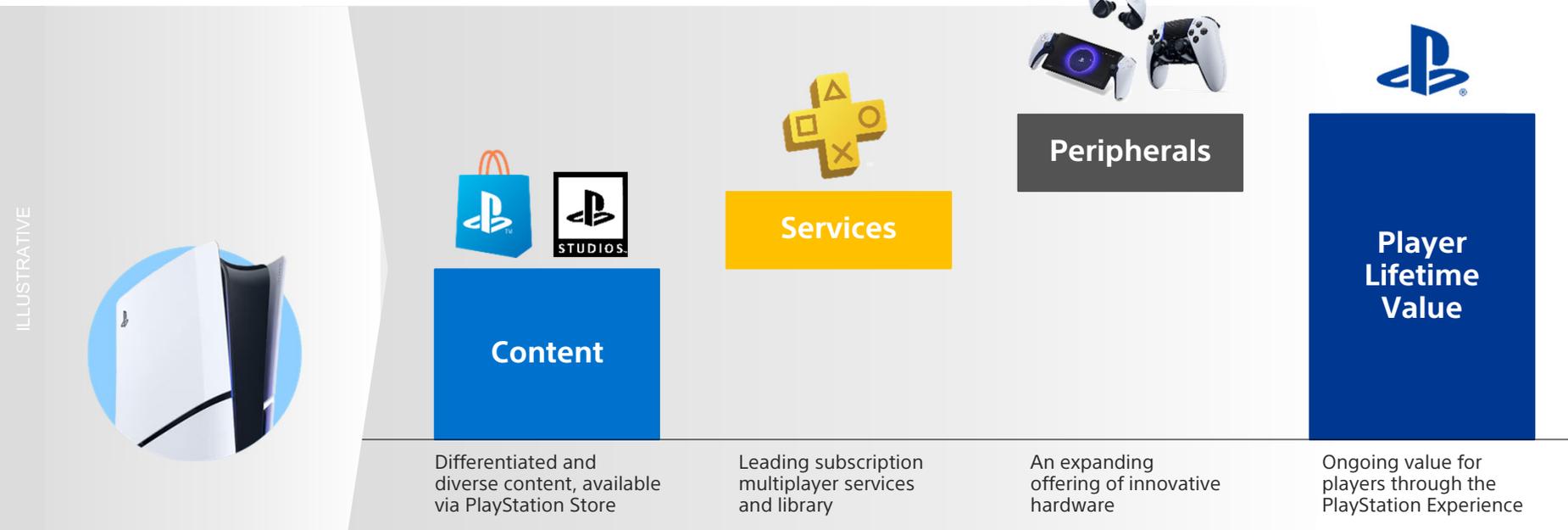
Platform Business Group



PlayStation 5 | Lifetime of Value

The PlayStation Console is a Gateway...

...to a Lifetime of Player Engagement and Value



ILLUSTRATIVE

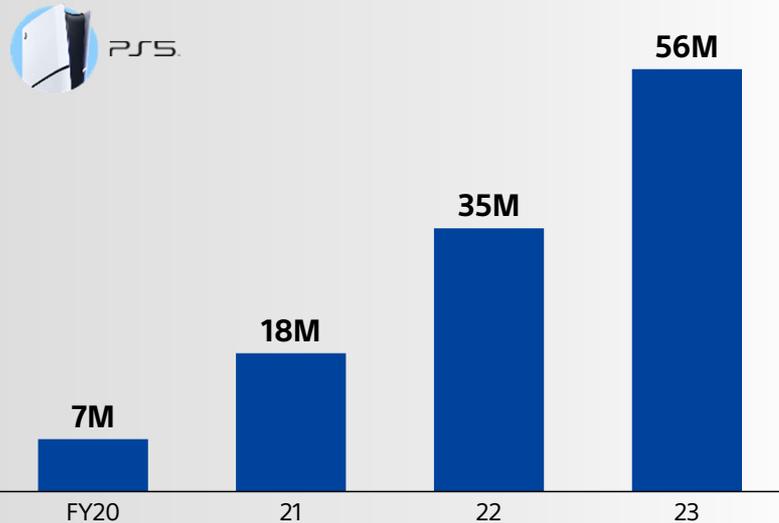
Engaged User Base

PlayStation 5 has established a significant installed base four years into the cycle...

...and has increased to half of Monthly Active Consoles...

...with higher engagement by gameplay hours

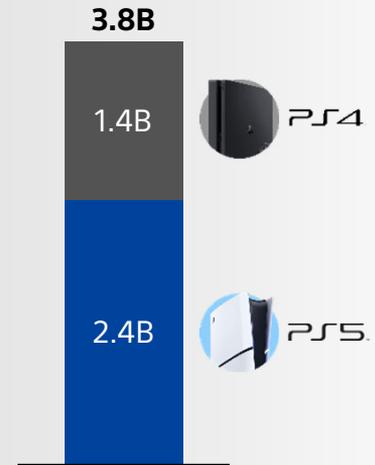
Cumulative Sell-through Units



Monthly Active Consoles*



Total Gameplay Hours*



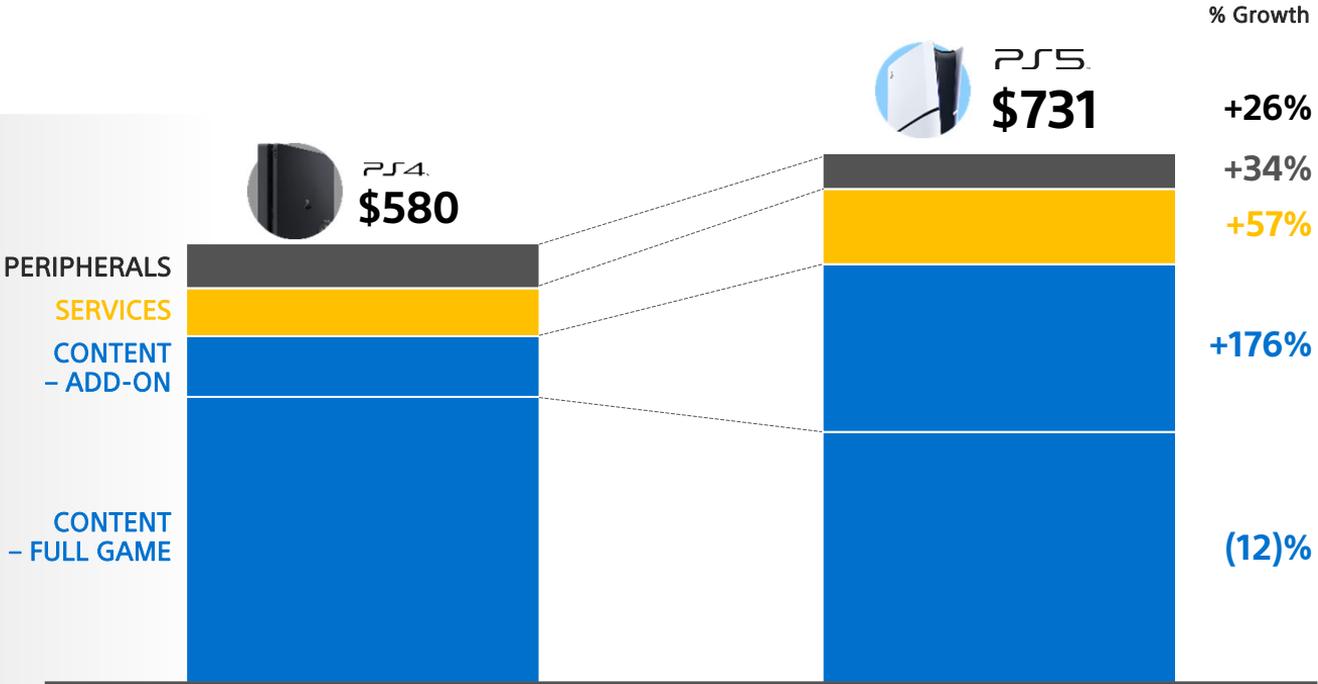
*As of April 30, 2024

Note: Cumulative sell-through units includes PS5 and PS5 Digital Edition; Monthly Active Consoles is an estimated total number of unique PS5 and PS4 consoles that were used to play games or used services on the PlayStation Network, based on company research, and may be updated in the future

Stronger Life-to-Date Spend

Higher Life-to-Date (LTD) spend from PS5 versus PS4

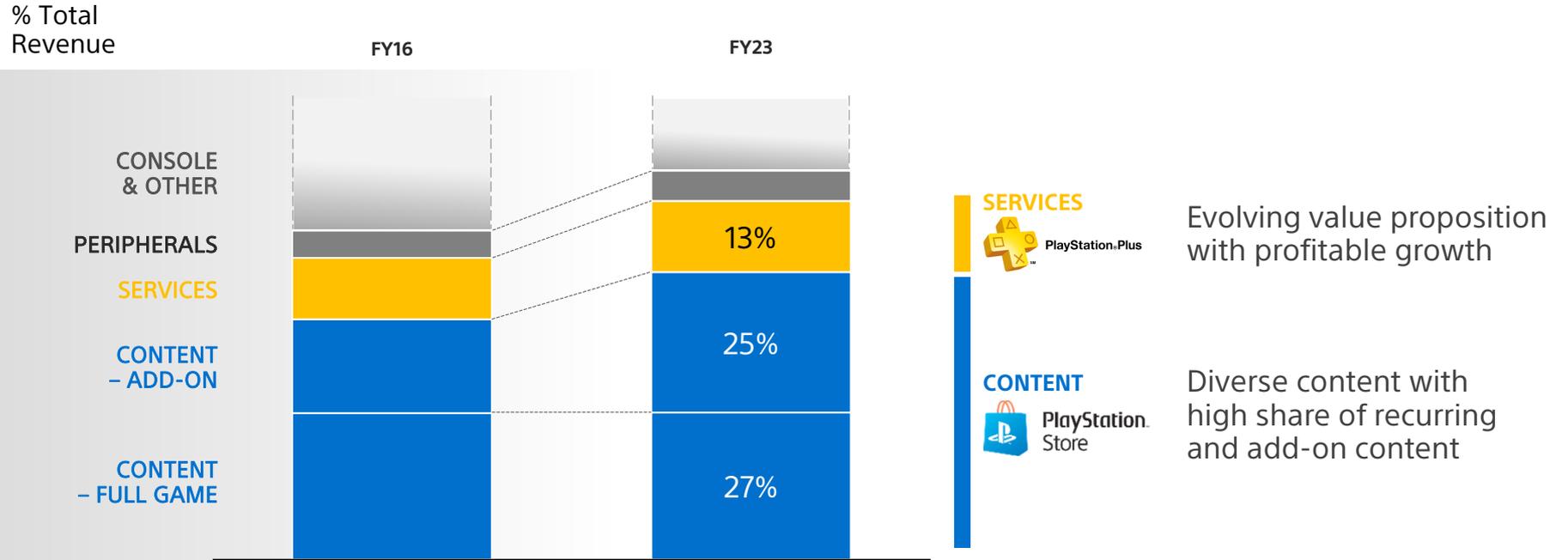
LTD Spend
Per Console



Note: Cumulative spend attributed per active device over the first 4 years of each console lifecycle (LTD to FY23 for PS5 and LTD to FY16 for PS4); Content includes third-party and PlayStation Studios game content (physical, digital and add-on)

Growing Durable & Predictable Revenue

Strong content- and services-focused revenue base

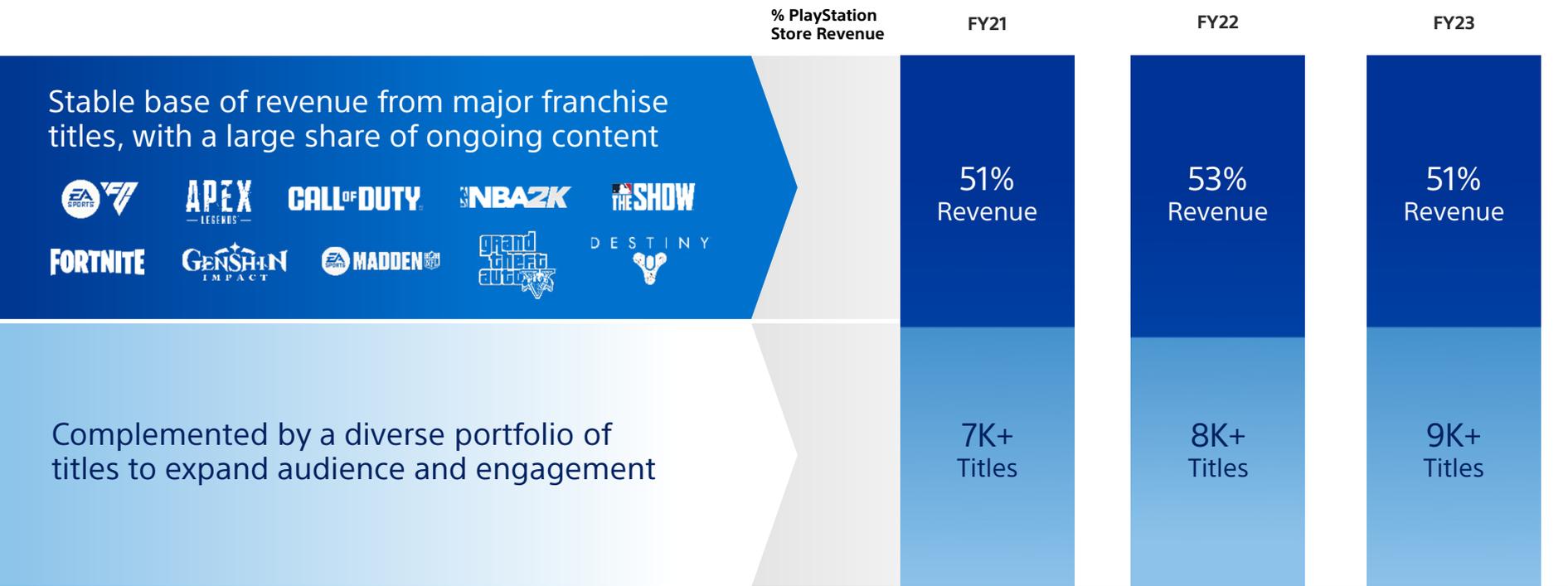


Note: Content includes third-party and PlayStation Studios game content (physical, digital and add-on), plus licensed content; Services includes PlayStation Plus, PlayStation Network and other services



PlayStation Store | Recurring & Diverse Content

Robust content strategy to attract and engage players



Note: Number of titles is an estimated number of PS4 and PS5 titles sold on the PlayStation Store, and may be updated in the future

Evolving value proposition...

...driving profitable subscriber growth



New Features

Including cloud streaming and Sony Pictures Core movie access



Content Value

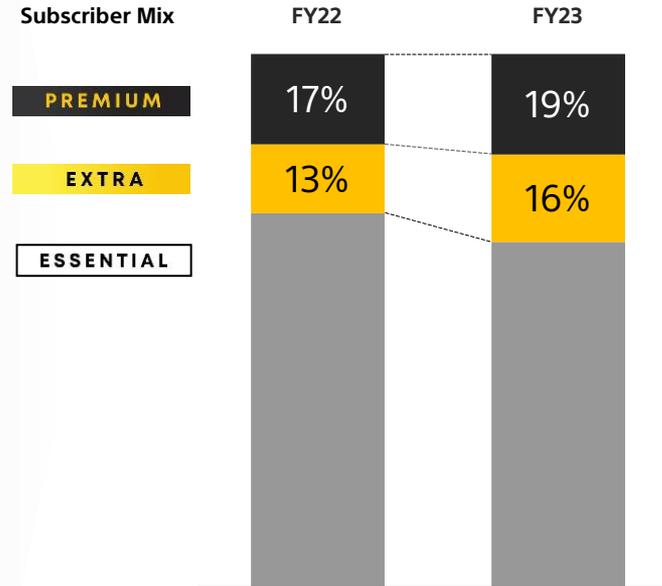
Strength, breadth and depth of titles appealing to key audiences



Live Services

Access to a wide live service games library and benefits

Subscriber Mix



35%

Subscribed to PlayStation Plus Premium or Extra*

Expand Engagement

New Use Cases



Enhance Experience

Input



Audio

Build Loyalty

Personalization



Explore New Opportunities

Introduce Non-PS5 Players to PlayStation via Peripherals



Drive 'Better Together' Consumer Value Proposition



Extend to New Devices



Evolve & Lead Through Innovation

Leading engineering organization pioneering incubation and innovation

Strategic initiatives to maximize investment and impact, including:

EXCEPTIONAL ENGINEERING

- Deep domain expertise throughout the hardware and software tech stack
- Incubating new products for novel and innovative experiences
- Innovating technology to drive scale, stability and efficiency

HYBRID CLOUD

Combining the power of the cloud with on-premise data centers to better serve players' and creators' demands

ARTIFICIAL INTELLIGENCE

Proactive utilization of AI to drive enterprise-wide efficiencies and enhance player experiences

FY21-23

Establish a Leading Position
in this Console Generation

118M
Total MAU

\$731
Customer
LTD Spend*

FY24-26

**Drive Sustainable & Profitable Growth
and Invest Thoughtfully in the Future of Play**

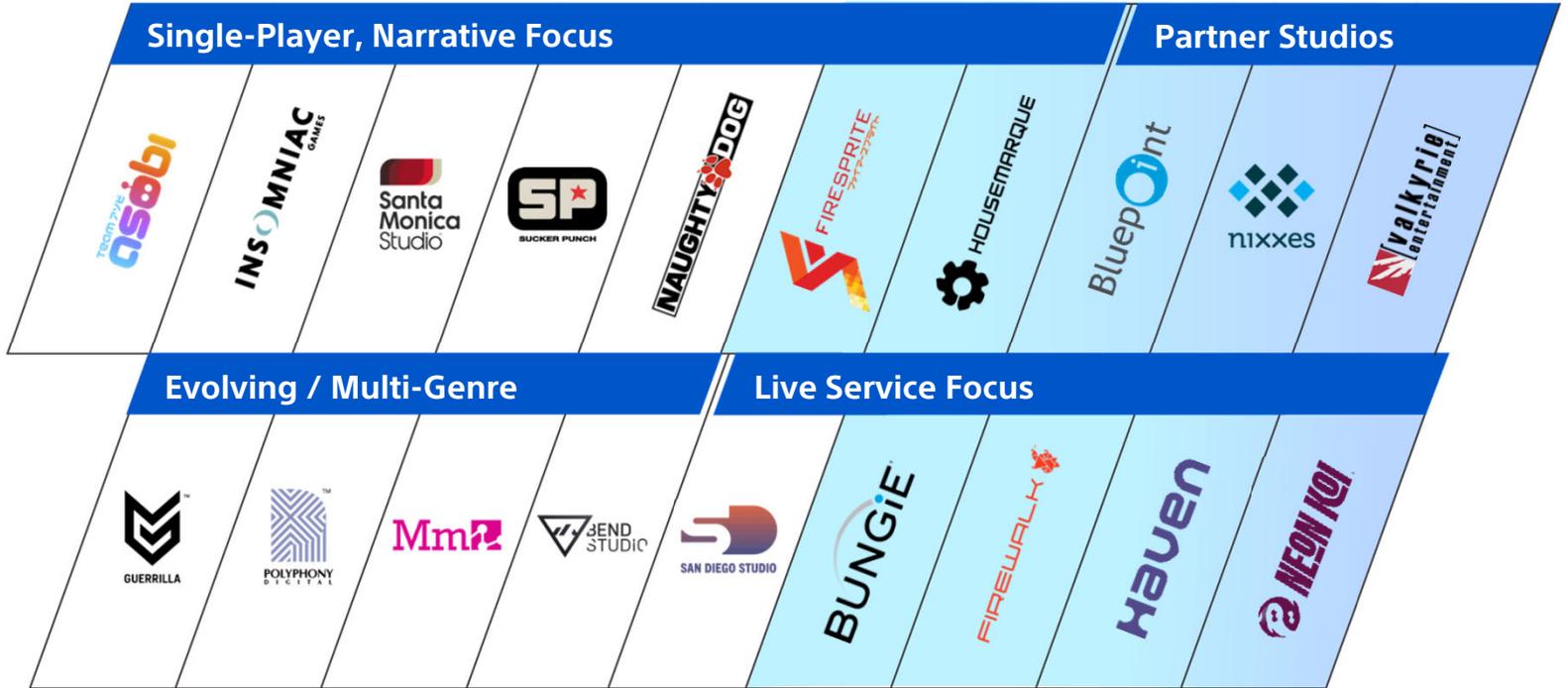
- Continued expansion of the installed base
- Drive consistent revenue from Content, Services and Peripherals
- Manage cost structure and invest in further efficiencies
- Thoughtful investments in key innovation and growth areas

Studio Business Group



World Class Creative

Global team with differentiated and complementary capabilities



Acquired FY21-23

PlayStation Studios Strategy

G&NS Segment

Unique IP portfolio powering expansion on console and beyond

IP POWERHOUSE

Continue to enhance the portfolio of world class franchises

MULTI-FORMAT LEADERSHIP

Extend games and IP to new devices



BUSINESS MODEL OPTIMIZATION

Strengthen live service capabilities

Efficient development and **consistent delivery**
with a strong focus on profitability

World Class Franchises

Building lasting franchises that engage multiple audiences



MAJOR
FRANCHISES

Expand audience reach and engagement through new formats and experiences

EMERGING
IP

Robust Development Framework

G&NS Segment

Consistently high-quality games delivered through clear planning and execution

PLANNING

- Portfolio planning and prioritization
- Market risk assessment
- Studio capability alignment



EXECUTION

- Milestone-based title reviews
- Scope management
- Shared tools, technology & services
- Outsourcing and co-development

Structured Content Portfolio

Strong base of tentpoles augmented by transformational games and experimental opportunities

TENTPOLE

- Existing hit franchises / new IP with high ambition
- From studios with proven track records of quality and success

TRANSFORMATIONAL

- Primarily live service games with ongoing content
- Differentiate through IP, themes, or gameplay

EXPERIMENTAL

- Showcase innovation, unlock new audiences, target new genres
- High potential games, with discipline on scope and budget

TENTPOLE SPOTLIGHT

MARVEL
SPIDER-MAN 2

© 2024 MARVEL

Great success for a major PlayStation Studios game series and category

RELEASE DATE **October 20, 2023**

GAME TYPE **Single-Player, Action-Adventure**

LAUNCH PROFILE **PS5**

SELL-THROUGH **11M+ Units***



90

*As of April 20, 2024
Ratings Source: Metacritic (as of April 30, 2024)

TRANSFORMATIONAL SPOTLIGHT



Strong new entry to the PlayStation Studios live service portfolio

RELEASE DATE **February 8, 2024**

GAME TYPE **Live Service Focus**

LAUNCH PROFILE **PS5, PC**

SELL-THROUGH **12M+ Units***



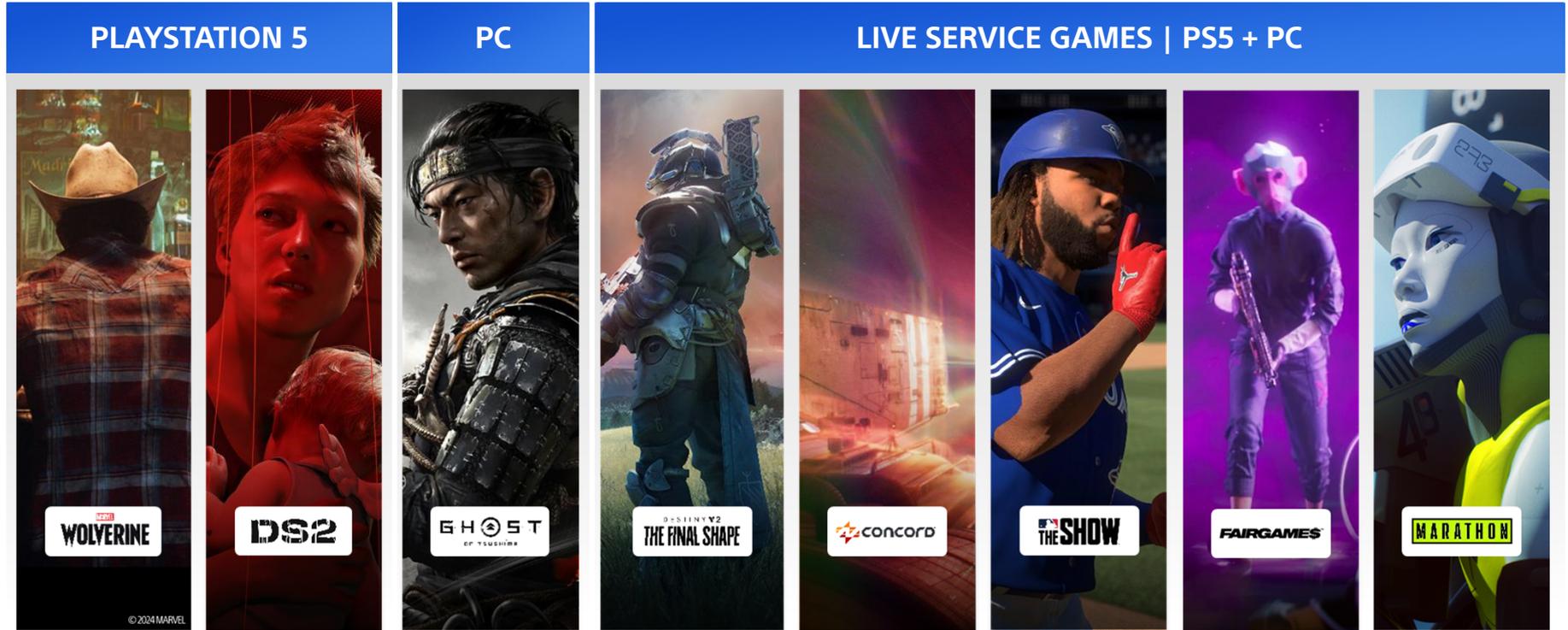
82

*As of May 5, 2024 (PS5+PC)
Ratings Source: Metacritic (as of April 30, 2024)



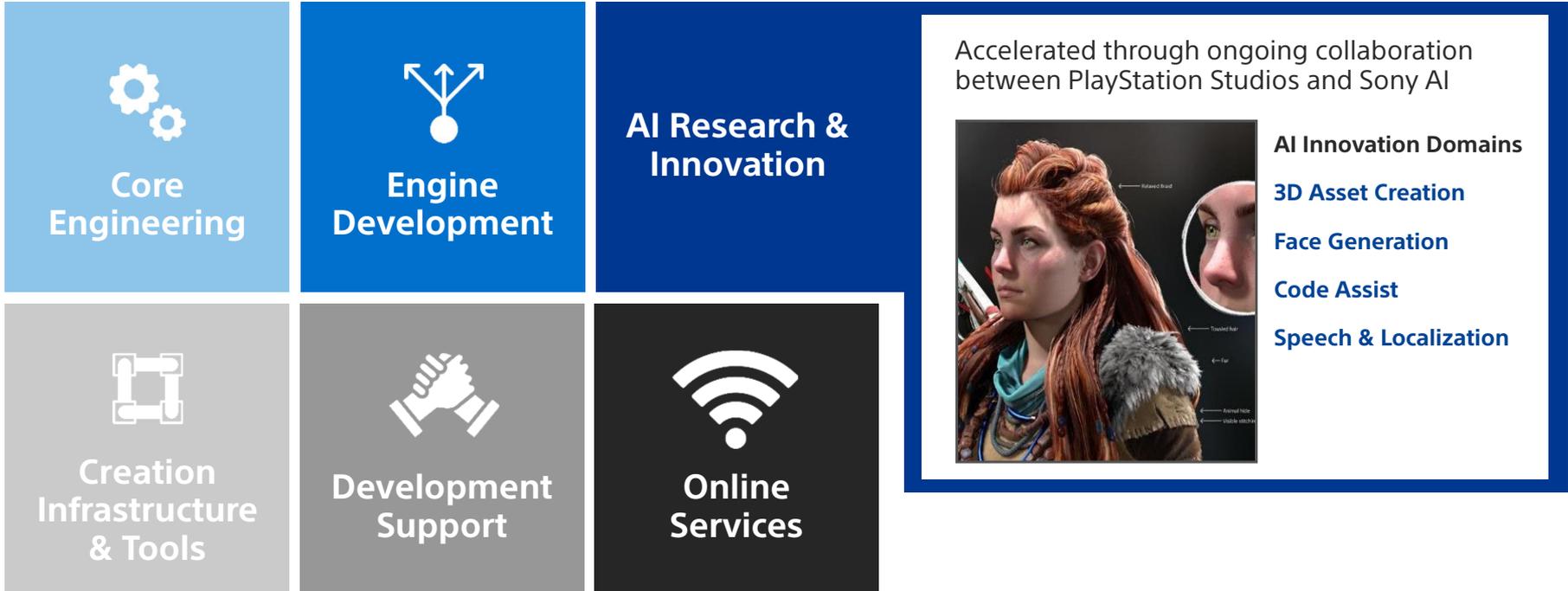
Exciting New Releases

Ongoing execution of the portfolio strategy across categories



Note: Live service games to be released on Console and PC, except for *MLB The Show* (console-only)

Pioneering game development through advancements in technology and services



FY21-23

Establish a Leading Position in this Console Generation

STRENGTHENING OF FRANCHISES



INVESTMENTS IN LEADING STUDIOS



FY24-26

Drive Sustainable & Profitable Growth and Invest Thoughtfully in the Future of Play

- Strong new release slate and ongoing execution of live service roadmap
- Expansion of franchise reach
- Continued financial discipline
- Early returns from past acquisitions and investments

Concluding Remarks

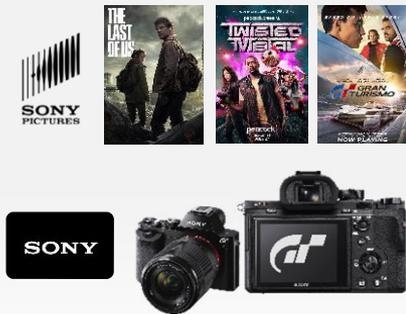


PlayStation x Sony Group

Multiple successful partnerships across Sony Group

IP EXPANSION

PlayStation IP and Sony Group collaboration to build engaging experiences



AUDIENCE EXPANSION

Partner with Sony businesses for mutual audience expansion



GLOBAL EXPANSION

Partner on Sony Group collaboration initiatives in China and India



ACCELERATE INNOVATION

Support impactful projects across Sony Group



Sony Innovation Fund

Leading the Way with Responsible Growth

Forging an intentional path to do the right thing well

ENVIRONMENT

SUSTAINABILITY

Reducing PS5 climate impact by developing more efficient controller battery charging and download scheduling



SOCIAL

ACCESSIBILITY

Launched the Access controller and ongoing implementation of best-in-class in-game accessibility features



GOVERNANCE

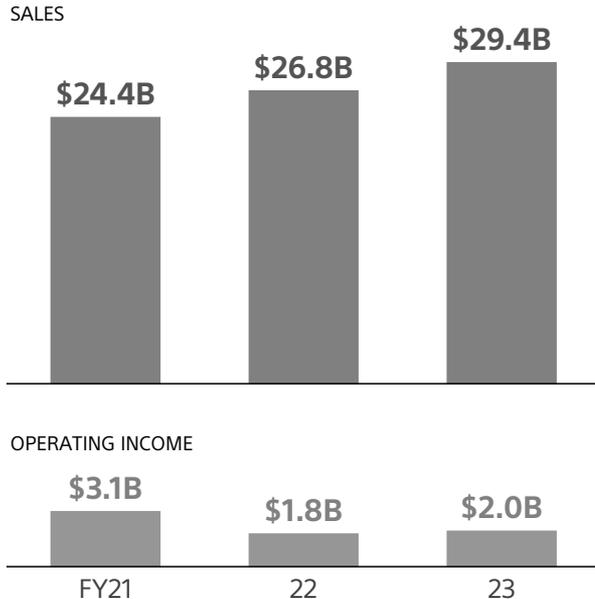
COMMUNITY ENGAGEMENT

Partnering with the United Nations in the Playing for the Planet Alliance



FY21-23

Establish a Leading Position in this Console Generation



FY24-26

Drive Sustainable & Profitable Growth and Invest Thoughtfully in the Future of Play

Platform Business Group

- Continued expansion of the installed base
- Drive consistent revenue from Content, Services and Peripherals
- Thoughtful investments in key innovation areas

Studio Business Group

- Strong release slate and ongoing execution of live service roadmap
- Expansion of franchise reach
- Continued financial discipline
- Early returns from past acquisitions and investments

Profitability

- Agile and streamlined cost structure
- Further investments in efficiency

**The PlayStation
Experience |
Lifetime of Value**

**Durable,
Predictable
Revenue Base**

**Established +
Emerging
IP Franchises**

**Investing
for the Future |
Console & Beyond**

MUSIC

MUSIC SEGMENT (SMG)

Chairman, Sony Music Group
CEO, Sony Music Entertainment

Rob Stringer



AGENDA

SMG & Market Performance

SMG Creative Focus & Growth Strategies



HISTORIC SMG FINANCIALS IN KEY METRICS



1) Source: IFPI

2) Adj. Operating Income and Adj. OIBDA (Adj. OIBDA = Operating Income + Depreciation and amortization expense – the profit and loss amount that Sony deems non-recurring) are not measures in accordance with IFRS or US GAAP. However, Sony believes that these disclosures may be useful information to investors.

* Revenues and Streaming Revenues are based on US GAAP for the period for FY19 and FY20, and on IFRS for FY21 and onwards; CAGR is calculated as a simple comparison between FY19 result based on US GAAP and FY23 result based on IFRS



SONY MUSIC GROUP

CHART AND MARKET SUCCESS IN CY23

Global

Recorded Music

30 Weeks

#1 Billboard Global Tracks



Miley Cyrus, Mariah Carey, Doja Cat, Tate McRae, Bad Bunny, Grupo Frontera & Bad Bunny, SZA

4 of Top 10

Spotify Global Albums



Bad Bunny, SZA, Peso Pluma, Harry Styles

US

5 of Top 10

Billboard Hot 100 Artists



SZA, Luke Combs, Miley Cyrus, 21 Savage, Peso Pluma

27%+

Current Market Share



Regional

5 of Top 10

Tracks in United Kingdom



Miley Cyrus, RAYE, Calvin Harris, Harry Styles, Libianca

3 of Top 5

Billboard Latin Artists



Bad Bunny, Peso Pluma, Fuerza Regida

Music Publishing

#1

Market Leader Since 2012
(Based On Revenues)

37 Weeks

Interest in #1 Songs
(Weekly Spotify Worldwide Chart in CY23)

29% Share

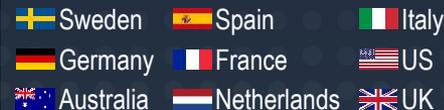
SMP Share of Top 100 Songs



Quarterly US Billboard Hot 100 in CY23

#1 Chart Share

CY23 Spotify Top 100





SONY MUSIC GROUP

GLOBAL CREATIVE SUCCESS

CY23

Miley Cyrus

#1 IFPI Single
Grammy '24 Winner



SZA

#2 IFPI Album
Grammy '24 Winner



Bad Bunny

Spotify's Most Streamed
Album Globally of 2023



Olivia Rodrigo

#1 Debut On Billboard
200 With All 12 Tracks
Charting in Top 40



Travis Scott

#1 for 4 Weeks On
Billboard 200



Rod Wave

#1 Billboard 200 Album
18 Songs Charted



Peso Pluma

#1 Latin Album
Grammy '24 Winner



Ashley Gorley

75 #1 Songs On Billboard
Country Airplay chart



Tate McRae

Top 10 Debut On
Billboard 200



RAYE

Most Brit Award Wins In
History With 6 in 2024



Future

2 Albums Debuted #1
On Billboard 200 in
March and April 2024



Beyoncé

#1 Billboard 200 Album
#1 Billboard Hot 100
Single



CY24



CONTINUED GLOBAL MARKET GROWTH

Recorded Music

\$28.6B¹



- ▶ 9th consecutive year of growth in CY23
- ▶ Projected mid-to-high single digit CAGR through CY27³

Music Publishing

\$9.0B²



- ▶ 11th consecutive year of growth in CY23
- ▶ Projected mid-to-high single digit CAGR through CY27³

Growth Drivers

Paid
Subscription

Digital
Ad Spend

New Revenue
Channels

ARPU⁴
By Country

Sync
Market

Physical
Business



AGENDA

SMG & Market Performance

SMG Creative Focus & Growth Strategies



SMG CORE VALUE PROPOSITION

BROAD & GROWING ECOSYSTEM

Repertoire Centers

Label Services

Artist Services

DIY Distribution

Music Publishing



SONY MUSIC PUBLISHING

NASHVILLE

LATIN



ARISTA



ALAMO RECORDS



SANTA ANNA



Select Recent Expansions

RIMAS



NAPALM RECORDS



+24% New Tracks Released to DSPs¹ in FY23 vs FY19

+28% Songs Administered Since FY19

Note: 1) DSP stands for Digital Streaming Platforms (e.g., Spotify, Apple Music, etc.)



GLOBAL EXPANSION FOCUS

Strategic Action Principles

The Orchard / AWAL Integration

Expanding Repertoire Centers

Catalog Acquisitions

Strategic JV Partnerships

Ancillary Revenue Streams

Latin America

#1

Market Share in All Territories in The Region



Som Livre



Rimas



Altafonte

+19% Market Growth

\$1.5B Market Size

Asia

#1 Major Label Group in India

Only Major Label Group on China DSP Top 10 Charts¹

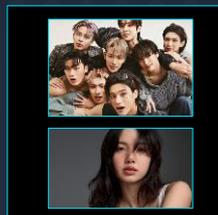
Maximizing K-Pop in Global Market



Catalogs / Acquisitions



SME Signed / Distributed Tracks



ATEEZ / LISA

+21% Market Growth

\$3.7B Market Size

Middle East & Africa

Global Appeal of African Artists & Songwriters



Davido

Wizkid

Tems

Tyla

+19% Market Growth

\$0.2B Market Size

Note: Source: IFPI market growth for CY22 vs CY23, market sizes for CY23; 1) China domestic top 10 annual charts 2023: QQ Music, KuGou, and NetEase Cloud Music



CONSTANTLY EVOLVING CATALOG



Beyoncé



SZA



Travis Scott



Michael Jackson



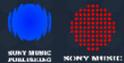
Luke Combs



Bad Bunny



AC/DC



Rod Wave



Harry Styles



Future



Doja Cat



Tyler, The Creator



Chris Brown



Miley Cyrus



Bruce Springsteen



Queen



Lil Durk



The Beatles



Elvis Presley



Depeche Mode





CONTINUED GROWTH IN STREAMING

Paid Streaming

500M+ Paid Streaming Accounts in CY23¹ **+15.3%** 3-yr CAGR



Of Streaming Revenue in CY23

- ▶ Accelerated product innovation, strengthening the value of paid music product
- ▶ Recent price increases, with more anticipated in the future, further widening the price gap

Free (Ad-Supported) Audio & Video

2.5B+ Monthly Active Users in CY23¹ **~720M** in Mature Markets in CY23¹



Of Streaming Revenue in CY23

- ▶ Product features improved over time, diverging from its original goal of converting users to paid
- ▶ Significant revenue potential exists in revisiting the stagnant freemium model

Better monetization of the free (ad-supported) tier needed in mature markets to reflect its value proposition



EXPLOSIVE GROWTH IN SHORT-CLIP

Industry Music Streams¹

FY18

**~5
Trillion**

Beginning of
short-clip era

FY23

**~87
Trillion**

19x growth driven
mostly by short-clip

- ▶ Significant revenue potential, yet some top platforms need to offer more value
- ▶ Short-clip platforms are becoming core medium of consumption for younger users in terms of time spent²
- ▶ **71%** of daily video creations on TikTok have music as a central feature³



EMERGING CHANNELS

Gaming & Immersive

- ▶ Created immersive experiences for artists and brands on third-party platforms
- ▶ Created **virtual production music videos** delivering 2D and 3D assets
- ▶ Playing video games is GenZ's **#1** entertainment activity¹
- ▶ **43%** of the population reported streaming music and playing video games²



Fortnite



Roblox



Virtual Production



Tech Day 2024



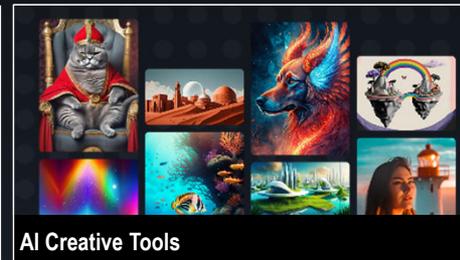
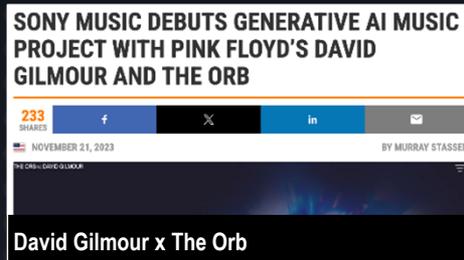
3D Assets



NAVIGATING GEN AI IN MUSIC'S TRANSFORMATION ERA

Leaning Into Innovation

- ▶ **79%** of music fans feel human creativity remains essential to the creation of music¹
- ▶ Actively engaging with responsible partners to define additive business rights models
- ▶ Engaged with **350+** organizations in the technology space since the start of CY23
- ▶ Launched **artist-led Gen AI fan experience**
- ▶ Implemented **responsible AI tools** empowering artists and songwriters' creativity

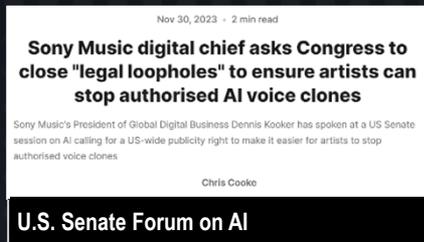




NAVIGATING GEN AI IN MUSIC'S TRANSFORMATION ERA

Protecting Artists' and Songwriters' Content

- ▶ **20K+ takedowns** issued of AI-generated content on DSPs in CY23
- ▶ Sent **700+ letters** to AI developers to opt our content out of training¹
- ▶ Actively pursuing regulation all over the world to shape policy and rights
- ▶ Using AI to detect misuse of our creative work on distribution platforms



A COMMITMENT TO PARTNERSHIP & TRANSPARENCY WITH OUR TALENT



Collaboration & Conversation

- ▶ **300+** Creative Representatives attended Gen AI information sessions globally since start of CY23
- ▶ Supporting new innovative technology initiatives with input and formal consent from artists and songwriters
- ▶ Connected **160+** SMG artists, songwriters and producers to philanthropic causes they care about¹

Engagement & Empowerment

- ✓ **70K+** Users of Artist and Songwriter Portals²
- ✓ **\$140M+** Real Time Royalties & Cash Out paid to artists and songwriters³

Talent Offerings:

- Real Time Data Reporting
- Legacy Unrecouped Program
- Advanced Analytic Tools
- Counseling & Wellness Services
- Best-in-Class Payment Tools
- US Healthcare Advocacy



**Artist Healthcare
Advocacy Services
Now Available
from Sony Music**



SUPPORTING WIDER TALENT ENDEAVORS

Merchandising



CEREMONY OF ROSES



99%+ Revenue CAGR FY21 to FY23
100+ Accounts Globally

Live & Experiential

15+ Companies Acquired Around the World



Sold 24M+ tickets to ~6,700 events in CY23¹

And more...



Note: 1) Across Live & Experiential and Ticketing businesses

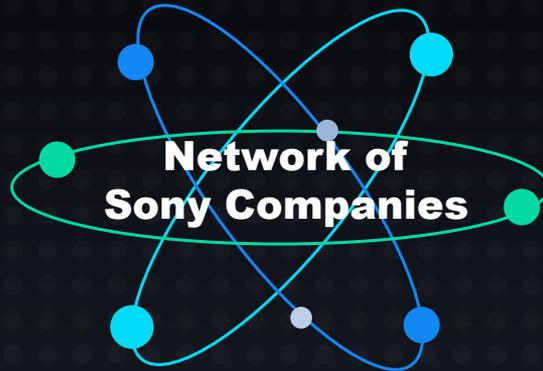


SONY MUSIC
GROUP

SONY GROUP COLLABORATION



Sony
Interactive
Entertainment



SONY



SONY GROUP COLLABORATION

Driving Synergies Across Companies While Creating and Developing New Products & Experiences

- Live IP Extensions*
- Joint Used Studios*
- Artist Product Campaigns*
- Experiential & Virtual Productions*
- Soundtrack Creation & Distribution*
- Infrastructure*
- Joint Marketing*
- Animated Series*
- Documentaries*
- Immersive Music Experiences*
- IP Merchandising*
- Shared Office Space*
- Songwriting Camps*
- Podcasts*

Selected Examples:



Developing documentaries with SPE that leverage artists' musical catalogue & history



Utilizing virtual production stage for artists' music videos and immersive entertainment



Supporting Live, Merch, and Soundtrack opportunities for Crunchyroll brands



Partnering with our artists on brand campaigns with multiple Sony companies



BUILDING FAN CONNECTIONS ACROSS ALL REVENUE STREAMS

music      TIDAL  

STREAMING (PAID AND AD-SUPPORTED AUDIO & VIDEO)



SHORT-CLIP



GAMING & IMMERSIVE



GEN AI



MERCHANDISING



LIVE & EXPERIENTIAL



SONY COLLABORATIONS

Discovering



Casual Fans



Supporting Fans



Dedicated Fans



**Better understand what consumers want from our creators;
connect creators with the right audiences**



FAN ENGAGEMENT STRATEGY



SONY MUSIC GROUP

Talent

Industry-leading
Artists &
Songwriters
Forward programs

People

Exceptional
workplace committed
to diversity, equity
& inclusion

Technology

Innovation in
service of
company value
proposition

Governance

Guided by
highest
standards of
leadership

Community

Contributed nearly
\$49M to 2,000+
partners & Global Social
Justice Fund recipients

Environment

Pursuing global
environmental
sustainability
initiatives

Advocacy

Protect creators'
rights via legislation
& regulatory
landscape



The crossroads of music, entertainment, and technology

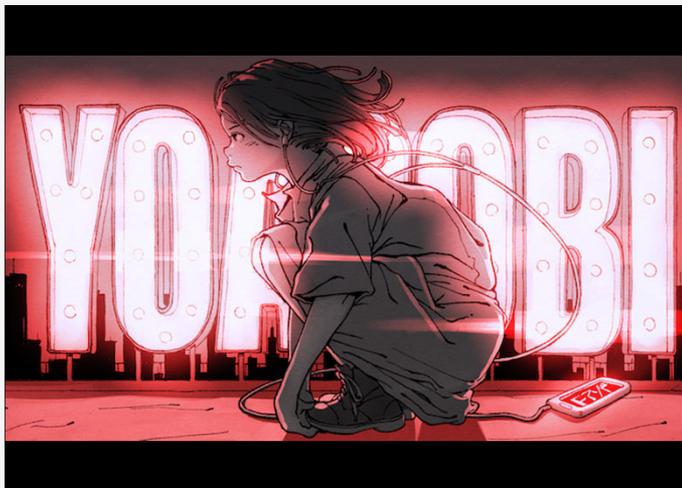
MUSIC

MUSIC SEGMENT (SMEJ)

President and Representative Director of the Board, CEO,
Sony Music Entertainment (Japan) Inc.

Shunsuke Muramatsu

YOASOBI "Idol"



Billboard Global excl. U.S. No.1
Total # of global streams: 700 million
(As of April, 2024)

Creepy Nuts "Bling-Bang-Bang-Born"



TV Anime 「MASHLE: MAGIC AND MUSCLES」
#1 on iTunes Hip-Hop Chart in more than 30 international markets
100 million streams in approx. 1 month after its launch

Global Exploitation of Anime



World Tour Screening
"Demon Slayer"
To the Hashira Training

Solo Leveling

Crunchyroll Anime Awards



Votes:
* Approximately 34M (YoY +16M)
* from over 200 countries/ regions

SMEJ's Strengths



SonyMusic
G R O U P



SONY

Music Segment
(SMEJ)



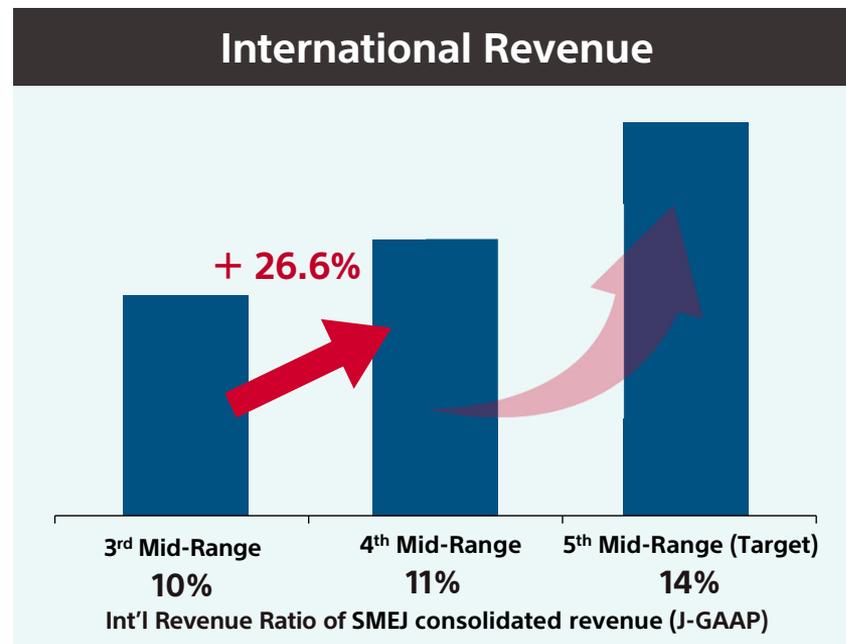
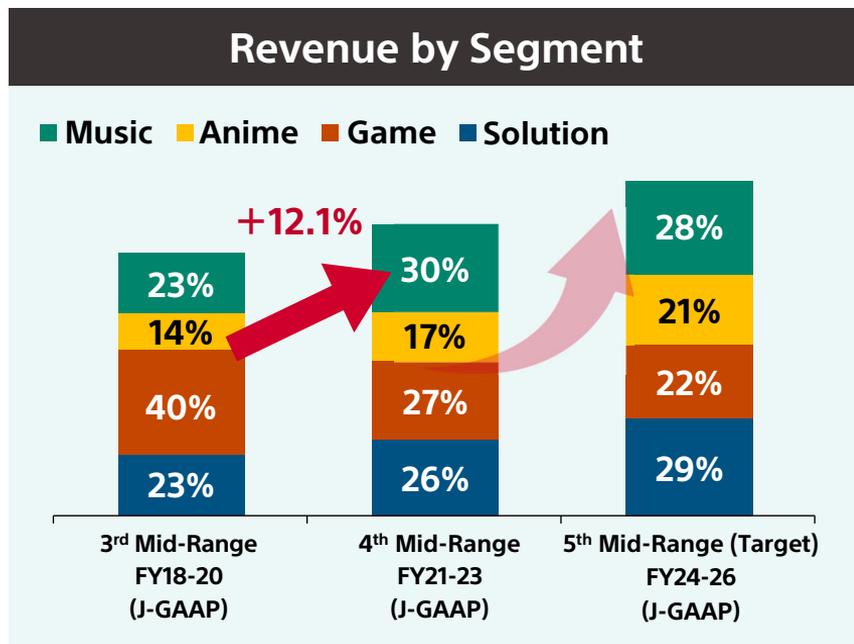
Business diversity to enable multiple delivery channels for exploitation of IP

Variety of solution capabilities to expand and deepen fan community

Collaboration with other business units of the Sony Group to expand global exploitation

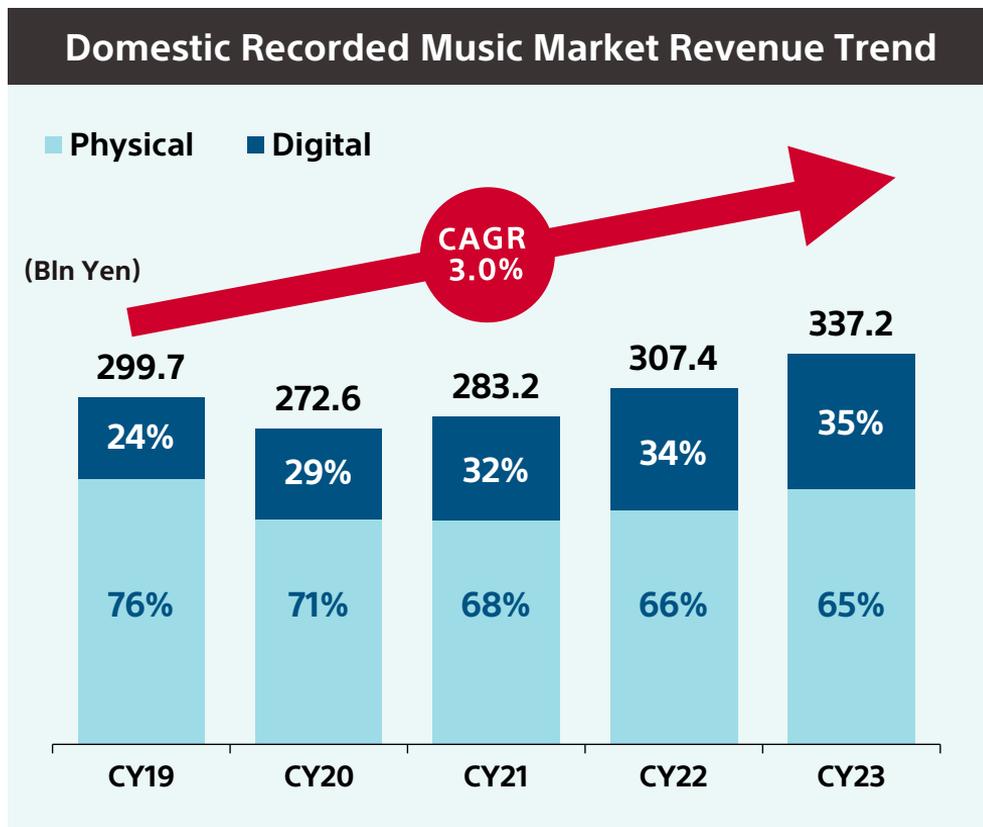
Explore new business through technology-based collaboration

- ▶ Continue Management of Business Portfolio
- ▶ Further Strengthen International Business

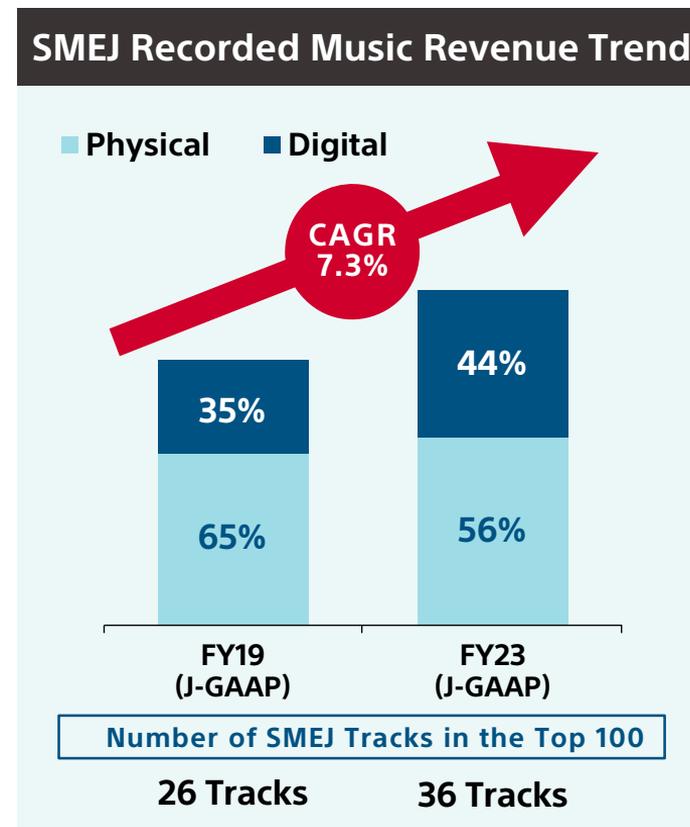


Growth Strategy of Music Business

Music Segment
(SMEJ)



※Source: Recording Industry Association of Japan



※Source: GfK Entertainment Music-panel Chart

Generate Hits and Expand Market Share



Nogizaka 46



Kenshi Yonezu



Tatsuya Kitani



Creepy Nuts



Yuuri



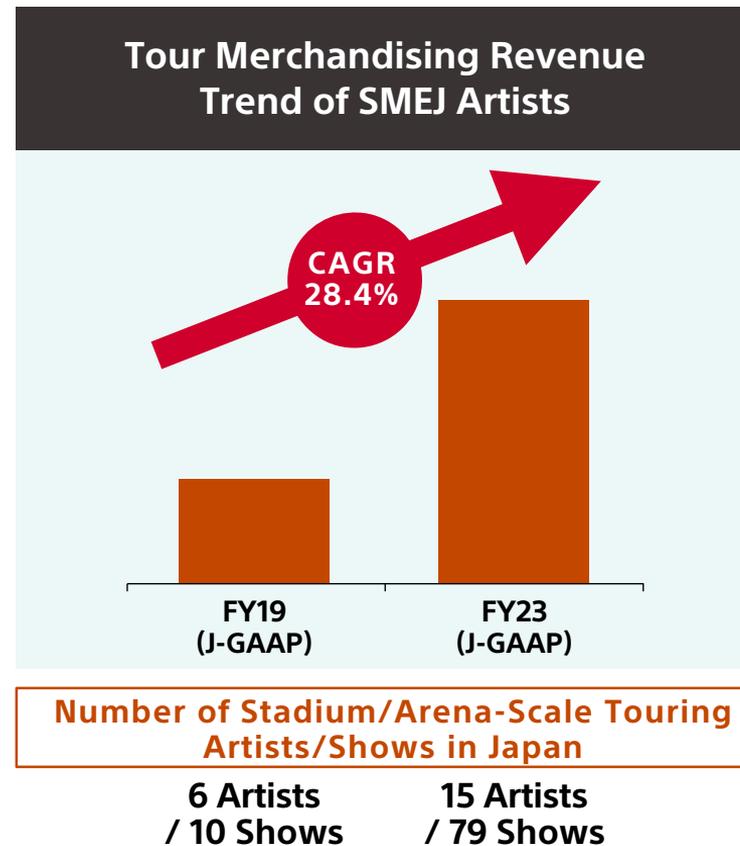
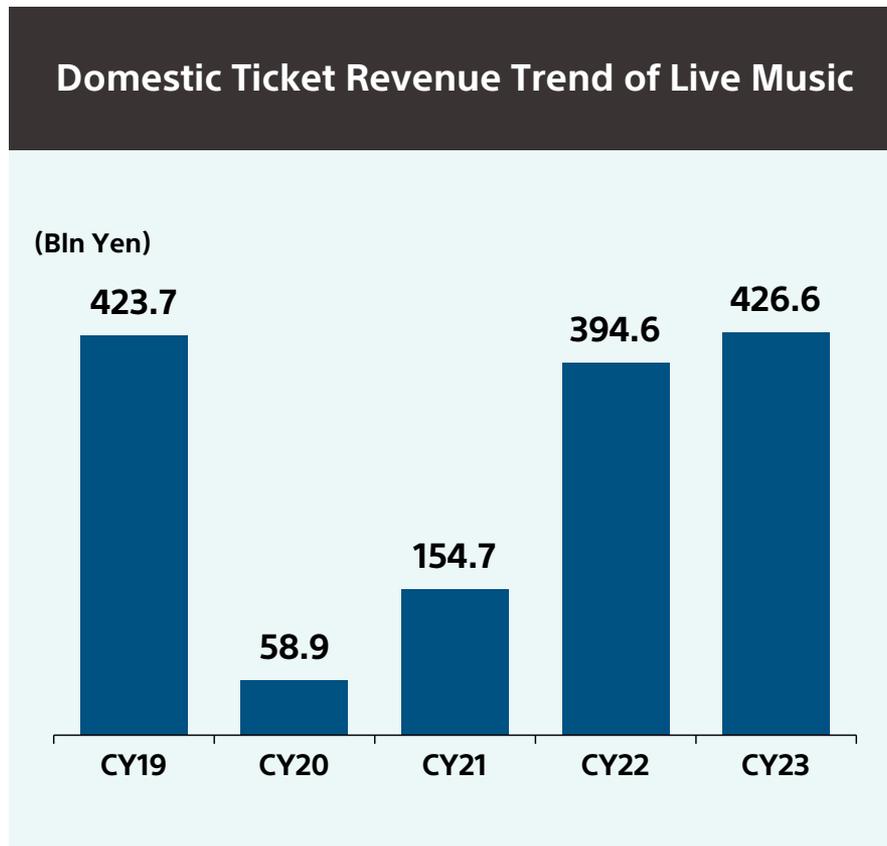
Ominotake



Hikaru Utada

Growth Strategy of Music Business

Music Segment
(SMEJ)



※Source: PIA Research Institute

Artist Development & Rich Solution Offerings



YOASOBI



Ryokuoushoku Shakai



LiSA



Solution

Continued Development of Fandom Groups



Nogizaka 46



Stray Kids



NEXZ



Sakurazaka 46



NiziU



ZEROBASEONE

Accelerate International Activities of Artists



YOASOBI

@Coachella Valley Music and Arts Festival



milet

@Taipei · Zepp New Taipei



LiSA

@Asia Tour scheduled



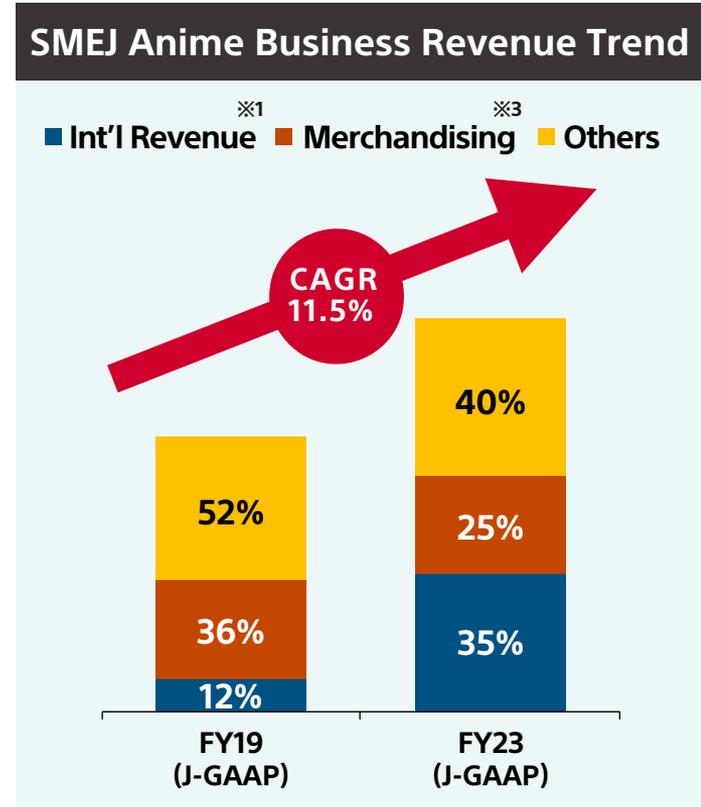
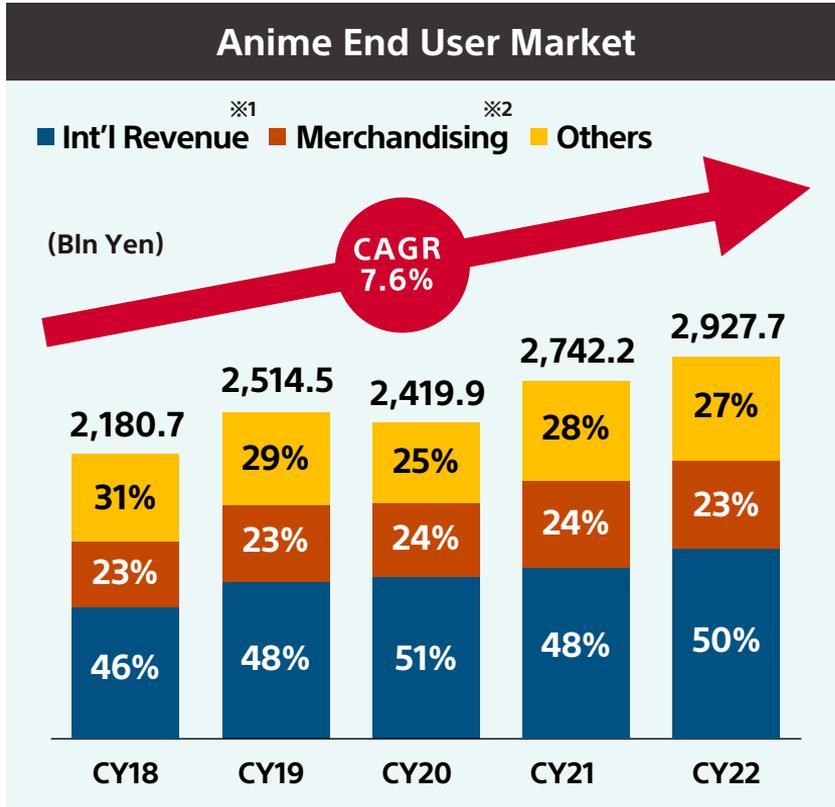
Creepy Nuts



MILLENNIUM PARADE

Growth Strategy of Anime Business

Music Segment
(SMEJ)



※1 Int'l Revenue: Anime related consumption, including broadcasting, screening, video, distribution, and merchandise overseas

※2 Merchandising: Anime related products excluding digital ※3 Merchandising: Anime related products excluding digital (Including products licensed externally)

※Source: Anime Industry Report 2023

Further Expansion of International Business / Strengthening Product License & Merchandising



World Tour Screening
"Demon Slayer" To the Hashira Training



BOCCHI THE ROCK! EXHIBITION

Maximize Strength of Key IP Through Continuous & Diversified Use



Demon Slayer
(+ events/games)



Puella Magi Madoka Magica
(+ films/games)



Development & Acquisition of Key IP Through Increased Planning/Production Capabilities



WIND BREAKER



**〈Monogatari〉 Series
Off & Monster Season**



The Elusive Samurai



Solo Leveling

Variety of IP Titles Distributed Through Suitable Devices



Fate/Grand Order



Puella Magi Madoka☆Magica
Magia Exedra



Demon Slayer
Aim To Be The Strongest!

Rich Solution Offering and Expansion of IP to Expand Fandom

Strengthening Solutions



127 websites,
1.78 million
membership
(As of March 31, 2024)



Revenue over
47 Bln Yen
(As of March 31, 2024)



Producing over 560
concerts and events
in FY23

Strengthening IP



Entertainment × Sustainability, Making the Standard

Music Biz
Mental health

B-side

Expand mental health support
for creators and staff domestic
industry-wide

Anime Biz
Sustainable work



Improve working creation/
production environment of
Japanese anime production and
accelerate Digital Transformation

Solution Biz
New packaging



Packaging with the environment
in mind into entertainment
industry's new standard

**Strengthening of creativity
and business utilization**



Adaptation to the environmental change



Sustainable growth

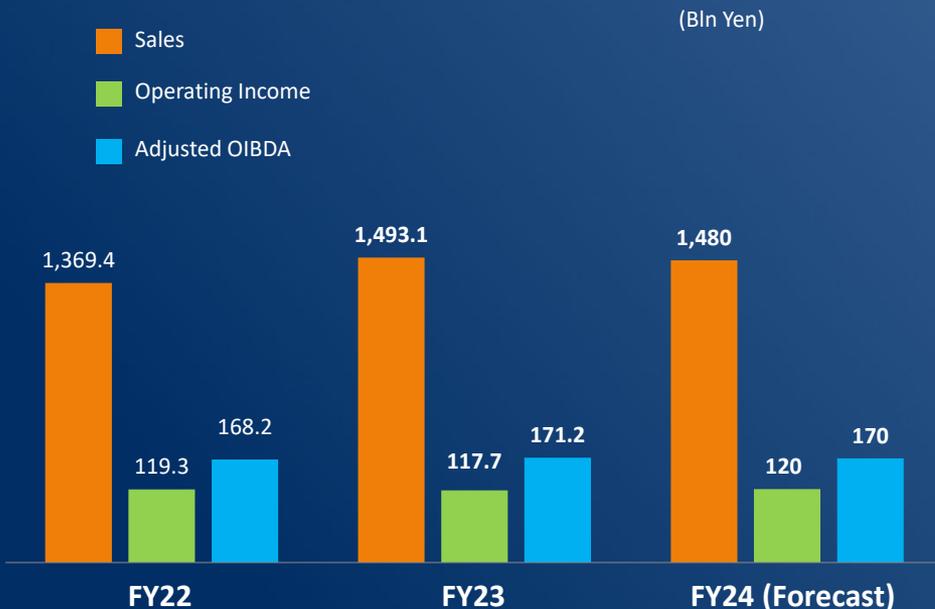
PICTURES

PICTURES SEGMENT

Chairman and CEO,
Sony Pictures Entertainment Inc.

Tony Vinciguerra

Sales, Operating Income and Adjusted OIBDA



FY2023 (year-on-year)

The following analysis is on a U.S. dollar basis

Sales: 123.6 bln yen (9%) increase (U.S. dollar basis: +174 mil USD / +2%)

- (+) Increase in theatrical releases
- (+) Higher revenues for Crunchyroll resulting from paid subscriber growth
- (-) Decrease in series deliveries in Television Productions due to the impact of the strikes in Hollywood
- (-) Lower licensing revenues from catalog product in Motion Pictures compared to FY22, which benefitted from the contribution of several franchise films released theatrically in FY21

OI: Essentially flat year-on-year (U.S. dollar basis: -86 mil USD / -10%)

Adjusted OIBDA: Essentially flat year-on-year

(U.S. dollar basis: -73 mil USD / -6%)

- (-) Higher marketing costs in support of a greater number of theatrical releases
- (+) Impact of increase in sales

FY2024 Forecast (year-on-year)

Sales: Essentially flat year-on-year

- (-) Decrease in series deliveries in Television Productions mainly due to the impact of the strikes in Hollywood
- (+) Higher sales for Media Networks mainly for Crunchyroll
- (+) Higher sales for films to be released theatrically in FY24 including several franchise films

OI / Adjusted OIBDA: Essentially flat year-on-year

- (+) Impact of higher sales for Media Networks
- (-) Impact of lower sales for Television Productions

Note: Adjusted OIBDA (Adjusted OIBDA = Operating Income + Depreciation and amortization expense – the profit and loss amount that Sony deems non-recurring) is not a measure in accordance with IFRS. However, Sony believes that this disclosure may be useful information to investors.

MOTION PICTURE GROUP HIGHLIGHTS

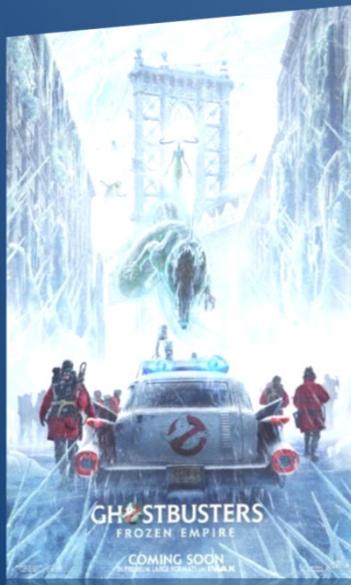
Pictures Segment



Box Office: \$191M



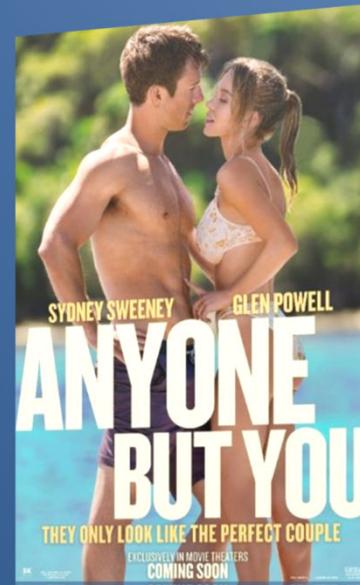
Box Office: \$691M



Box Office: \$200M



Box Office: \$189M



Box Office: \$220M

INDUSTRY'S LEADING INDEPENDENT CONTENT SUPPLIER

Pictures Segment



FROM THE EMMY AWARD-WINNING CREATOR OF *CHERNOBYL* AND THE CREATOR OF THE ACCLAIMED VIDEO GAME

HBO ORIGINAL

THE LAST OF US

NEW SERIES
NOW STREAMING

max



SONY PICTURES TELEVISION HIGHLIGHTS



SONY PICTURES TELEVISION HIGHLIGHTS

Pictures Segment



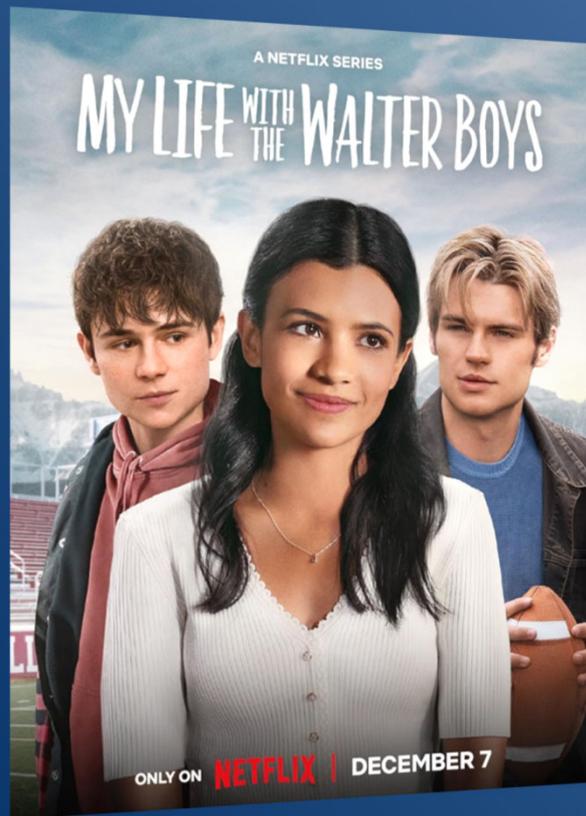
ONLY ON
NETFLIX

THE
CROWN
THE FINAL SEASON

SONY PICTURES TELEVISION HIGHLIGHTS

Pictures Segment

HIT **NETFLIX** SHOWS

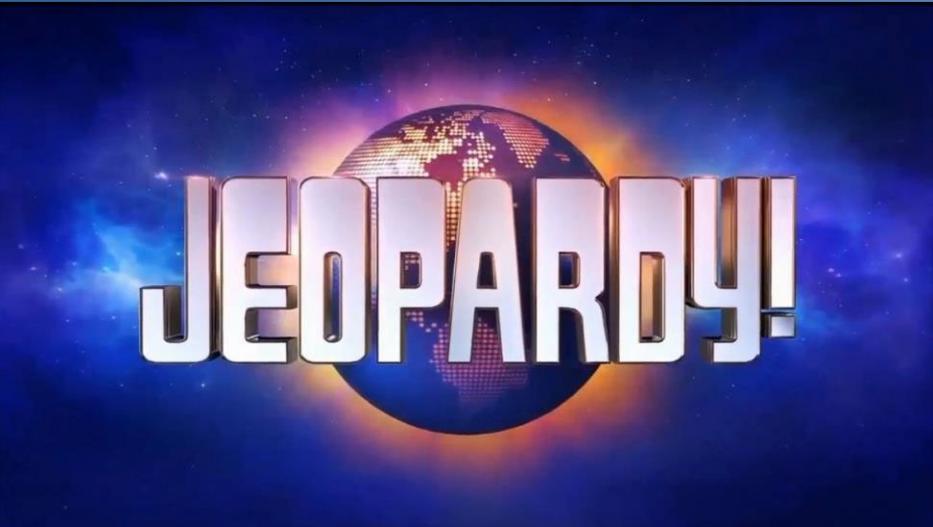


NETFLIX

#1 Original Series
in CY2023

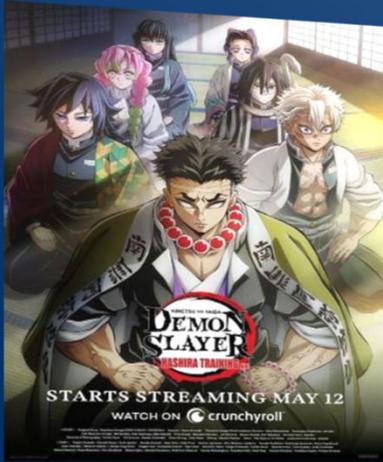


U.S. GAME SHOWS



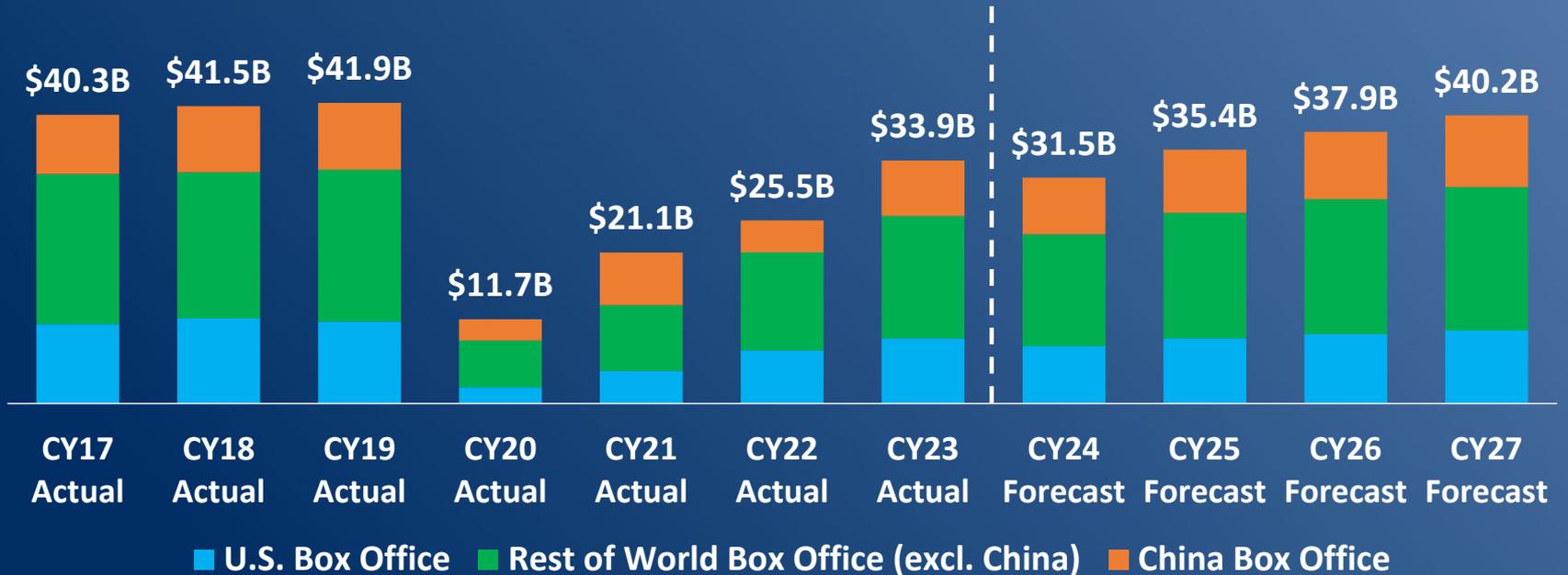
INVEST IN AREAS OF GROWTH

Pictures Segment

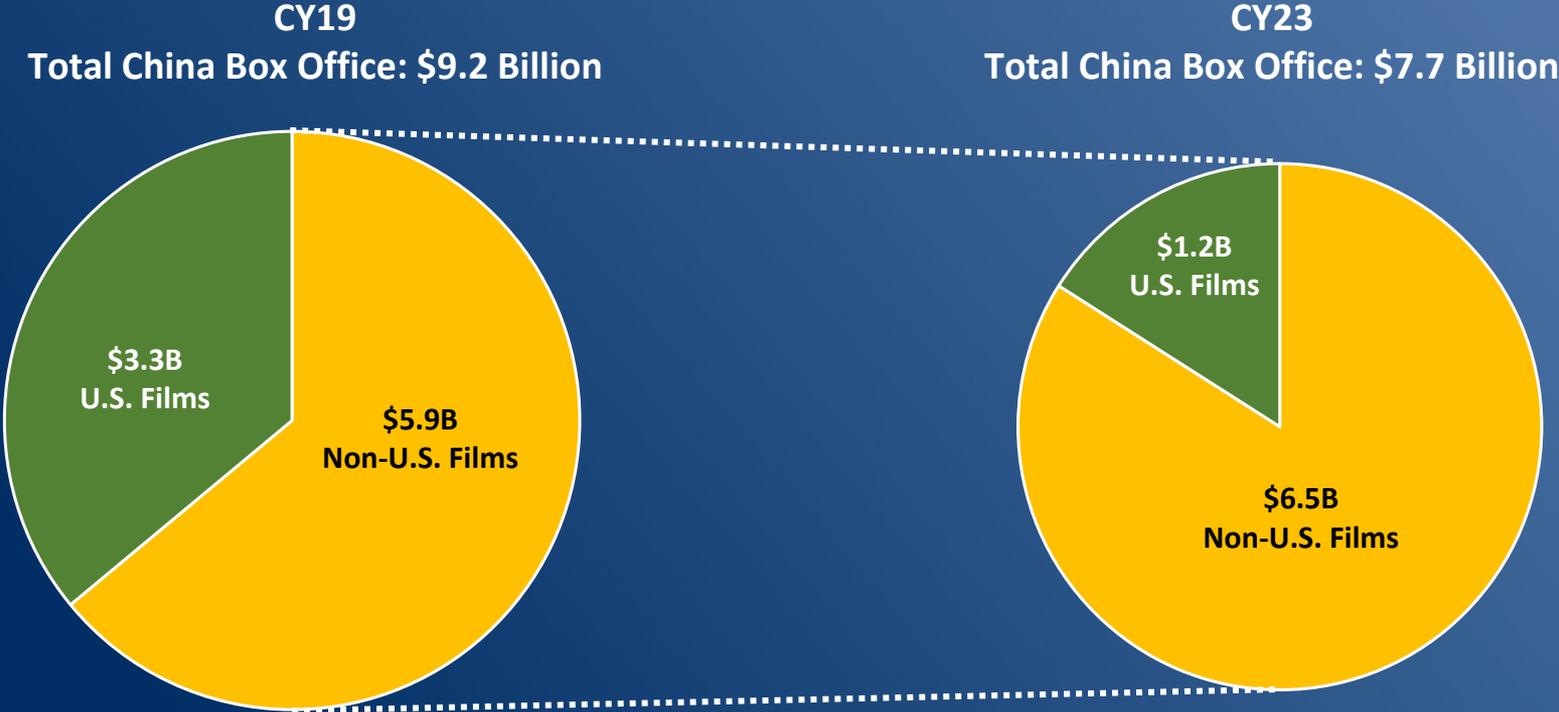


CURRENTLY
13+ MILLION
SUBSCRIBERS

TOTAL THEATRICAL MARKET



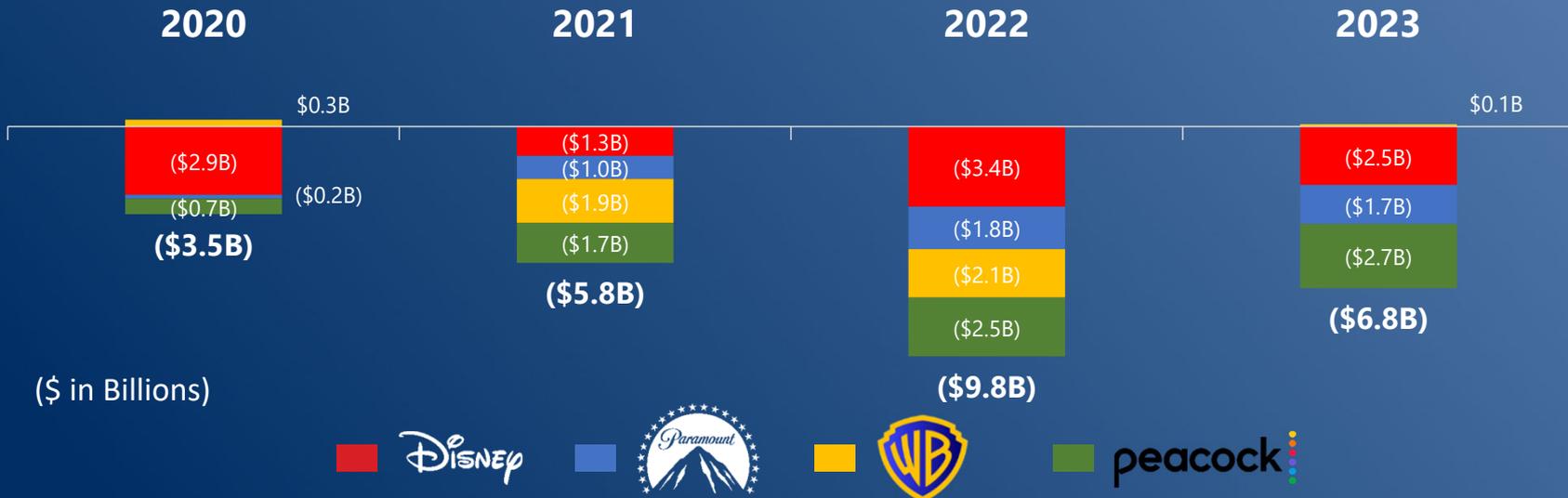
HOLLYWOOD FILMS' SHARE OF CHINA'S BOX OFFICE HAS DECLINED



Source: Artisan Gateway, Variety

STREAMING INVESTMENTS HAVE LED TO LOSSES

Total Direct-to-Consumer Financial Results^(1,2,3)



(1) Disney: Fiscal Year End October 1st. Direct-to-Consumer Business includes Disney+, Disney+ Hotstar, and Hulu. Represents segment operating results which reflect earnings before corporate and unallocated shared expenses, restructuring and impairment charges, net other income, net interest expense, income taxes and noncontrolling interests. Fiscal Year 2020 Direct-to-Consumer results under different reporting methodology.

Paramount Global: Fiscal Year End December 31st. Direct-to-Consumer segment includes Paramount's portfolio of domestic and international pay and free streaming services. Represents Adjusted OIBDA (Operating Income excluding depreciation & amortization, stock-based compensation, restructuring charges, other corporate matters, programming charges, impairment charges and gains or losses on dispositions, where applicable).

Warner Bros. Discovery: Fiscal Year End December 31st. DTC business includes WBD's streaming services, such as Max, HBO Max, and Discovery+, and premium Pay-TV services, such as HBO. Represents Adjusted EBITDA (Operating Income excluding employee share-based compensation, D&A, restructuring and facility consolidation, certain impairment charges, gain and losses on business and asset dispositions, certain inter-segment eliminations, third-party transaction and integration costs, amortization of purchase accounting fair value step-up for content, amortization of capitalized interest for content, and other items impacting comparability).

NBCUniversal (Peacock): Fiscal Year End December 31st. Peacock is Comcast's premium DTC streaming service, featuring NBCUniversal and third-party content. Represents Adjusted EBITDA (Net income attributable to Comcast Corporation before net income (loss) attributable to noncontrolling interests, income tax expense, investment and other income (loss), net, interest expense, depreciation and amortization expense, and other operating gains and losses, if any).

(2) Direct-to-Consumer financial results are non-GAAP financial measures.

(3) Source: Company Filings, Equity Research Reports, Variety, WSJ

New Series Orders Across Broadcast, Cable, and Streamers Have Fallen Considerably



Source: Luminate Film & TV, Variety Intelligence

SONY PICTURES ENTERTAINMENT'S FOUR PILLAR STRATEGY



STRONG IP



INDEPENDENT STUDIO



CONTENT LIBRARY



ONE SONY

KEY IP ACROSS FILM AND TV

JEOPARDY!

SPIDER-MAN™

THE EQUALIZER

GH👻**STBUSTERS™**

**HOTEL
TRANSYLVANIA**

**WHEEL OF
FORTUNE®**

COBRA KAI

JUMANJI

INSIDIOUS

BAD BOYS

BAD BOYS
— RIDE OR DIE —

The image shows a title card for the movie 'Bad Boys: Ride or Die'. The text is rendered in a metallic, 3D font with a brushed metal texture. The words 'BAD BOYS' are on the top line, and 'RIDE OR DIE' is on the bottom line, flanked by horizontal bars. The background is dark and textured.

COBRA KAI

KARATE KID



SPIDER-MAN
BEYOND THE SPIDER-VERSE

KRAVEN
THE HUNTER

VENOM
THE LAST DANCE

SPIDER-MAN
NOIR



Sony Pictures Entertainment's BOX OFFICE SUCCESS

Pictures Segment



\$1.9B



\$1.1B



\$880M



\$507M



\$856M



\$204M



\$219M



\$962M



\$802M



\$427M



\$407M



\$384M



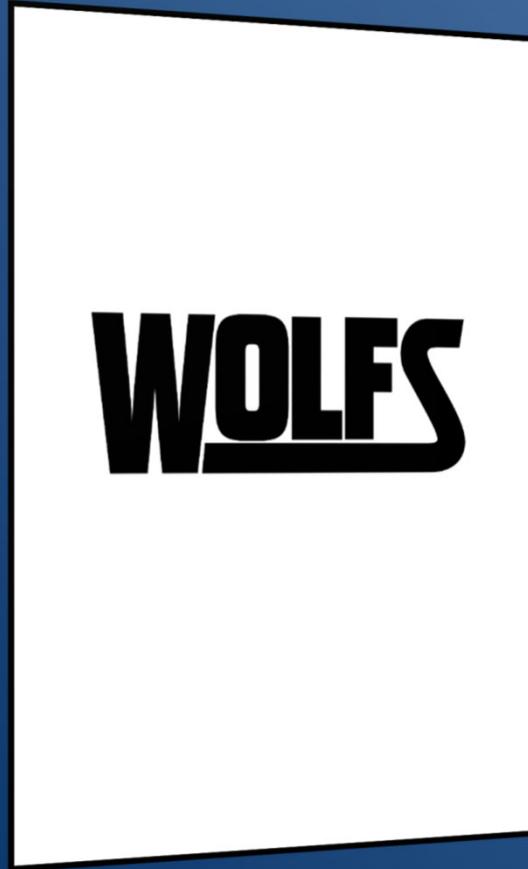
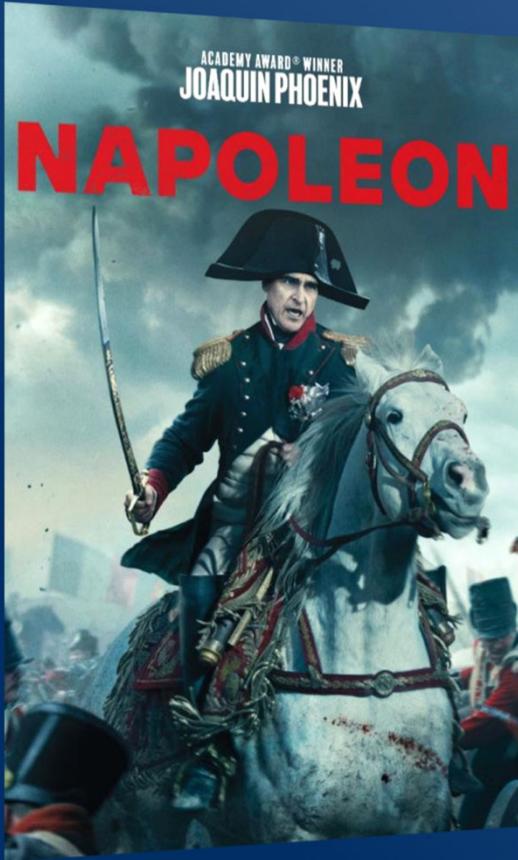
\$691M



\$239M

Source: Box Office Mojo; As of 5/1/2024

PARTNERSHIP WITH APPLE



UPCOMING FILM SLATE

Pictures Segment

THE
Hollywood
REPORTER

Sam Mendes Sets Beatles Biopic
Movie Series at Sony

THE **WRAP**

'28 Years Later' Legacy
Sequel Lands at Sony
After Bidding War

VARIETY

Austin Butler to Lead
Darren Aronofsky's
'Caught Stealing' at Sony

THE
Hollywood
REPORTER

Amy Adams Joining Jenna Ortega in
Taika Waititi's 'Klara and the Sun'

DEADLINE

Margot Robbie & Colin Farrell's
Next Movie 'A Big Bold Beautiful
Journey' Sells Worldwide to Sony

SONY PICTURES INTERNATIONAL PRODUCTIONS

Pictures Segment



FRANCHISE CUMULATIVE BOX OFFICE
\$127M



FRANCHISE CUMULATIVE BOX OFFICE
\$47.5M



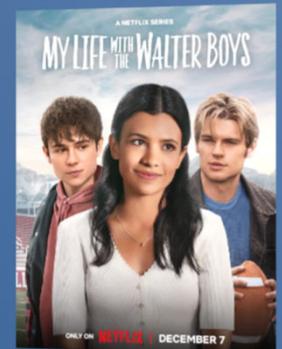
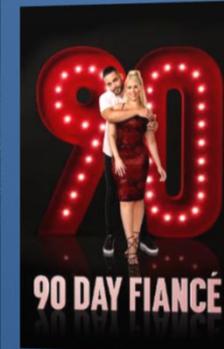
FRANCHISE CUMULATIVE BOX OFFICE
\$15.9M

LEADING INDEPENDENT STUDIO



SONY PICTURES TELEVISION HIT SERIES

Pictures Segment



16 SERIES HITTING #1 IN FY23

Programs all hit #1 ranking on their respective platforms/networks at some point while they were available or on air.

Source: Netflix, Amazon Prime, Nielsen

BUILD AND EXPAND SONY PICTURES TELEVISION FRANCHISES

Pictures Segment

OUTLANDER



THE BOYS



EXPANDING PREMIUM GAME SHOW IP



SONY PICTURES TELEVISION – KIDS

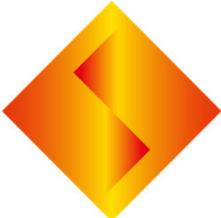


Sony Group Collaboration

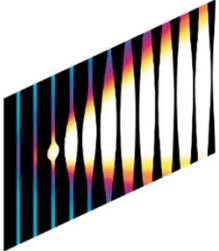
Integration of Newly Acquired Businesses

Location-Based Entertainment

SONY



Sony
Interactive
Entertainment



SONY
PICTURES



SONY MUSIC

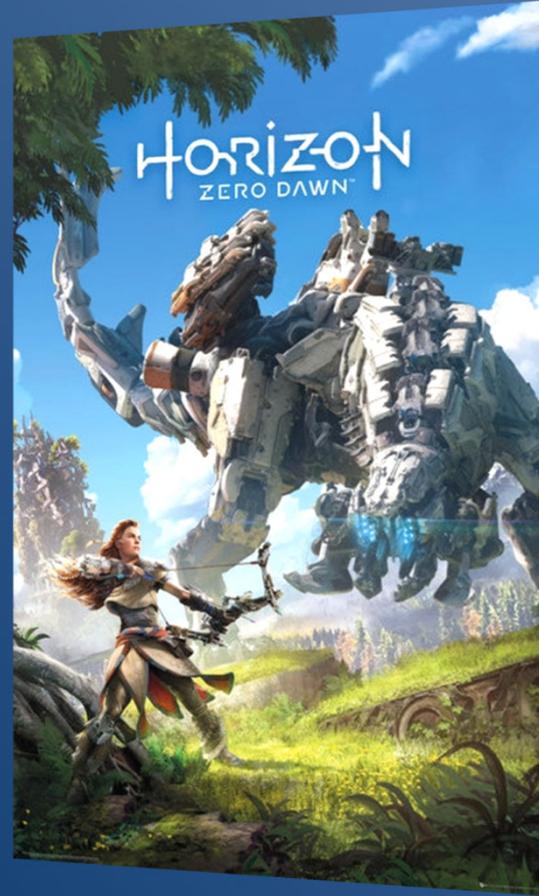
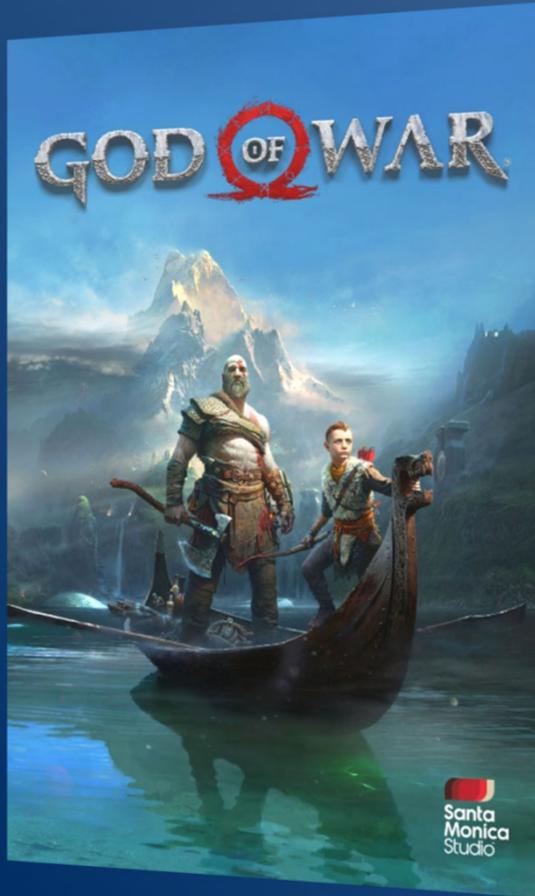
PLAYSTATION PRODUCTIONS



PLAYSTATION PRODUCTIONS

Pictures Segment

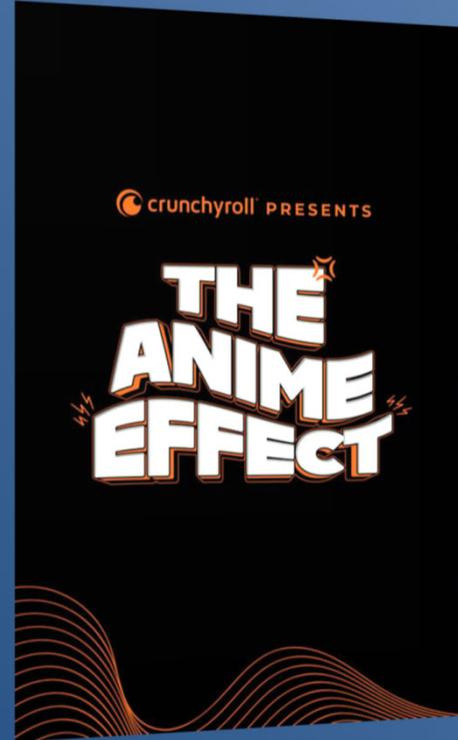
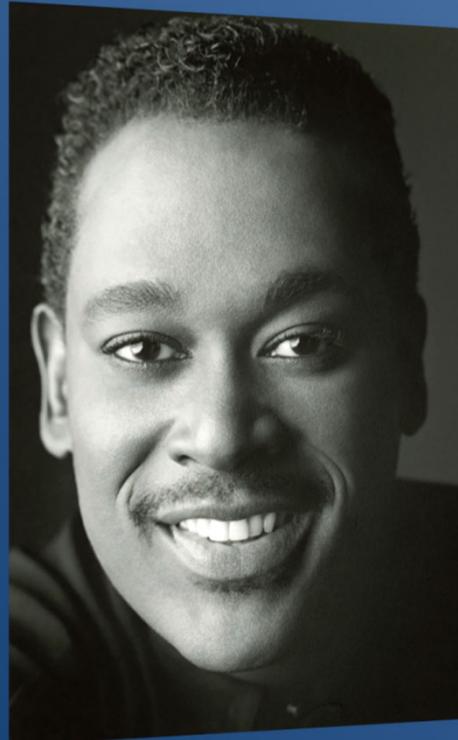
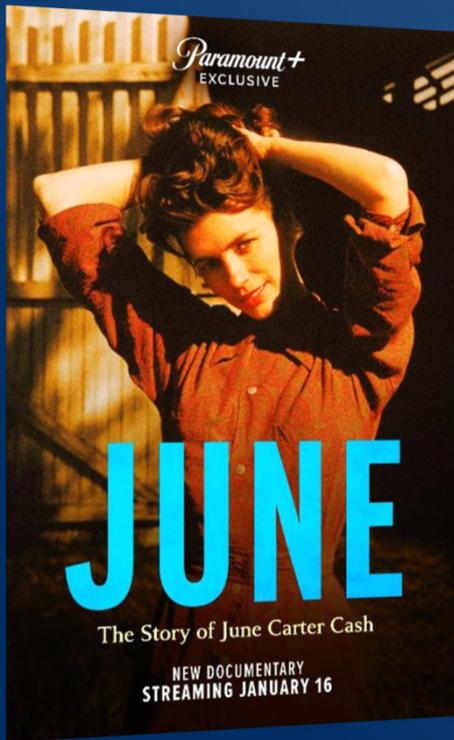
prime video



NETFLIX

SONY MUSIC GROUP COLLABORATIONS

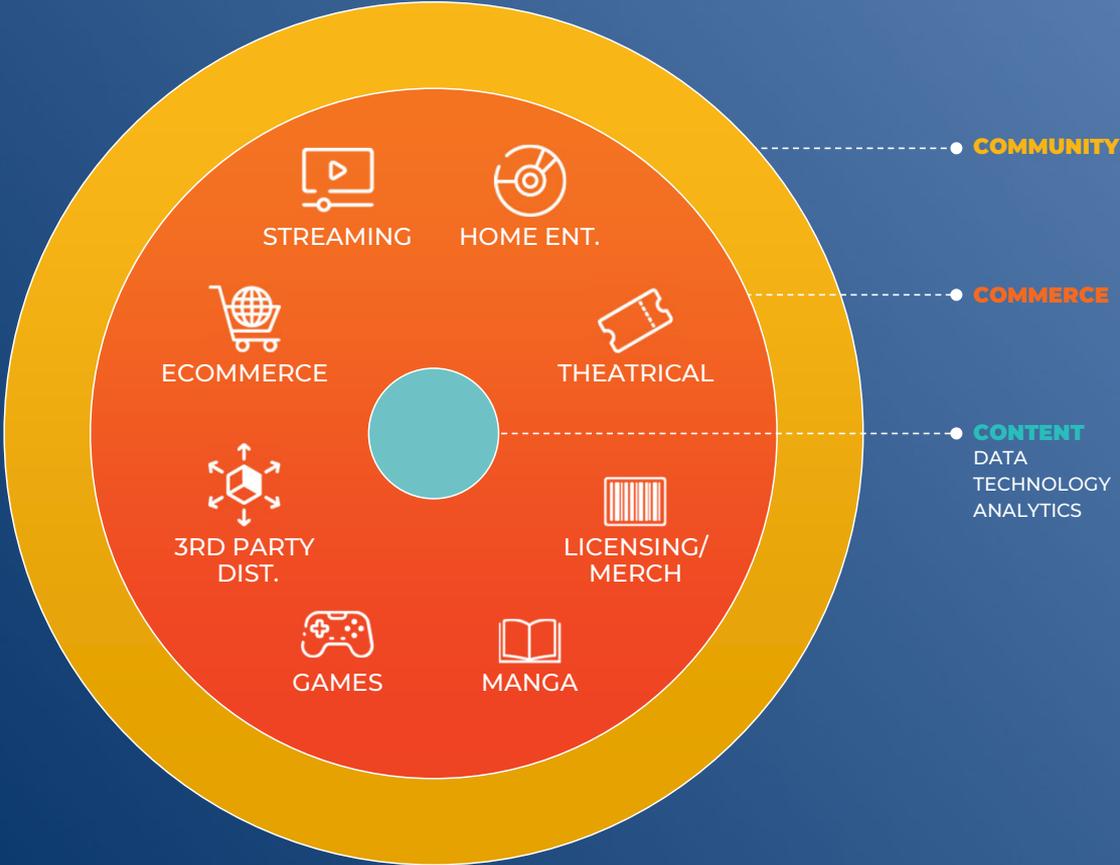
Pictures Segment



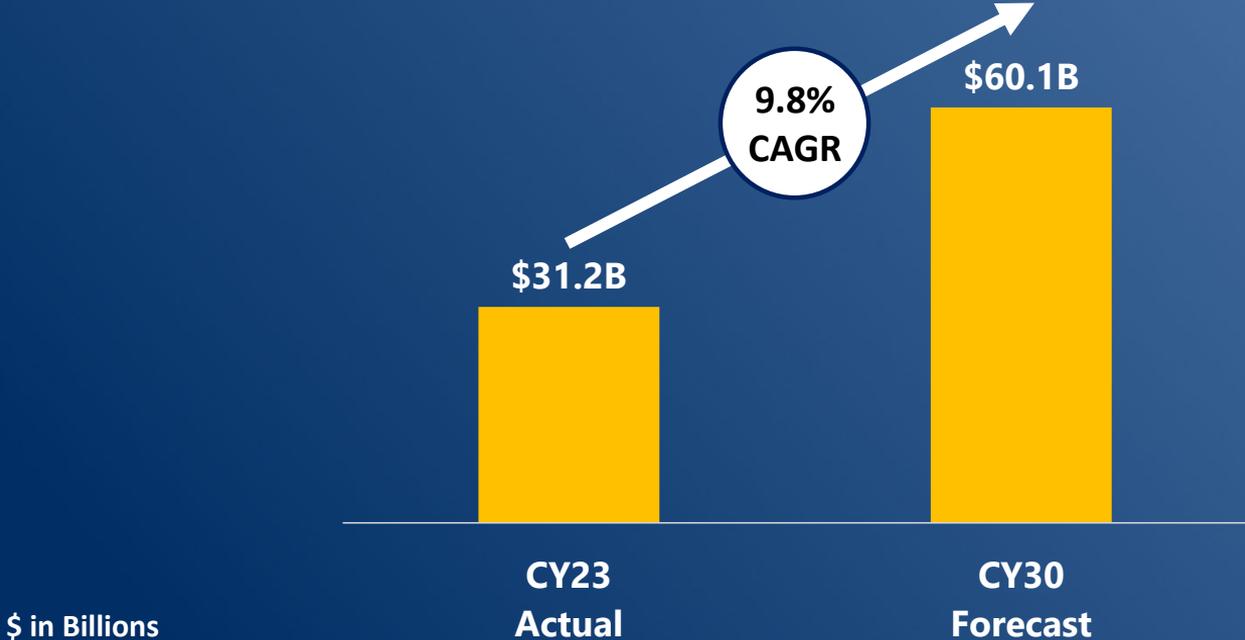


SONY PICTURES CORE

Our “flywheel” approach offers 360° anime access



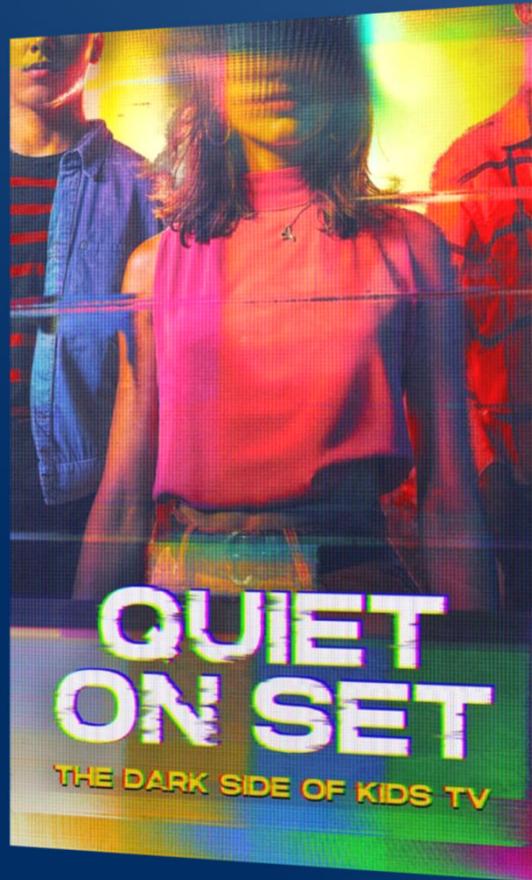
THE OVERALL GLOBAL ANIME MARKET IS PROJECTED TO GROW TO \$60.1B BY CY2030



Source: Grand View Research (February 2024)

SONY PICTURES TELEVISION – NONFICTION

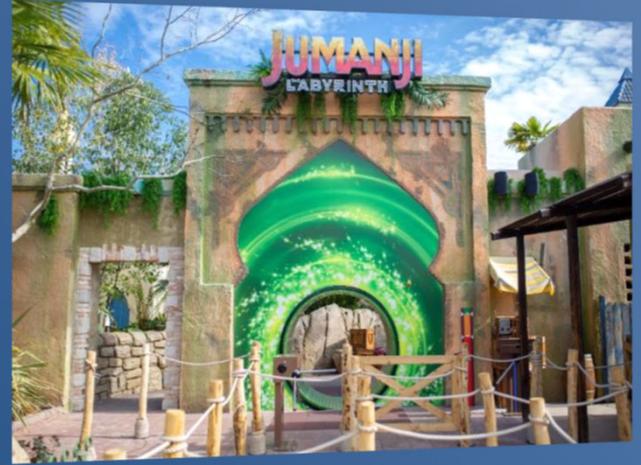
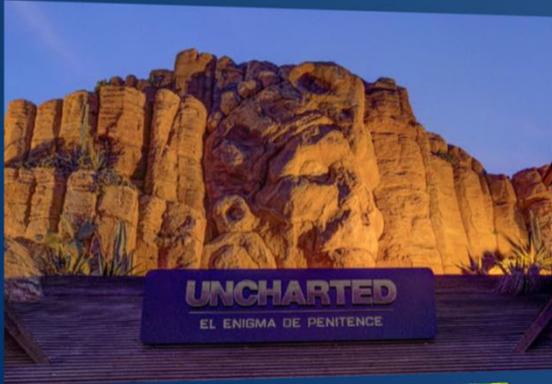
Pictures Segment







LOCATION-BASED ENTERTAINMENT



SPE'S SIGNATURE PROGRAMS

ACT



SONY PICTURES A GREENER WORLD

PEOPLE

Talent Pipeline Programs
Employee Engagement
Employee Business Resource Groups
Employee Education & Training

CONTENT

Diverse Directors Program
Diverse Writers Program
Diverse Actors Program
Creative Diversity Fund
Leading & Empowering New Storytellers (LENS)

PARTNERS

American Black Film Festival (ABFF)
Geena Davis Institute of Gender Studies
Black Information Network
GLAAD

COMMUNITY

Coalition of Asian Pacifics in Entertainment (CAPE)
Hollywood CPR
Easterseals Disability
Film Challenge
ACT Employee Volunteer Program

**WORK TO REDUCE CARBON
EMISSIONS GLOBALLY BY 25%**

**AIM TO ELIMINATE SINGLE-USE PLASTIC
ACROSS ALL BUSINESS FUNCTIONS**



**SONY PICTURES
A GREENER WORLD**



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MARVEL and all related character names: © & ™ 2024 MARVEL

ET&S

ENTERTAINMENT,
TECHNOLOGY &
SERVICES
SEGMENT

Representative Director, President and CEO, Sony Corporation

Kimio Maki

- **ET&S Business Direction**
- **Profit Axis Business Area**
- **Growth Axis Business Area**
- **Business Figures**

ET&S Business Direction

SONY

Purpose

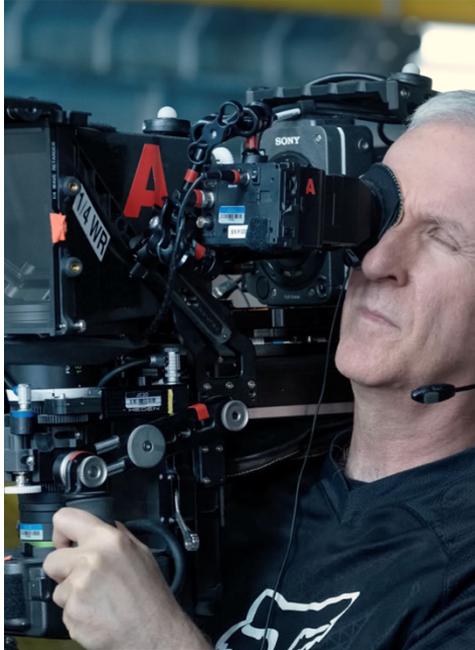
Fill the world with emotion,
through the power of creativity and technology.



Continue to Create New Entertainment Together with Creators



Melissa Groo
Wildlife Conservation
Photographer



James Cameron
Academy Award-Winning
Director



Natasha Leonnet
Digital Intermediate Colorist
Spider-Man: Across the Spider-Verse



Dennis "ROC.am" Jones
Immersive Mixing Engineer,
Producer & Artist

FY2023 Topics

Cinematography

VENICE / BURANO



Videography

FX3



Photography

Alpha 9 III



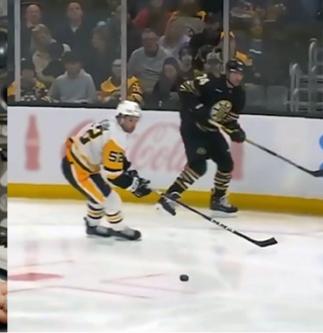
Sound

MDR-MV1

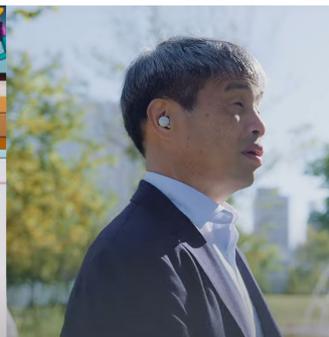


Sports

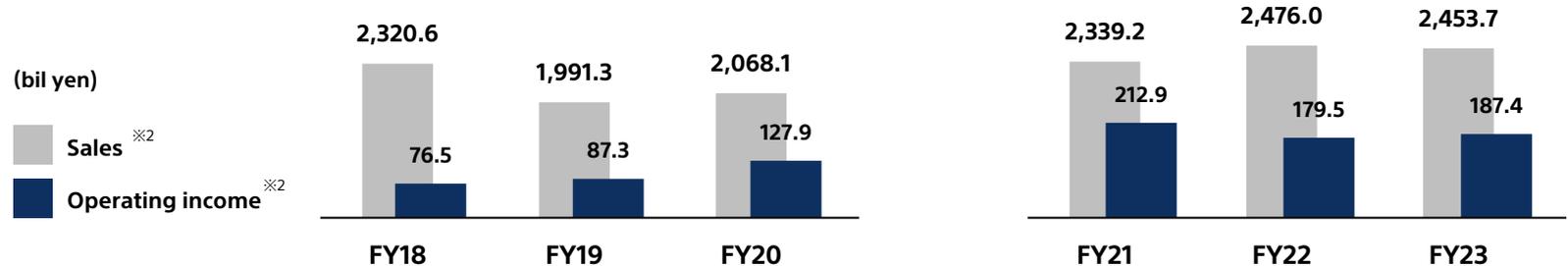
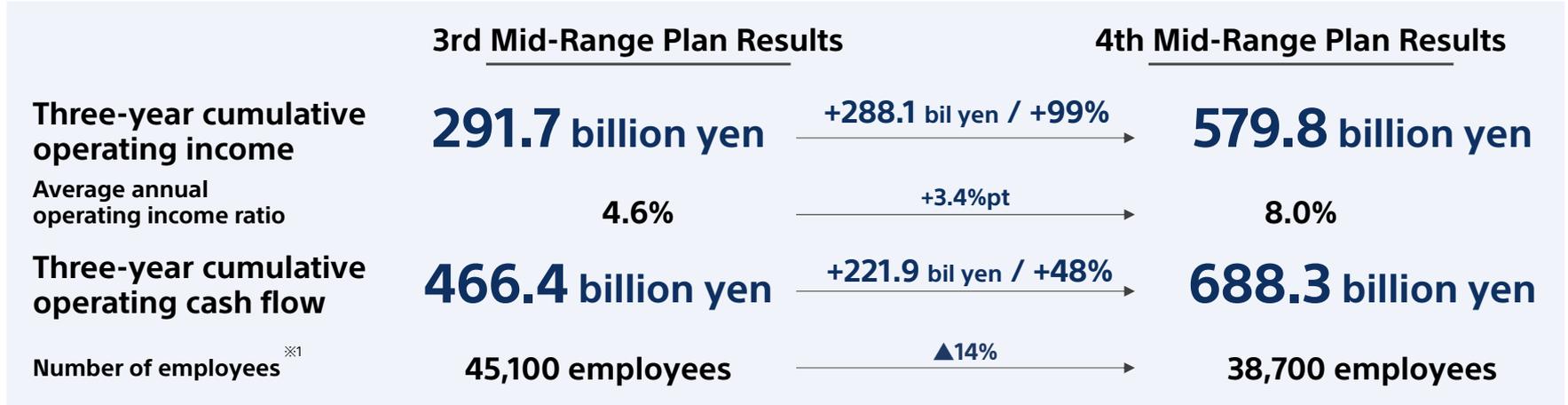
Alternative Broadcast



Sustainability



Business Figures Review



※ 1 For the number of ET&S segment employees, the 3rd Mid-Range Plan (MRP) results represent the number of employees at the end of FY20, and the 4th MRP results represent the end of FY23.

※ 2 The results for FY18-19 are presented in generally accepted accounting principles in the U.S. (US GAAP), while the results as of FY20 are adopting International Financial Reporting Standards (IFRS).

Business Environment/Issue Analysis

Politics

Geopolitical risk

Strengthened policies for environment, human rights and privacy

Economy

Towards a new stage following the recession

Continued expansion of the creator economy

Social

Growing uncertainty

Further aging society

Growing influence of Generation Z

Technology

Advancing technology to connect real and virtual spaces in real-time

Accelerating advancement and implementation of AI technology

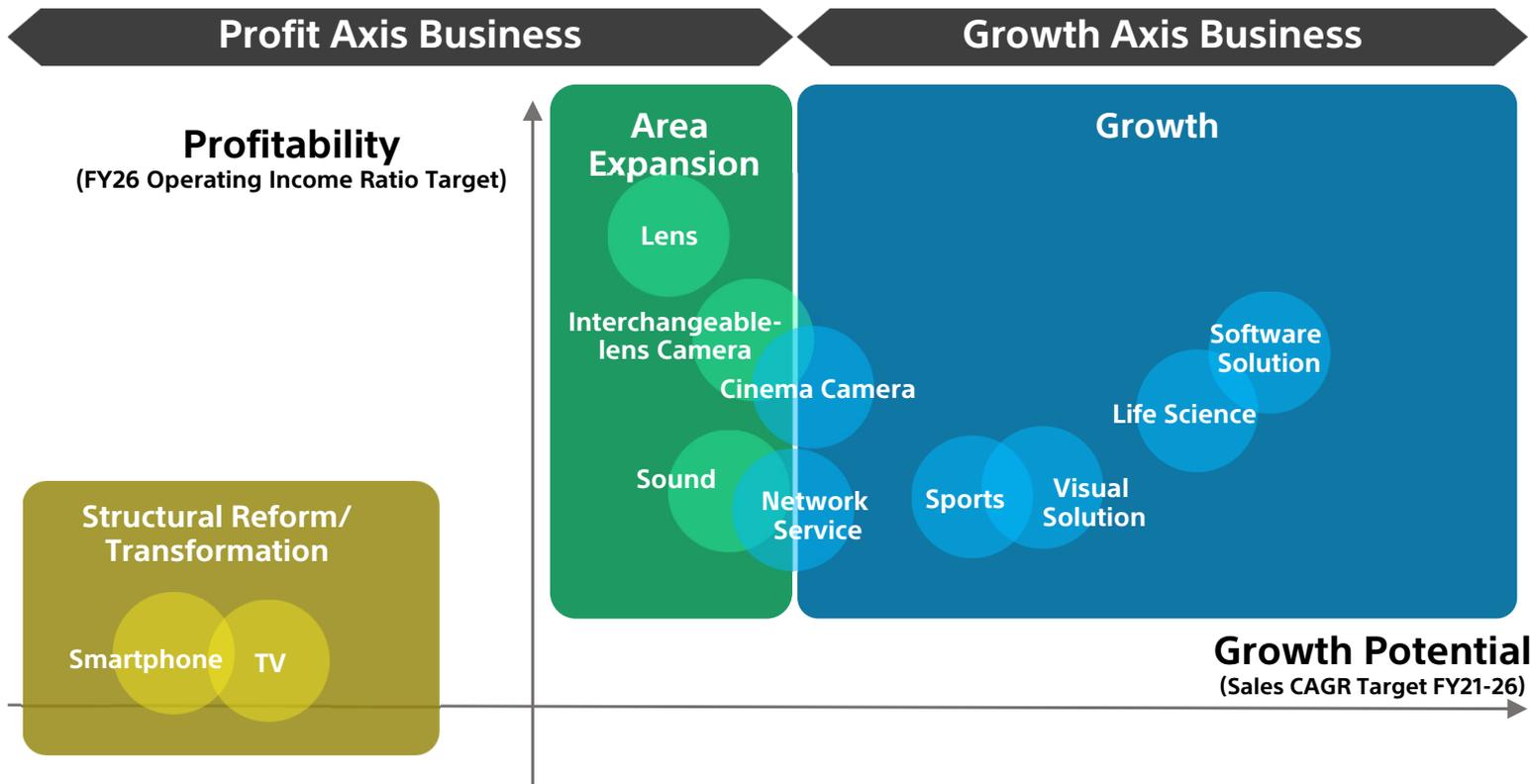
Business Direction

Establishing a Business Structure for Maintaining Profitability and Growth Strategy



ET&S Business Portfolio ^{※1}

Business portfolio shift and development acceleration to the growth axis business



※1 Only major businesses are listed.

Profit Axis Business Area



Structural Reform/Transformation: TV/Smartphone Businesses

Reduce fixed costs and volatility

Operational Reform

Sales

Reorganization of sales structure

Manufacturing

Optimization of manufacturing sites

Product/
Service Design

Flexible design structure

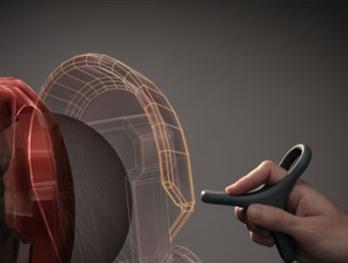
Business Transformation

Focus on creative content

Strengthen device coordination as data communication devices

Area Expansion and Growth/Generation

Create new entertainment with creators through real-time creation technology

Area Expansion		Growth		Generation
				
Imaging	Sound	Sports	Visual Solutions	Spatial Content
				
2024 World Athletics Indoor Championships in Glasgow	Spatial Sound Content 360 Reality Audio	Alternative Broadcast "Funday Football"	Short Film "EUROPA"	Spatial Content Creation Solutions

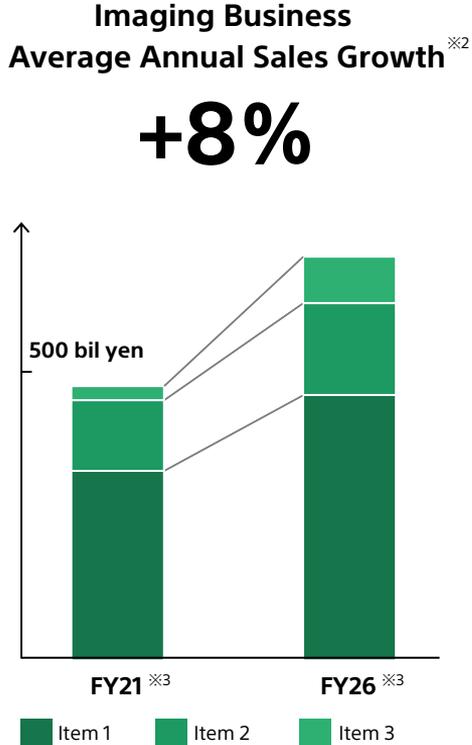
Sony is a proud Partner of World Athletics and the World Athletics Series events, not of the individual athletes.

Area Expansion



Area Expansion: Imaging Business ^{※1}

Enhance the imaging ecosystem leveraging hardware strength, within the diversifying imaging field



Business Item 1	Business Item 2	Business Item 3
Camera	Lens	Solutions
 Photography	 Sports: Super telephoto (300mm F2.8)	 Remote
 Videography	 Video: Large aperture zoom (24-70mm F2.8)	 3D Content
 Cinematography	 Cinema: Large aperture (50mm F1.4)	 Livestreaming
Diversifying creator base	Expansion of creator expression	Expansion of imaging field

※1 Including digital cameras, lens, etc. in the profit axis, as well as Cinema Line and camera SDK etc. in the growth axis
Sony is a proud Partner of World Athletics and the World Athletics Series events, not of the individual athletes.

※2 Forecast for growth between FY21-FY26

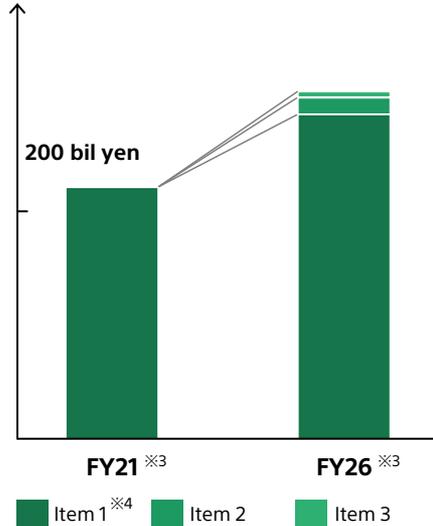
※3 FY21: actual results, FY26: sales forecast

Area Expansion: Sound Business ^{※1}

Business expansion in the growth market/enhancing brand strength

Sound Business
Average Annual Sales Growth ^{※2}

+7%



Business Item 1 ^{※4}	Business Item 2	Business Item 3
Headphones	Gaming	Pro Audio
		
Creating with artists	Creating with pro e-sports gamers	Developing creative solutions

※1 Including headphones, speakers, pro audio, etc. in the profit axis, as well as gaming etc. in the growth axis
 ※2 Forecast for growth between FY21-FY26 ※3 FY21: actual results, FY26: sales forecast ※4 Including speakers etc. in addition to headphones

Growth Axis Business Area



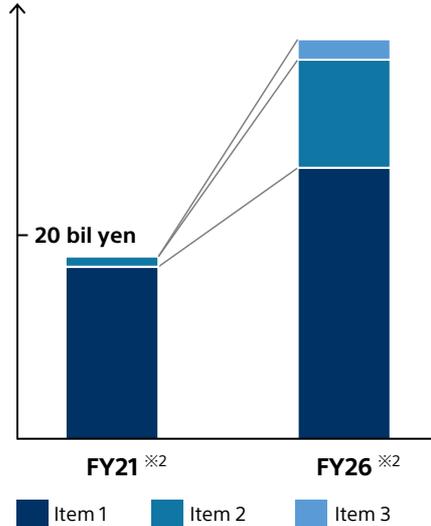
Growth: Sports Business

Expand from officiating support into data business and sports entertainment

Sports Business
Average annual sales growth rate

※1

+17%



Business Item 1

Officiating

Deployed to 25+ sports,
90+ regions/countries, 200+ partners

Business Item 2

Commercialization of Tracking Data

Alternative broadcast audience base expansion

Business Item 3

Fan Engagement

Expanding ways to enjoy sports matches

New entertainment content experiences

※1 Forecast for growth between FY21-FY26

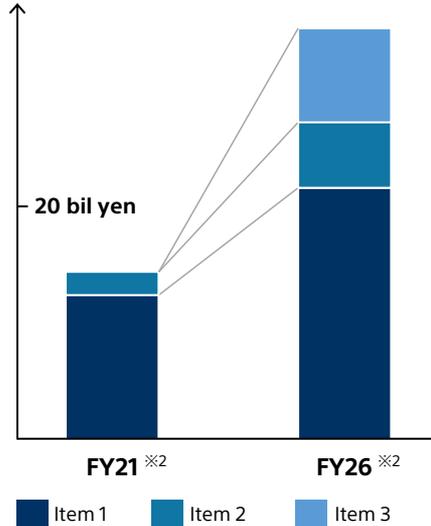
※2 FY21: actual results, FY26: sales forecast

Growth: Visual Solution Business

Form new visual creations together with creators

Visual Solutions Business
Average annual sales growth rate ※1

+20%



Business Item 1

Creative Products

**Capturing device
Large LED wall**

Business Item 2

Content Production/Delivery

Content production such as movies, dramas, music videos, and commercials, etc. Producing/providing content for backdrops

Real-time solutions

Business Item 3

System Service

Total workflow solutions

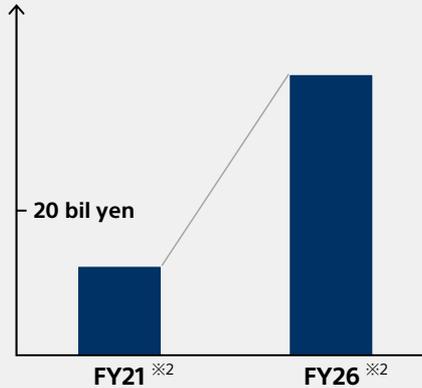
※1 Forecast for growth between FY21-FY26 ※2 FY21: actual results, FY26: sales forecast

Growth: Life Science/Network Service Businesses

Life Science

Life Science Business
Average annual sales growth rate ※1

+25%

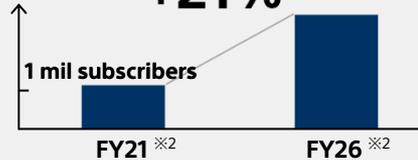


Innovation in the life science field
to contribute to a sustainable society

Network Service

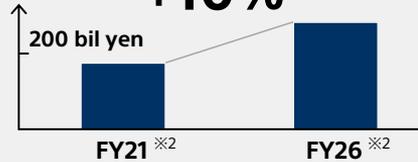
NURO cumulative number of subscribers
Average annual growth rate ※1

+21%



Network Service Business
Average annual sales growth rate ※1

+10%



Aiming to be Japan's fourth carrier
Infrastructure that supports Anshin and Kando ※3

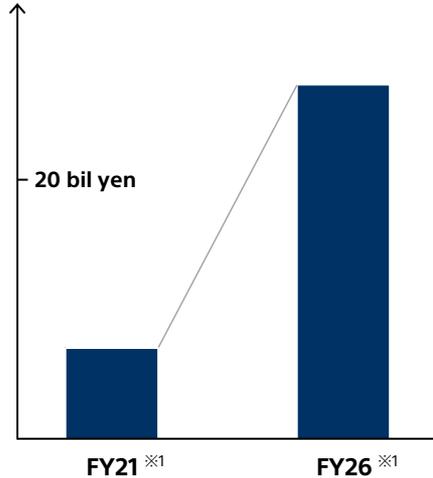
※1 Forecast for growth between FY21-FY26 ※2 FY21: actual results, FY26: sales forecast

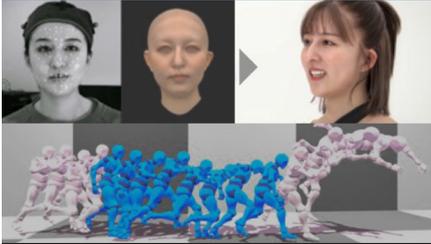
※3 Anshin is a Japanese word with various meanings such as peace of mind, reassurance, reliability and trust, while Kando roughly translates to "the sense of awe and the emotion you feel when experiencing something beautiful and amazing for the first time."

Business Opportunity Generation

Accelerate societal implementation of technology cultivated by R&D for further growth

Business Opportunity Generation Field Research expenses



Business Item 1	Business Item 2	Business Item 3
Incubation	Co-creation	Research Development
		
		
Spatial content creation solutions	Motion capture	3D CG technology
	Volumetric capture	Communication technology (simultaneous connection with multiple people)

※1 FY21: actual expenses, FY26: expense forecast

Sustainability

The foundation of our business and corporate culture

Environment



Reducing display energy usage



Reducing virgin plastic usage

Accessibility



Promoting inclusive design



Supporting creators' dreams
Easterseals Disability Film Challenge

Diversity, Equity & Inclusion



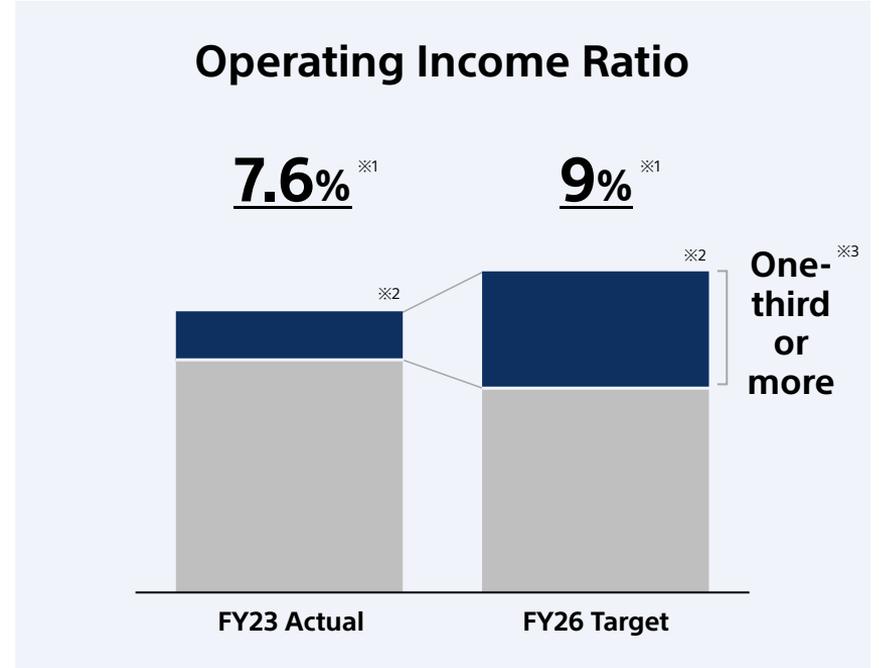
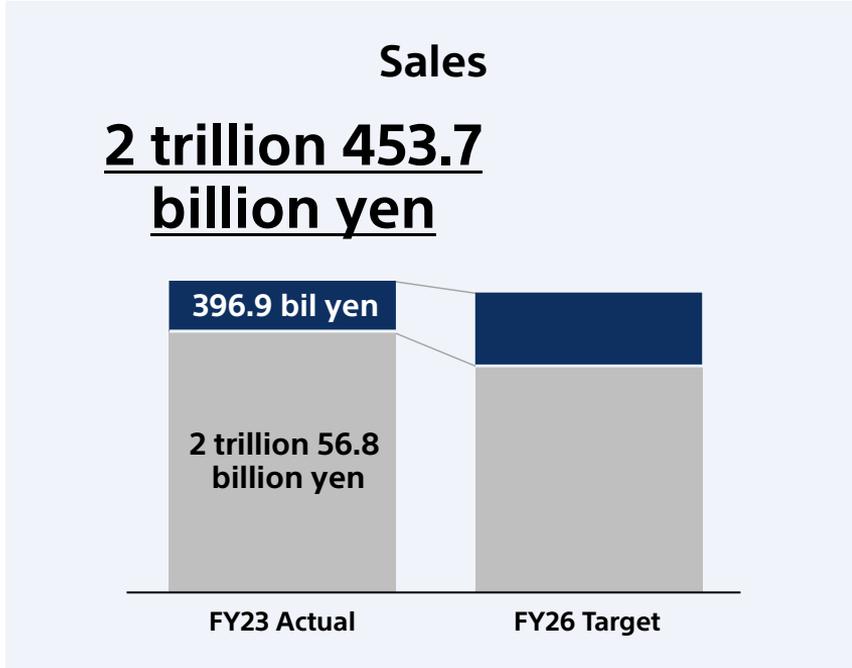
Accelerating involvement of women
(partnership with Nara Women's University)



Creating an environment
where diverse employees can flourish

Business Figures

Business Figures



※1 Operating income ratio for the entire sales of the ET&S segment

※2 The bar graphs of operating income for FY23 (actual) and FY26 (target) represent the amount based on deducting certain common expenses not allocated to either the profit axis business or the growth axis business from the operating income of the ET&S segment. Such amounts are not in accordance with IFRS.

※3 Of the whole ET&S segment's operating income



A large, white, rectangular sheet of paper is held up by several hands from the bottom edge, against a dark background. The hands are of various skin tones and are positioned around the bottom corners and center of the paper. The paper is slightly wrinkled and has a soft shadow on the dark background. The text "Create the Future Together" is centered on the white paper in a bold, white, sans-serif font.

Create the Future Together

I&SS

**I M A G I N G &
S E N S I N G
S O L U T I O N S
S E G M E N T**

Representative Director, President and CEO,
Sony Semiconductor Solutions Corporation

Terushi Shimizu

- 1. 4th Mid-Range Plan review /
5th Mid-Range Plan strategy**
- 2. Direction of each business area**
- 3. Investment plans / Management figures**
- 4. Sustainability**

- 1. 4th Mid-Range Plan review /
5th Mid-Range Plan strategy**
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I&SS: 4th Mid-Range Plan review (FY21-23)

Preparations for mid- to long-term growth

● Business environment awareness:

- A business environment with high uncertainty and unpredictability of changes (Semiconductor shortage, geopolitical risk, etc.)

● Achievements:

- Achieved business growth that exceeded the market growth, centered on image sensors (FY21→FY23: Sales CAGR 8% / USD basis)
- Implemented capital expenditure, equity investment, and R&D investments to seize growth opportunities

● Challenges:

- Deteriorating investment efficiency (yield issue/underutilization at Kumamoto TEC etc.) → Improving profitability is a challenge

I&SS: 5th Mid-Range Plan strategy (FY24-26)

Restructuring the management foundation for growth with profitability

- **Improvement of investment efficiency with a focus on profitability:**
 - **Capital expenditure:** While continuing growth investments, effectively utilize existing assets and carefully select investments
 - **R&D investment:** While continuously preparing for future growth, improve efficiency by examining themes
 - **ROIC:** Aim for improvement with FY23 as the bottom
- **Reinforce Development and Manufacturing Capabilities:**
 - Improvement of development completion level and smooth transition to mass production
- **Direction of each business area:**
 - Clarify the direction by categorizing into “growth-driving business area,” “profitable business area” and “strategic business area”

1. 4th Mid-Range Plan review /
5th Mid-Range Plan strategy
- 2. Direction of each business area**
3. Investment plans / Management figures
4. Sustainability

I&SS business areas

Image sensors

Other than image sensors

Growth-driving business area



Mobile

Profitable business area



Camera

Industrial / Social infrastructure
(Industrial/Security, etc.)

Strategic business area



Automotive

Analog
(Laser etc.)

Display device
(OLED Microdisplay etc.)

System solution



Continue growth investment to drive mid- to long-term business growth



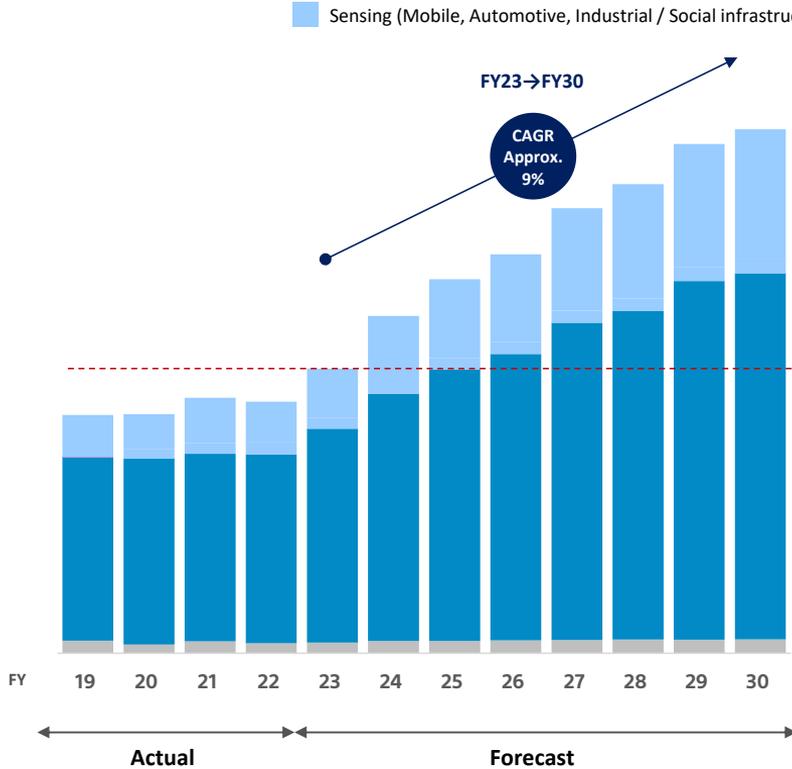
Maintain and strengthen high competitiveness to maximize profits



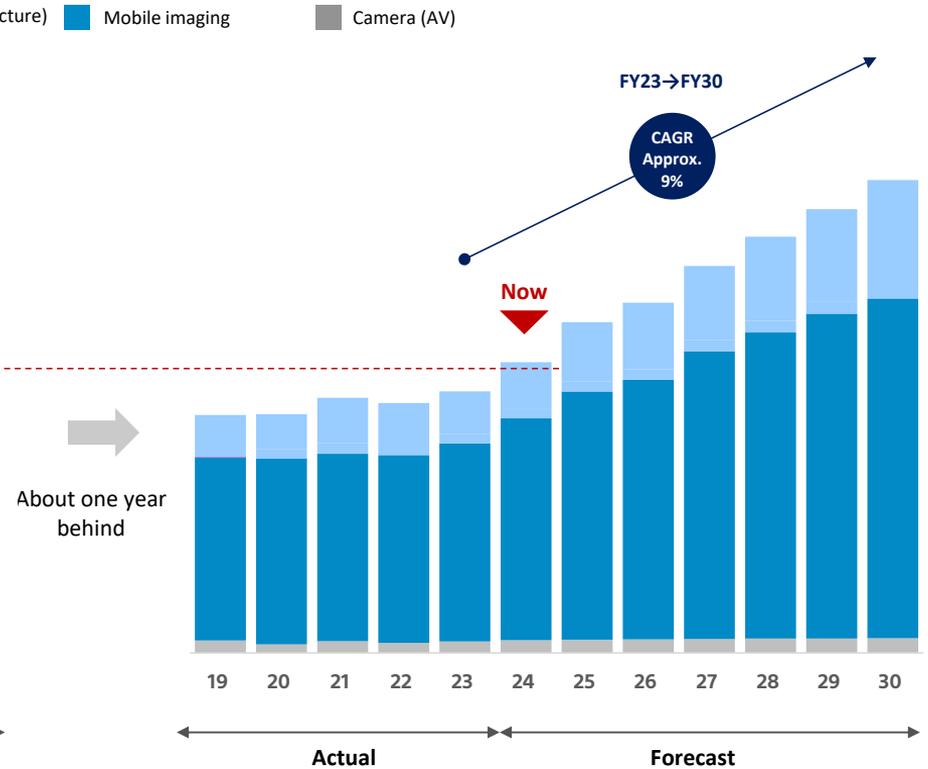
Strategically invest in potential growth areas to build future business pillars

Image sensor market outlook (by revenue)

As of FY23 Business Segment Meeting



As of FY24 Business Segment Meeting

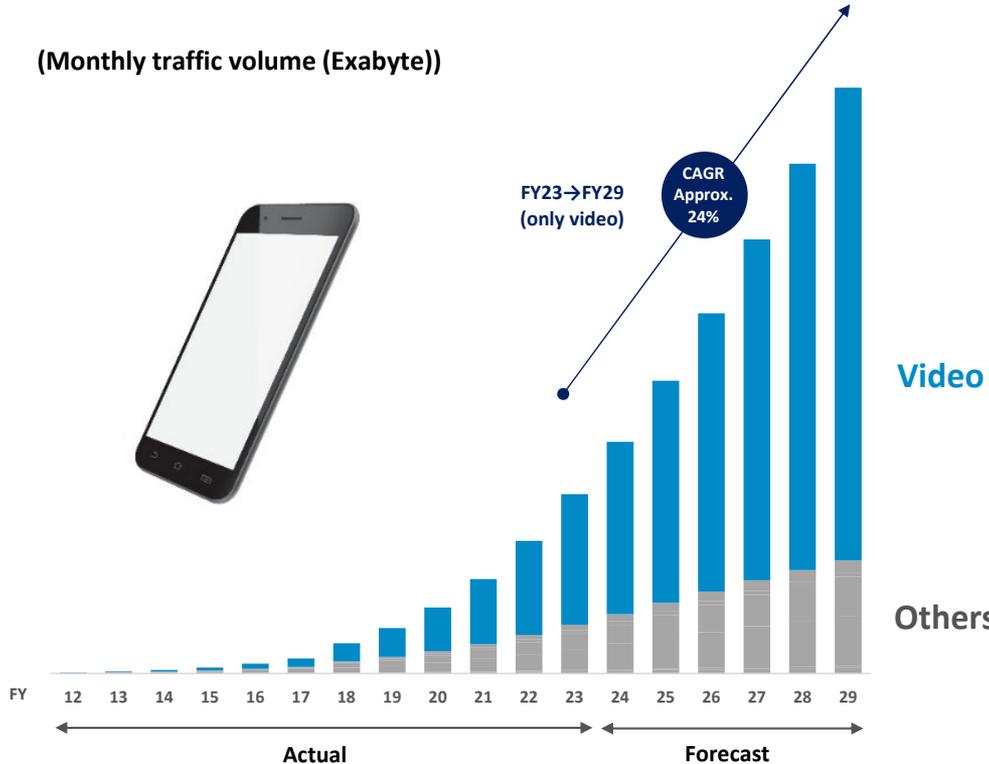


*Source: Sony

Mobile: Expanding use of video

Trends in mobile data traffic (by application)

(Monthly traffic volume (Exabyte))



Use cases

Increase in creation and communication through video



Video shooting /
Sharing



Live streaming

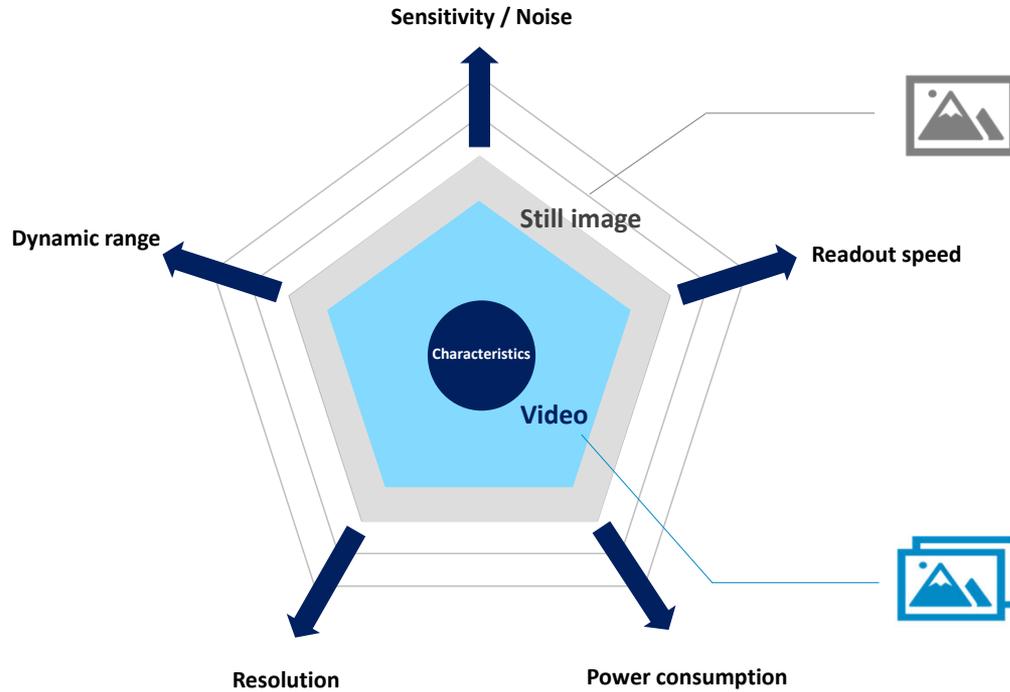


Live chat

etc.

*Edited by Sony based on Ericsson data (as of November 2023)

The evolution axis of mobile camera performance



The five characteristics are highly dependent on the performance of the image sensor

Still image

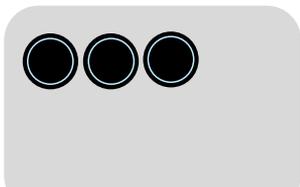
- Comes close to the human eye through larger sensor and AI, and in some cases even surpasses it.
- Sensor characteristics expected to continue to be required to maximize the effect of image processing.

Video

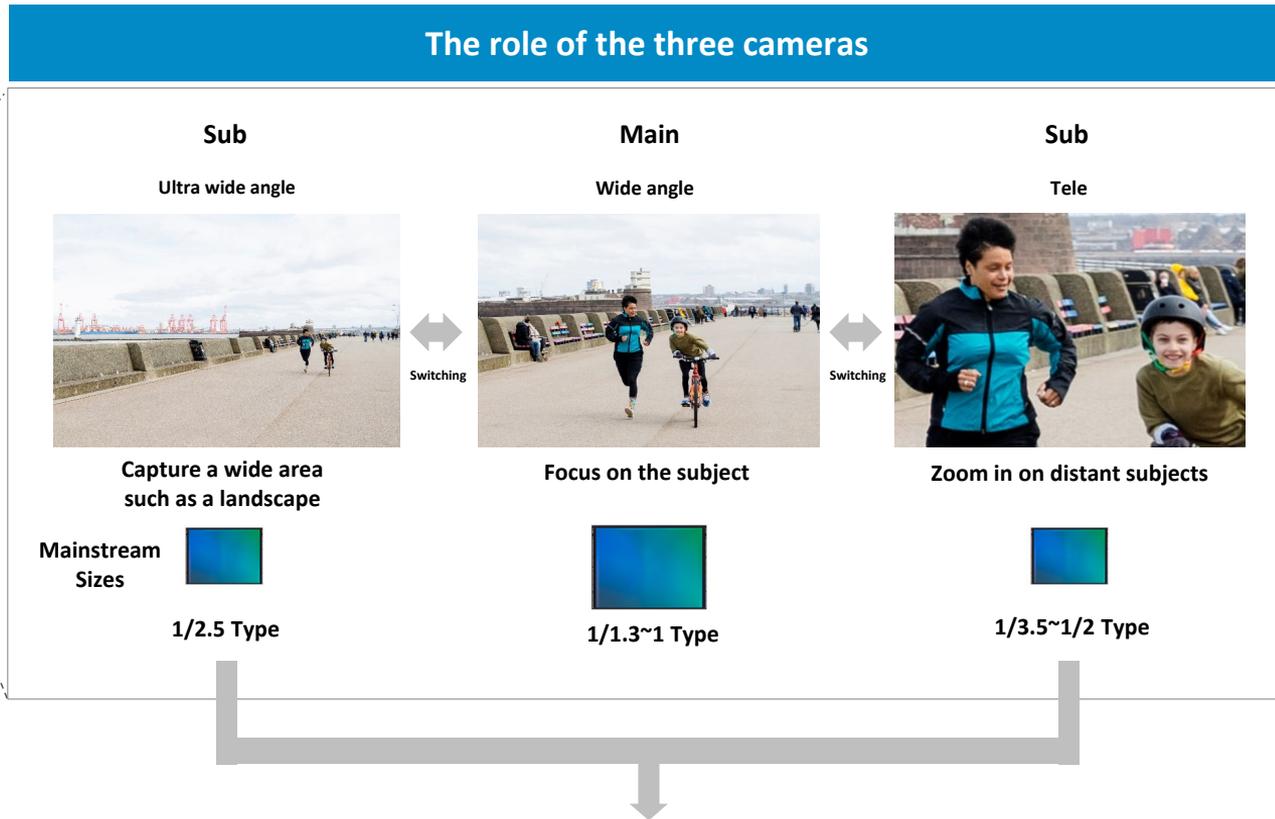
- We believe further improvements in performance are required in each characteristic, and we believe there is a lot of room for technological evolution.
- Because real-time performance is required, the quality of video is more directly related to the characteristics of the image sensor.

The role of the three cameras

Mobile camera
(High-end model)



The camera switches depending on
the shooting scene and purpose



To capture high-quality video in every scene,
improvement of the sub-cameras' performance is particularly important.

Mobile camera: Performance comparison

Shooting
Scene



Still image

Main camera (1 Type)



Video

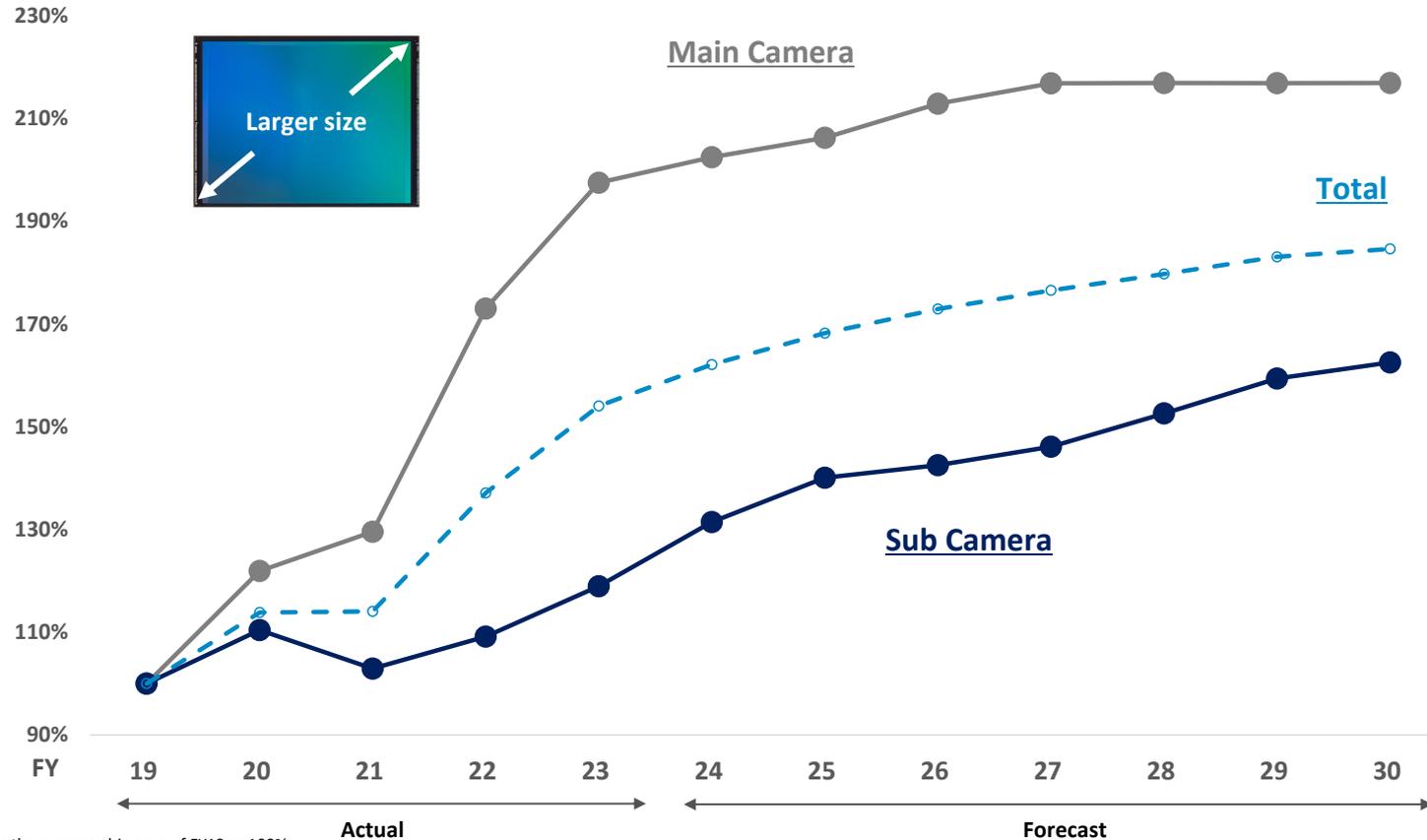
Main camera (1 Type)



Sub camera (1/2.5 Type)



Sensor size trend in the mobile image sensor market (for high-end model)



*Calculated using the average chip area of FY19 as 100%.

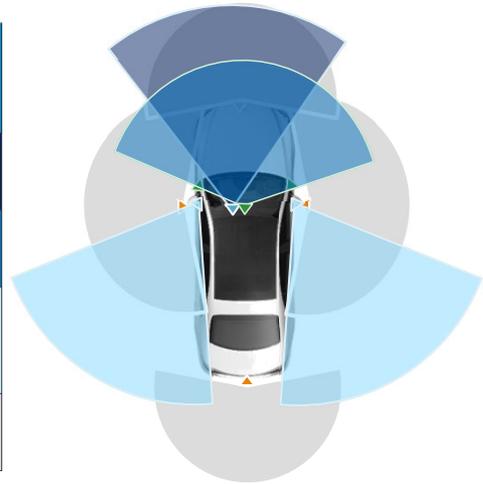
*Source: Sony

Expected typical automotive camera configuration (outside the cabin only)

FY24-25 (Forecast)

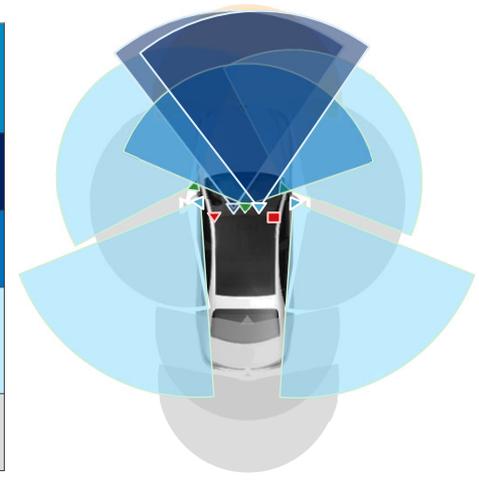
FY27-28 (Forecast)

Camera configuration		
Front sensing	Tele	1 sensor 8Mp
	Wide	1 sensor 8Mp
Surround sensing		2 sensors 8Mp
Surround viewing		4 sensors 3Mp



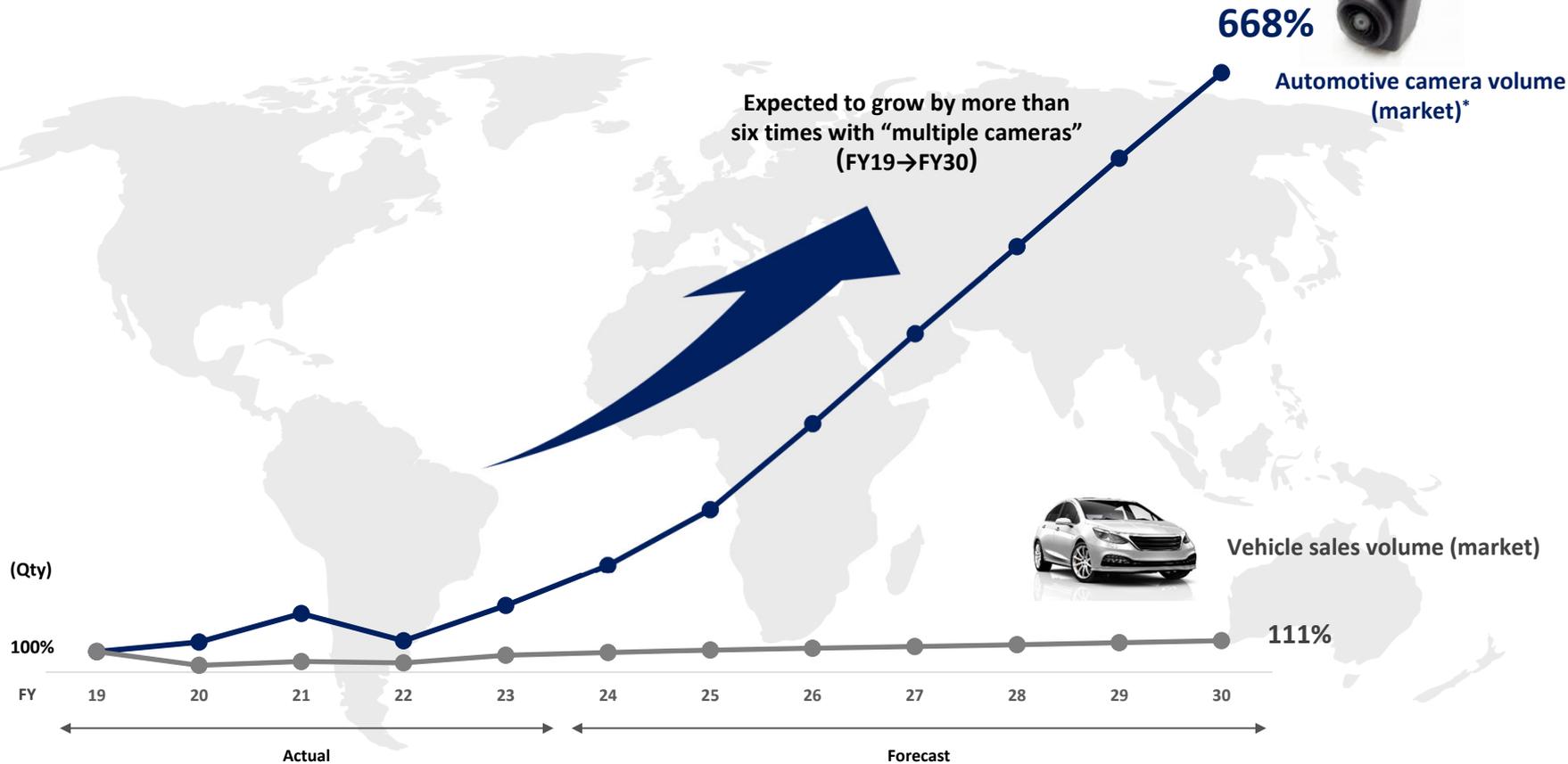
Approx. 8 sensors

Camera configuration		
Front sensing	Tele	2 sensors 8Mp
	Wide	1 sensor 8Mp
Surround sensing		4 sensors 8Mp
Surround viewing		5 sensors 3Mp



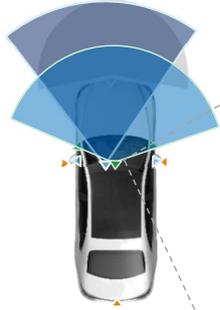
Approx. 12 sensors

Trend toward “multiple cameras” in the automotive market



*Source: Sony. Calculated using the quantity of FY19 as 100%. Automotive image sensor market of which pixel size is 2 million or more, excluding the image sensors for in-cabin.

Trends in technological evolution (Front / Surround)



Front sensing

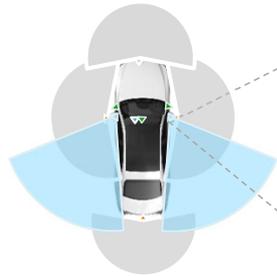
Long-distance recognition

Smaller pixels / Multi pixels

Conventional New

HDR^{*1} + LFM^{*2}

Further expansion of saturation signal volume while achieving LFM



Surround Viewing / Sensing

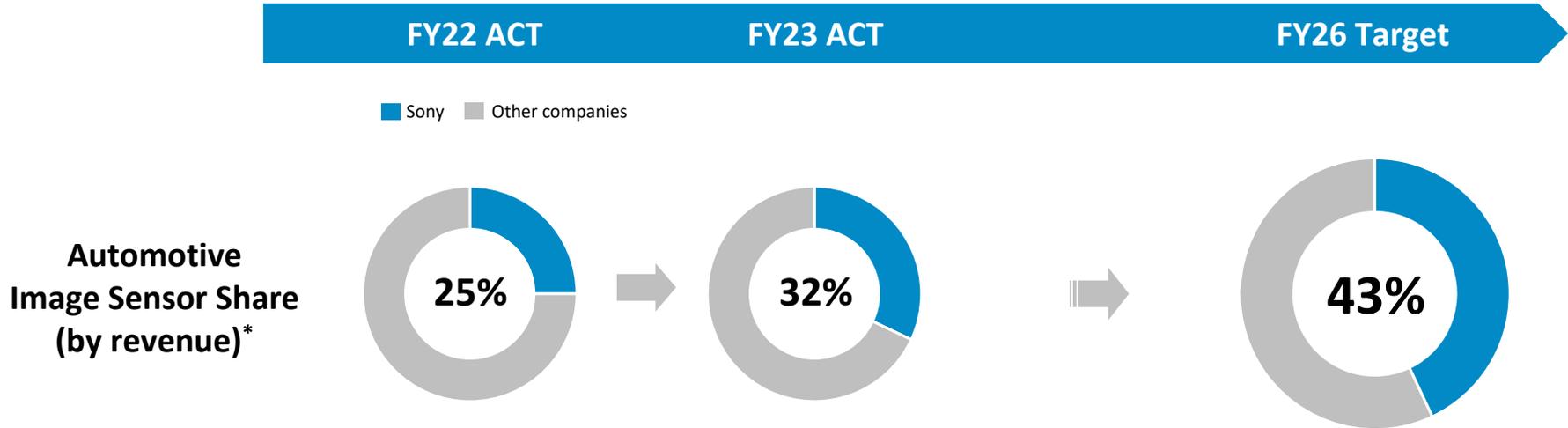
Integration of viewing and sensing

Viewing applications Sensing applications

Simultaneous output of multiple signals from one camera (sensor)

*1 High dynamic range
*2 LED flicker mitigation

Automotive image sensor share target (by revenue)

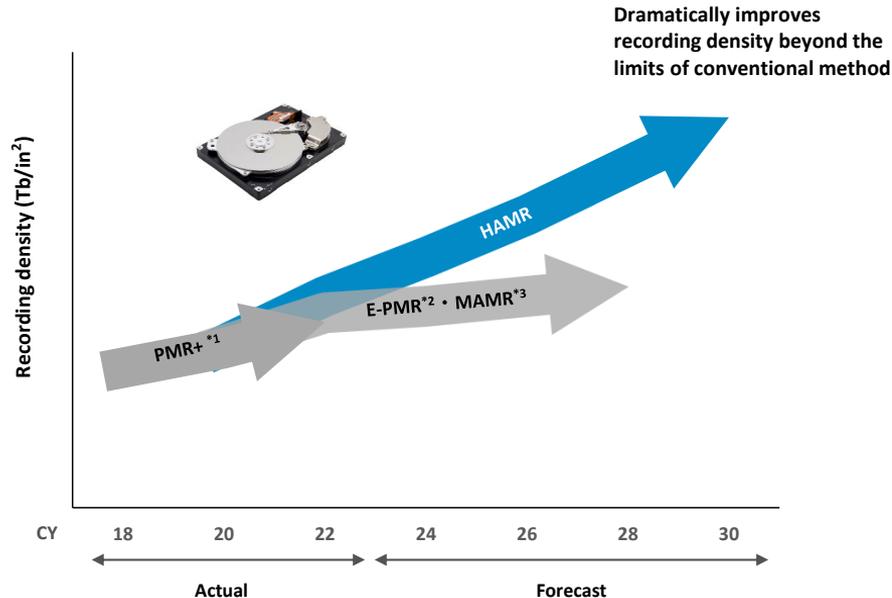


*Source: Sony. Revenue basis share of the automotive image sensor market of which pixel size is 2 million or more, excluding the sales of image sensors for in-cabin.

HDD: Semiconductor laser for HAMR

Evolution of HDD recording technology

HAMR: **H**eat-**A**ssisted **M**agnetic **R**ecording



* Edited by Sony based on ASTC (Advanced Storage Technology Consortium) data

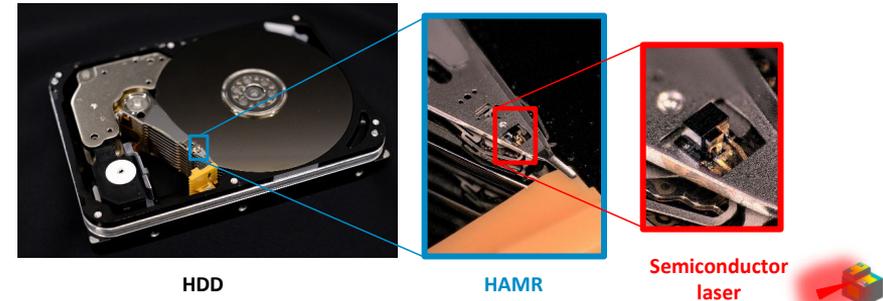
*1 Perpendicular Magnetic Recording

*2 Energy-assisted Perpendicular Magnetic Recording

*3 Microwave Assisted Magnetic Recording

Mechanics of HAMR

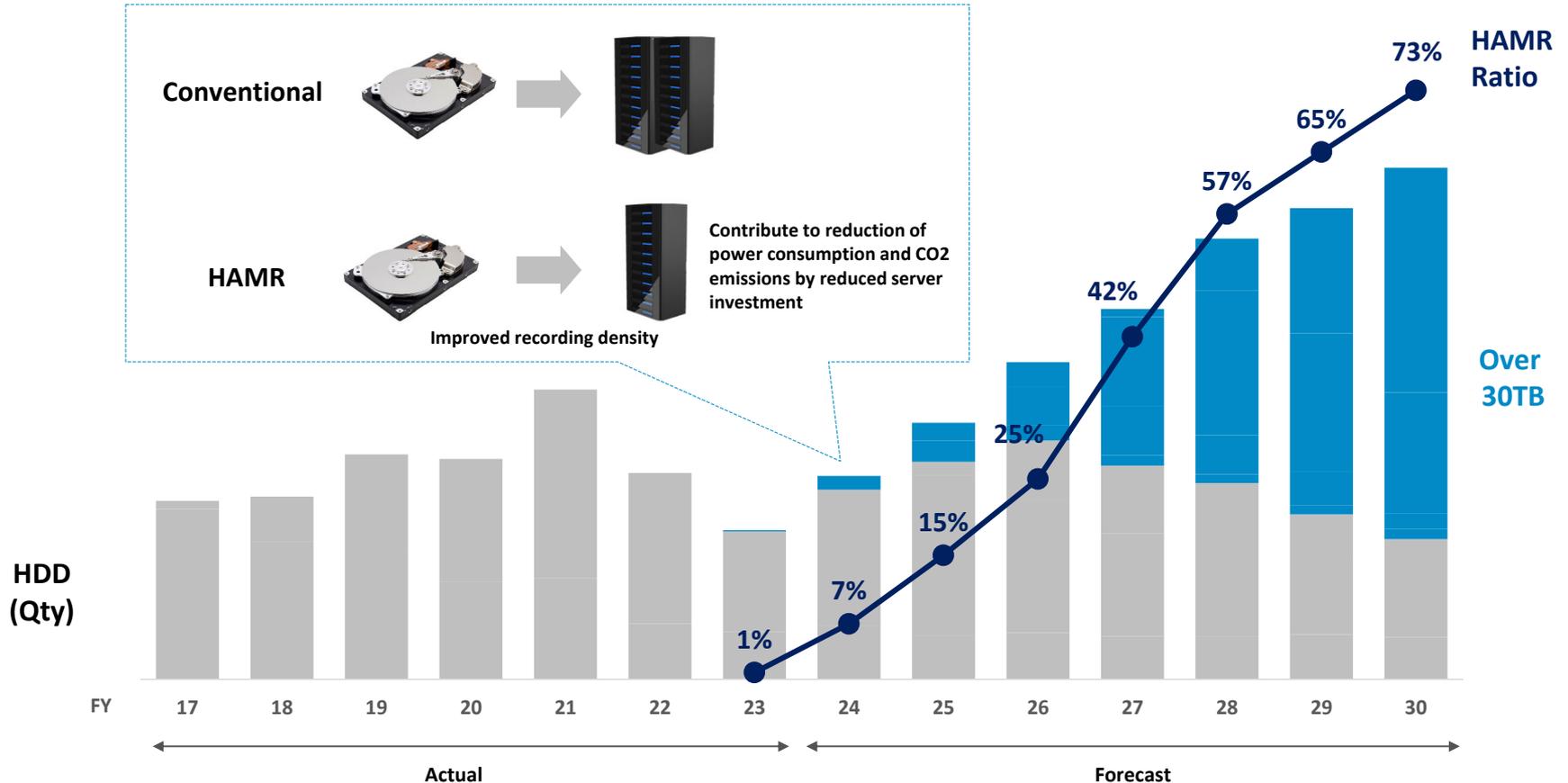
Increasing HDD capacity requires higher density and higher coercive force



Utilize heat in a recording process to temporarily reduce coercivity of a medium

“Semiconductor laser” is a key device.
Sony successfully achieved the world's first mass production

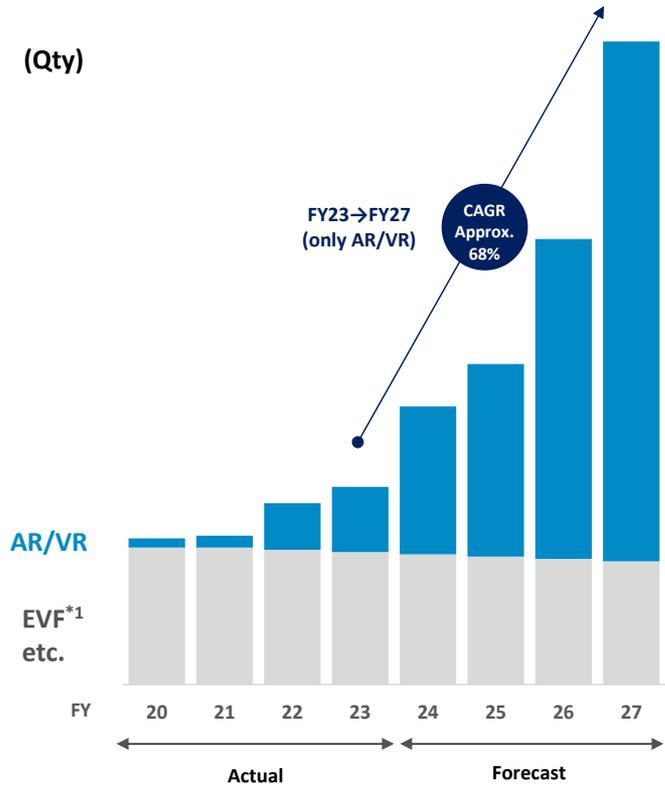
Number of HDD unit / HAMR ratio in the data center market



*Source: Sony forecast

OLED Microdisplay

OLED Microdisplay market



Application

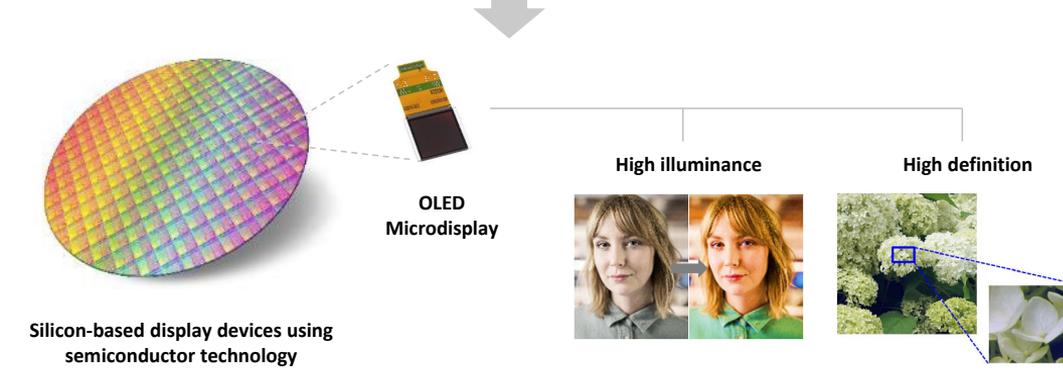
Watching Videos

Extended Monitor

Gaming Experience

Head-mount Display (HMD)

AR glasses



*Source: Sony
*1 Electronic Viewfinder

AITRIOS business progress



I&SS Segment

Retail

Start actual operation for major Japanese convenience stores, etc.

Logistics

Increase in inquiries due to 'the 2024 issue with Japanese logistics'

Factory

In collaboration with partners, verifying use cases at end customers (factories)

Raspberry Pi

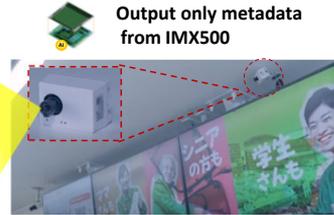
Collaboration progressing toward new product launch

AITRIOS: Start actual operations

Seven-Eleven Japan



Promote retail media

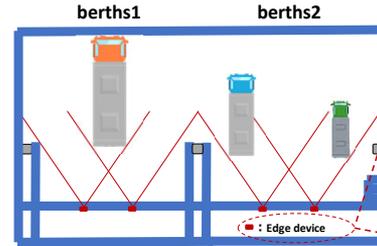


Output only metadata from IMX500
Automatically detect the number of people who stopped to view the in-store monitor, and how long they watched for

To visualize

- what types of customers are viewing each type of content
- what purchases did the customers make

MITSUI-SOKO Supply Chain Solutions



Acquire usage data of cargo loading and unloading areas (berths)



Hacobu's Truck reservation service 「MOVO Berth」



Automatically reflects entry and exit data by recognizing vehicle license plates

To visualize

- how long does it take to load and unload cargo
- how long is the waiting time for drivers

Why AITRIOS?



- Simple device configuration without the need for other device
- Easy installation and compatibility with customers' cloud tenants

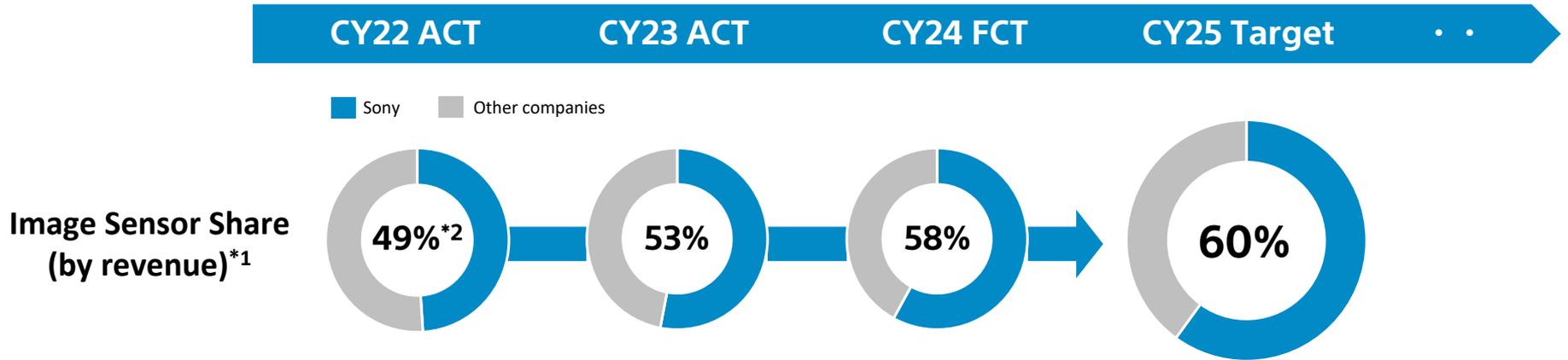
Why AITRIOS?



- Easy system implementation and seamless scalability by a small AI device
- Reasonable initial and running costs

1. 4th Mid-Range Plan review /
5th Mid-Range Plan strategy
2. Direction of each business area
- 3. Investment plans / Management figures**
4. Sustainability

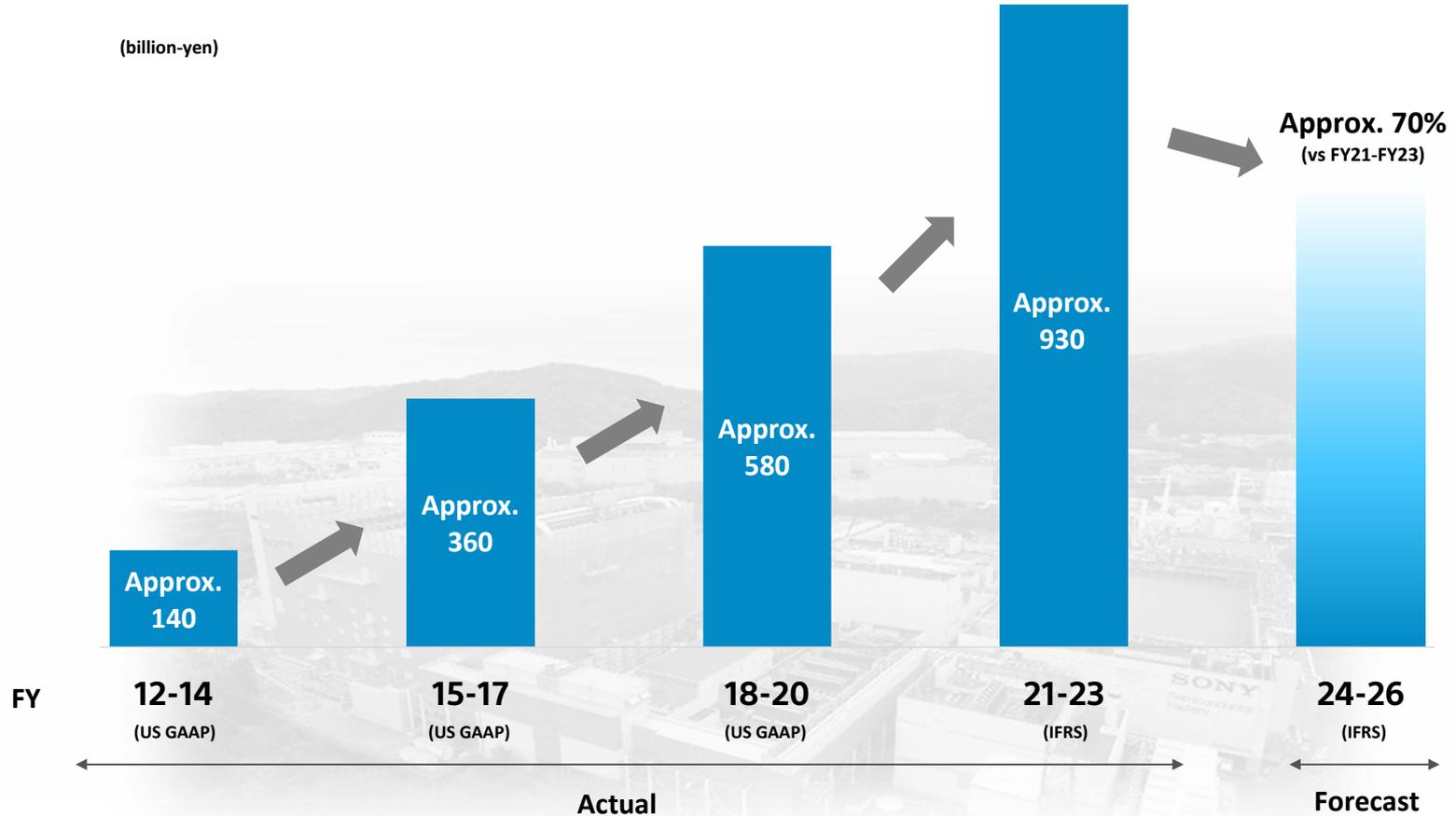
Image Sensor Share (by revenue)



*¹ Source: Sony. Excluding the sales of fingerprint sensor.

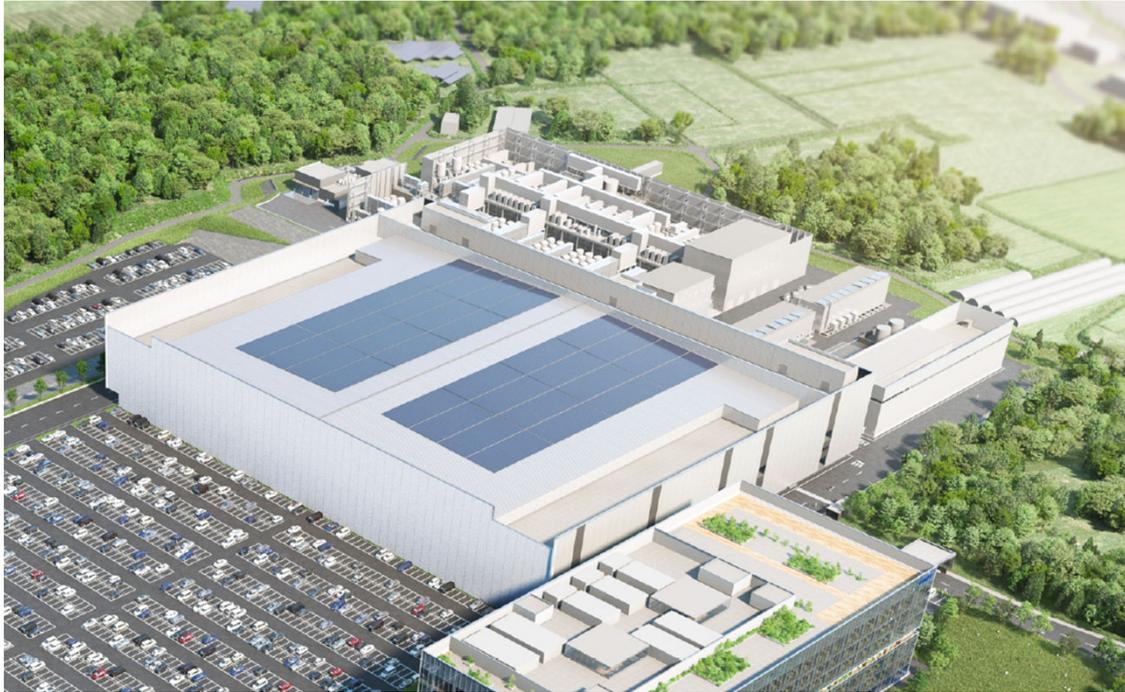
*² From this time, we have changed the calculation method of image sensor share by revenue and present it based on CY. According to this change, we have reclassified the result for FY22 disclosed at the FY23 Business Segment Meeting so that it is based on CY.

Image sensor's capital expenditure plan for 3 years



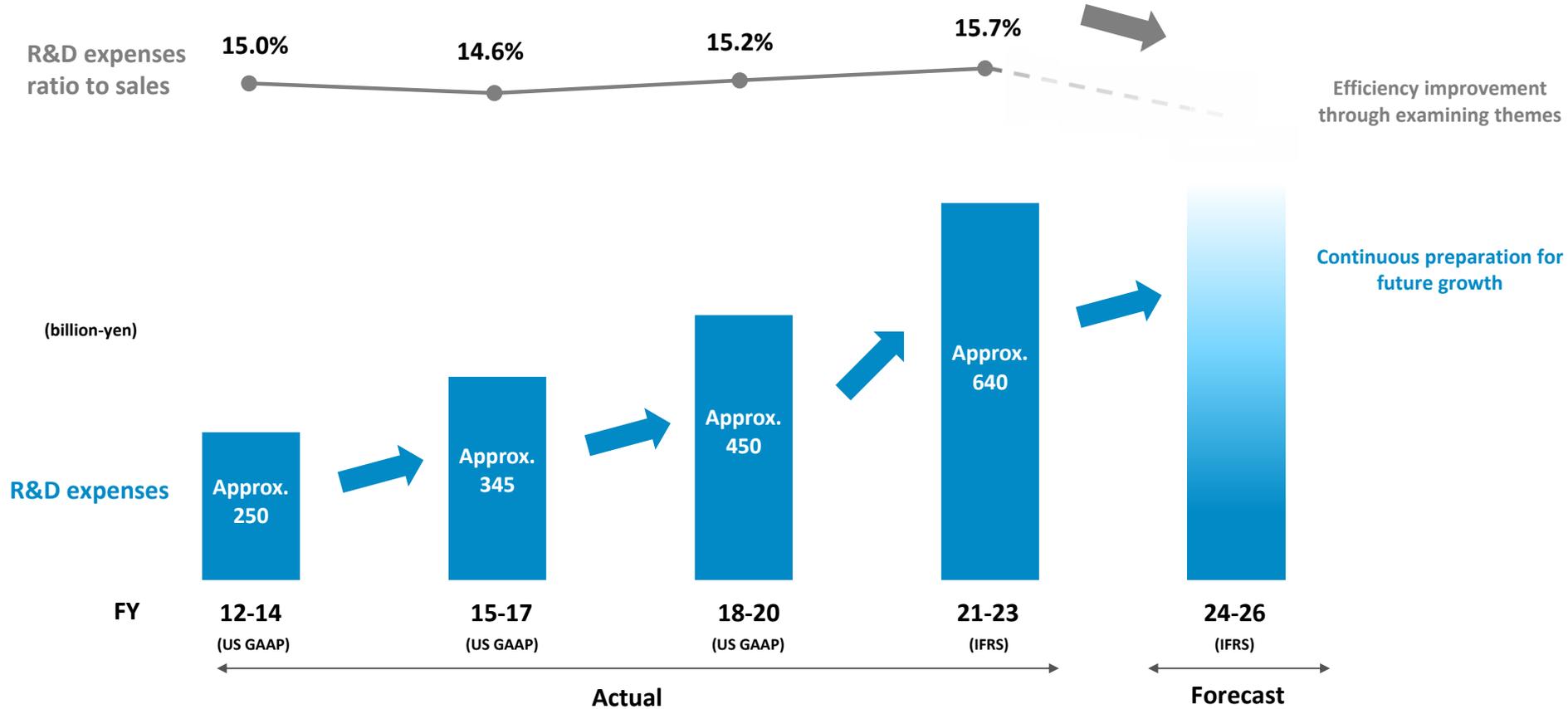
New Fab: Koshi City, Kumamoto Prefecture

*Completed image

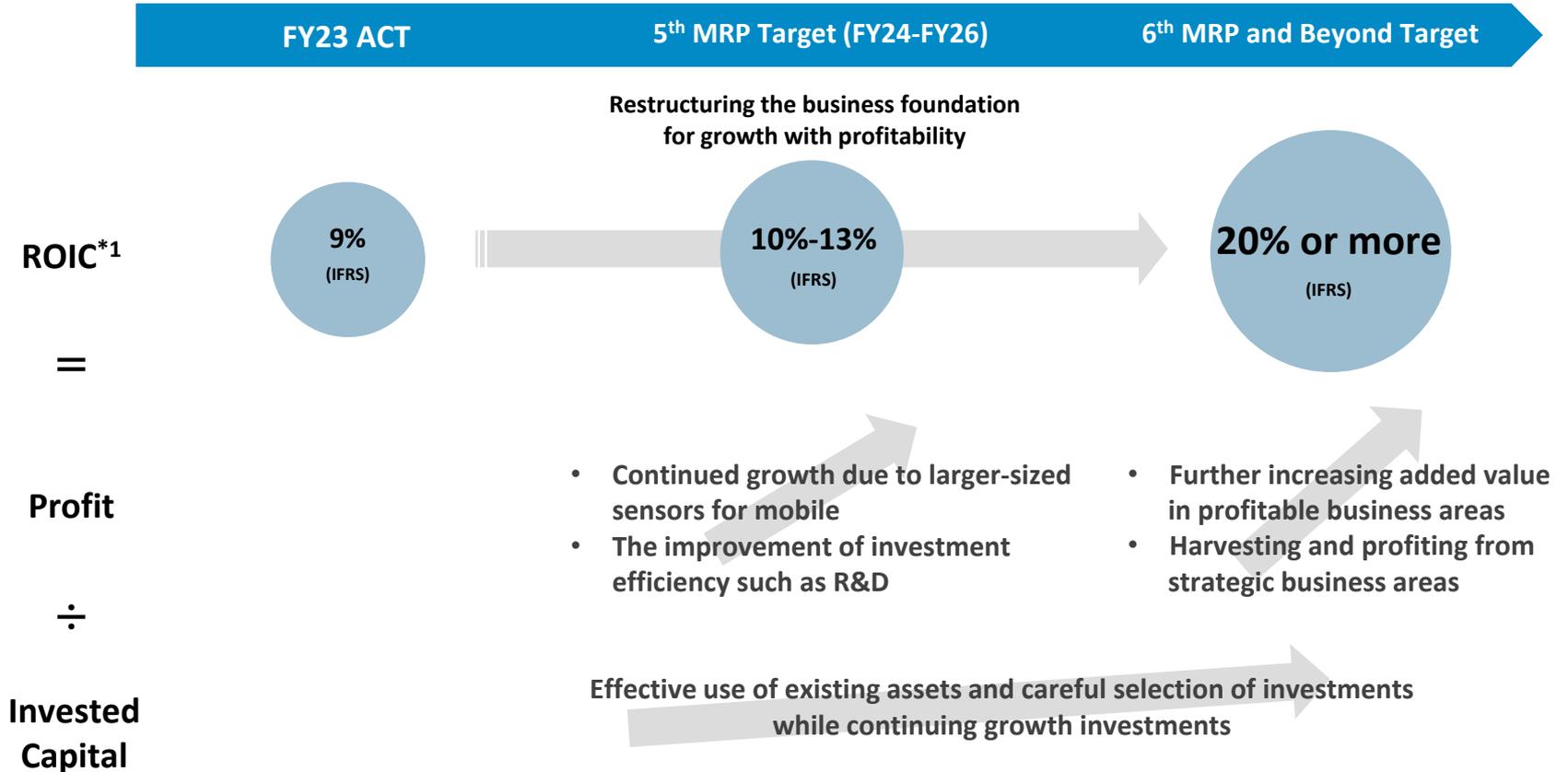


**Plan to decide on future investments
while considering the future
demand trends**

I&SS: R&D expense plan for 3 years



I&SS: ROIC



*1 For details on how to calculate ROIC (Return on Invested Capital), please refer to page 9 of the Supplemental Information for the Consolidated Financial Results for FY23 Q4. Although ROIC is not disclosed in accordance with International Financial Reporting Standards (IFRS), Sony believes that this disclosure provides useful information to investors.

1. 4th Mid-Range Plan review /
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4. **Sustainability**

ESG Initiatives of I&SS “Sustainability Compass”

Sony Semiconductor Solutions Group Social Vision Seven for 2030



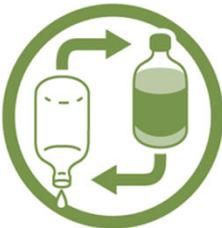
A society of net-zero environmental impact



A society where all enjoy health and security



A society where the world is full of active people with vital roles



A society that reuses and recycles without wasting



A society where everyone has access to food and water

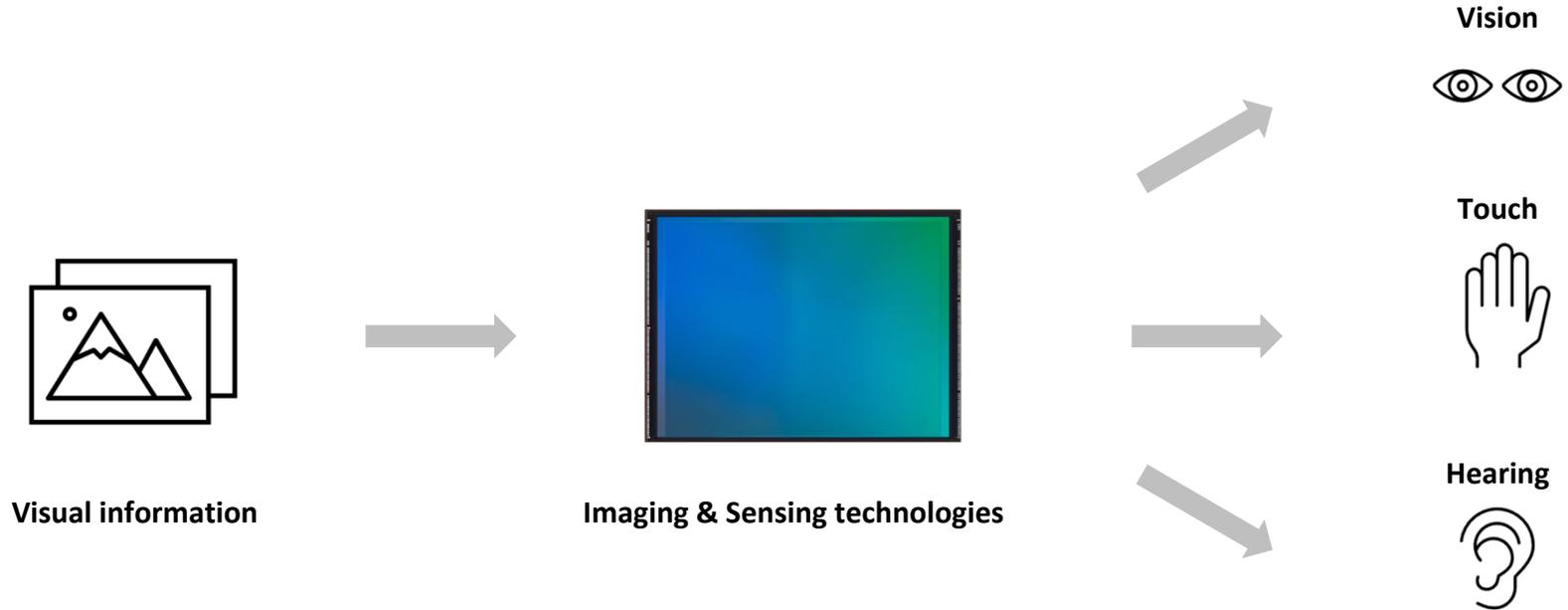


A society with a safe and efficient social and transport infrastructure



A society of connection through joy and convenience

Accessibility concept that I&SS aims for



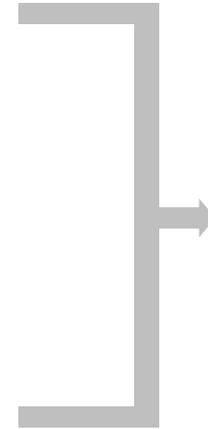
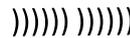
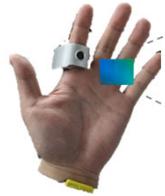
**Delivering visual information to other sensory organs
through the multimodal integration of imaging and sensing technologies**

Possibility of I&SS accessibility

Hardware

Use cases

Value proposition



Capture something specific

Detect products

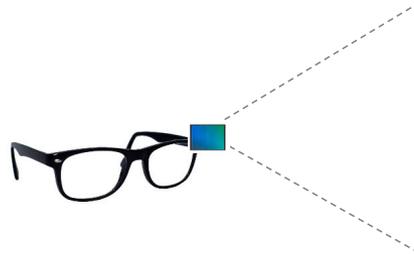
Notify by voice

Notify by vibration

Empowering individuals by addressing their challenges and promoting independence

Capture broad-ranging information

Detect danger



**FINANCIAL
SERVICES**

**F I N A N C I A L
S E R V I C E S
S E G M E N T**

President and CEO, Representative Director,
Sony Financial Group Inc.

Toshihide Endo

Sony Financial Group (“SFG”) refers to the financial services group consisting of Sony Financial Group, Inc. (“SFGI”), and its subsidiaries including Sony Life Insurance Co., Ltd. (“Sony Life”), Sony Assurance Inc. (“Sony Assurance”), Sony Bank Inc. (“Sony Bank”), Sony Lifecare Inc. (“Sony Lifecare”), Sony Financial Ventures Inc. and their subsidiaries and affiliates.

The consolidated and non-consolidated financial results of SFGI, Sony Life, Sony Assurance and Sony Bank are prepared in accordance with Japanese accounting standards (“J-GAAP”), which differ from the International Financial Reporting Standards (“IFRS”) adhered to by Sony Group Corporation (“SGC”) for preparation and disclosure of Sony’s consolidated financial results. This presentation discloses past performance and specific targets of SFG companies based on IFRS for the purpose of international financial information comparability and to illustrate management indicators suitable for the long long-term management focus of SGC and SFG. SGC and SFG believe that these disclosures provide useful information to investors. These IFRS-based disclosures are not meant to replace the J-GAAP disclosure of the management performance of SFGI, Sony Life, Sony Assurance, and Sony Bank but should be referred to as additional information. The IFRS-based past performance and specific targets of SFGI, Sony Life, Sony Assurance and Sony Bank presented herein are not subject to audit or review by certified public accountants or an audit firm.

Unless otherwise indicated, figures, ratios and percentages less than the indicated unit in this presentation have been rounded to the nearest whole number or truncated.

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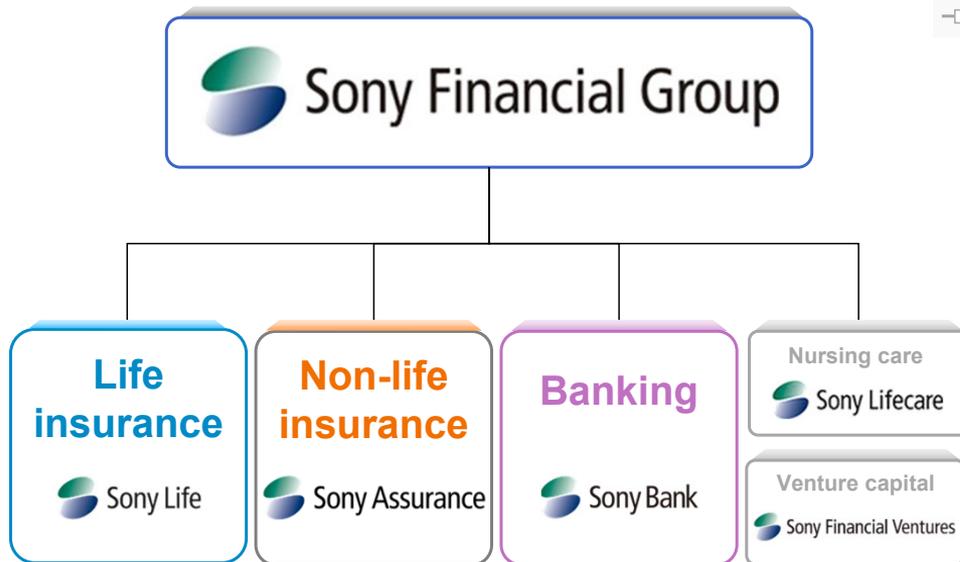
“MCEV” (Market Consistent Embedded Value) complies with European Insurance CFO Forum Market Consistent Embedded Value Principles, where Stichting CFO Forum Foundation 2008 is the copyright holder.

The adjusted net income and net income (adjusted for one-time items), as well as adjusted ROE and ROE (adjusted for one-time items) detailed in this presentation, exclude the impact of temporary gains and losses. SGC and SFG consider these metrics to represent businesses’ sustainable earning power and to facilitate assessment, from a management-level perspective, of long-term business expansion through the cycle of investments and returns across the entire group, including financial operations. While these management metrics are not presented in accordance with J-GAAP or IFRS, SGC and SFG believe that their disclosure provides useful information to investors. The adjusted net income and net income (adjusted for one-time items), as well as adjusted ROE and ROE (adjusted for one-time items), are not intended to replace the J-GAAP disclosure of the management performance of SFGI, Sony Life, Sony Assurance, and Sony Bank or the performance disclosed under IFRS by SGC, but should be referred to as additional information.

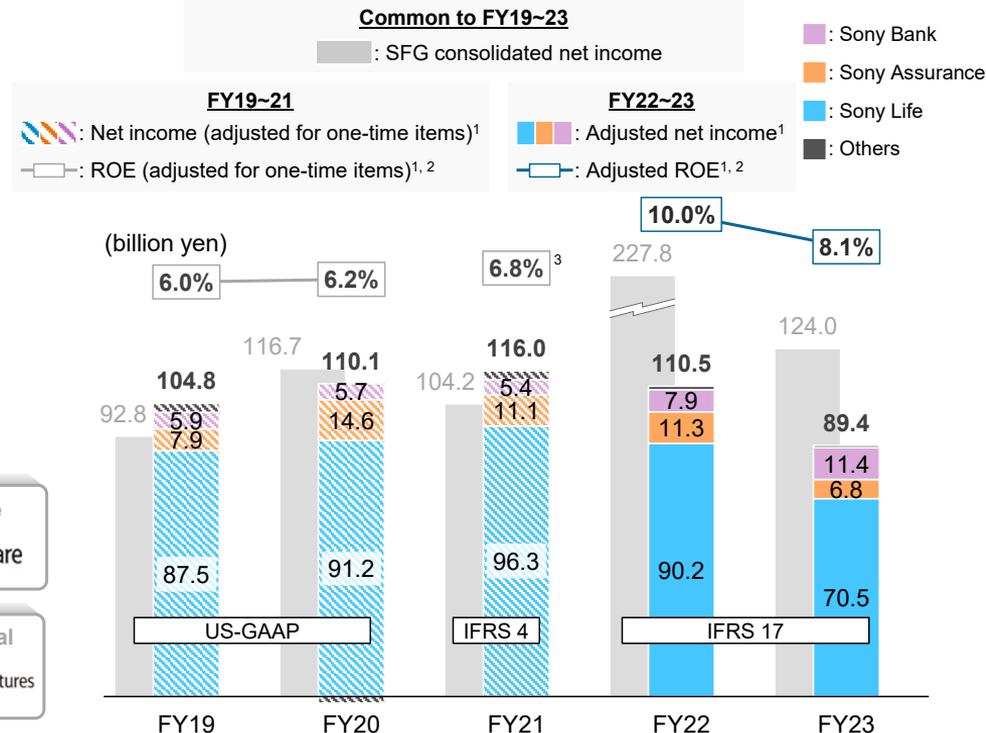
Overview of Sony Financial Group (SFG)

Structural Diagram

Partial spin-off in October 2025, after which SGC will have a less than 20% interest in SFGI



Net income and ROE



Note 1: Refer to P.73-P.78 for the calculation formulas and detailed adjustments concerning Adjusted net income and Net income (adjusted for one-time items), the same applies to subsequent pages;

Note 2: Adjusted ROE and ROE (adjusted for one-time items) are calculated as adjusted net income or net income (adjusted for one-time items) divided by average net assets for the period (beginning and ending balance average or beginning and end of four quarters balance average), respectively, the same applies to subsequent pages;

Note 3: In the calculation of FY21 ROE (adjusted for one-time items), beginning and ending net assets average for the period excluding unrealized gains/losses of Sony Life's bond was used

Characteristics of Each Subsidiary



Business overview and characteristics

Life insurance business



Lifeplanner ("LP") sales specialists



Agencies

Highly productive sales channels (LP and agency)
Families as the core target customer segment

Non-life insurance business



Direct channel

No. 1 in direct auto insurance market share

Banking business



Online banking



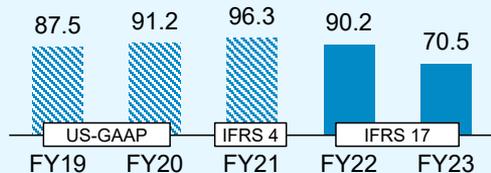
Mortgage loans

Online banking & Mortgage loans with continuous stable growth over the past three years and convenient foreign currency deposits

Net income (adjusted for one-time items)
Adjusted net income

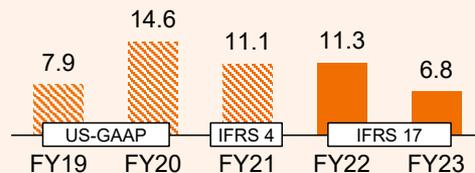
(billion yen) : Net income (adjusted for one-time items)

: Adjusted net income



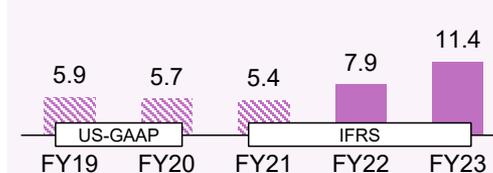
(billion yen) : Net income (adjusted for one-time items)

: Adjusted net income



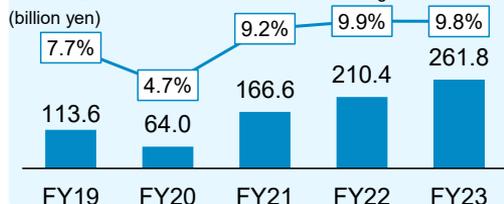
(billion yen) : Net income (adjusted for one-time items)

: Adjusted net income

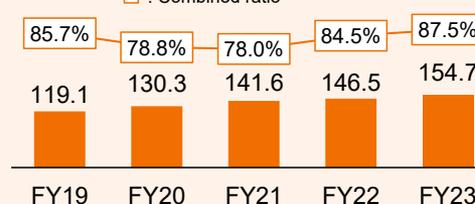


KPIs

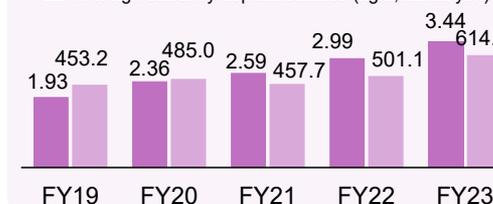
: Post-tax IFRS New Business Value ("NBV")¹
 : Post-tax IFRS New Business Margin²



(billion yen) : Direct premiums written
 : Combined ratio³



: Mortgage loan balance (left, trillion yen)
 : Foreign currency deposit balance (right, billion yen)



Note 1: Post-tax IFRS NBV is calculated as the total of New Business CSM and New business Loss Component, using Sony Life's effective tax rate. Unless otherwise stated, NBV is presented post-tax basis.

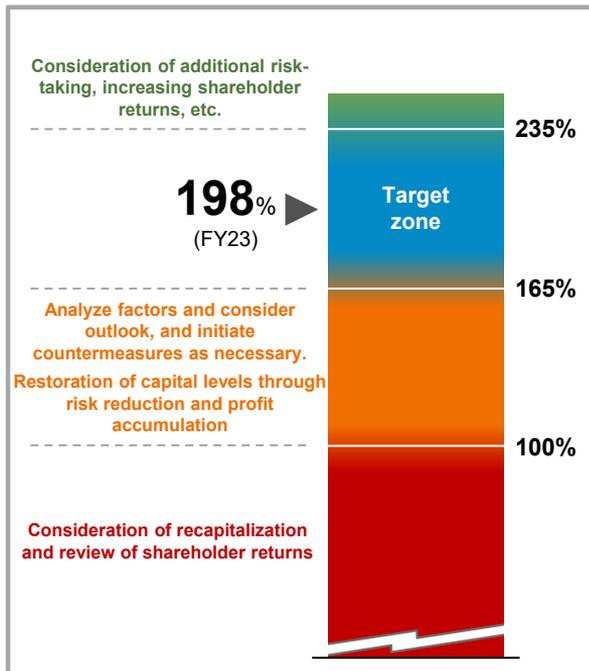
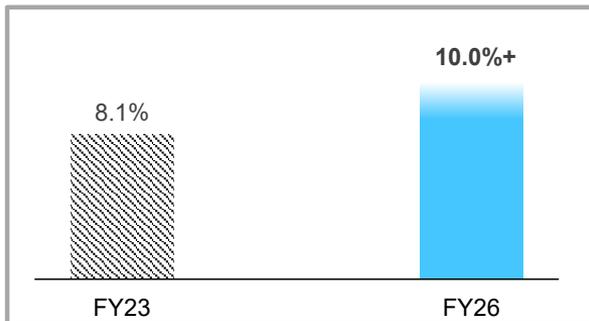
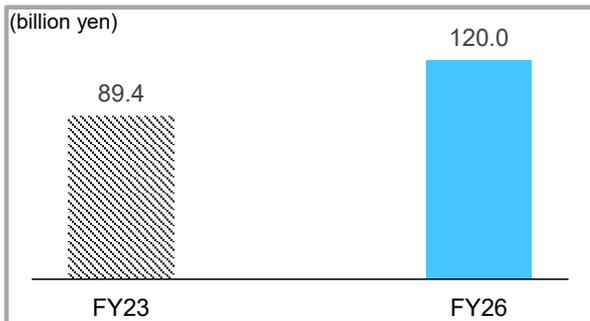
Additionally, NBV for FY19-21 is calculated based on the retroactive application at the time of transition of IFRS17. The same applies to subsequent pages;

Note 2: Post-tax IFRS New Business Margin is calculated by dividing the post-tax IFRS NBV by the present value of premium income, the same applies to subsequent pages;

Note 3: Combined ratio is calculated as the total of the net loss ratio and net expense ratio, the same applies to subsequent pages

Targets and Shareholder Return Policy

● At the time of our planned listing in October 2025, we intend to apply J-GAAP. We plan to transition to IFRS in FY26



Dividend policy of around 40-50% of adjusted net income, aiming for stable increase in dividends per share

Note 1: ESR is calculated with reference to European Solvency II, ICS, and new economic value-based solvency regulation in Japan for broad management decisions. Note that simplified methods are used for some calculations, and no third-party validation of the calculation process or results is conducted, the same applies to subsequent pages

1

Group Highlights

2

Overview of SFG's Mid-Range Plan



Stable Profit Growth at Sony Life



Direct/Online-focused “Sony Assurance” and “Sony Bank”



Robust Financial Base and Proactive Shareholder Return Policy

1

Group Highlights

1-1 Stable Profit Growth at Sony Life

1-2 Direct/Online-focused
“Sony Assurance” and “Sony Bank”

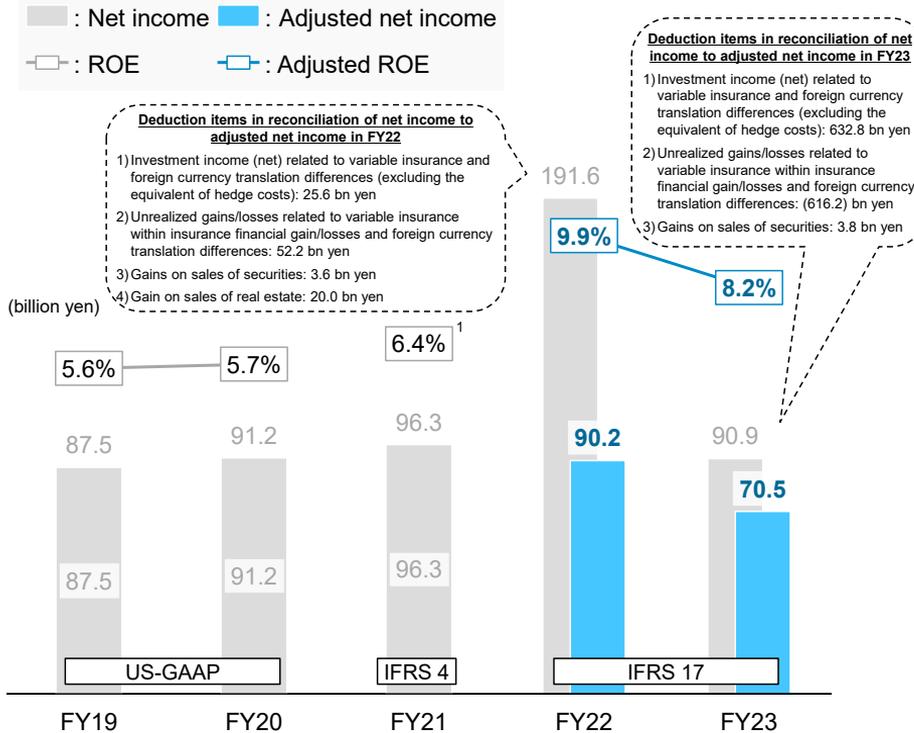
1-3 Robust Financial Base and Proactive Shareholder Return Policy

2 Overview of SFG's Mid-Range Plan

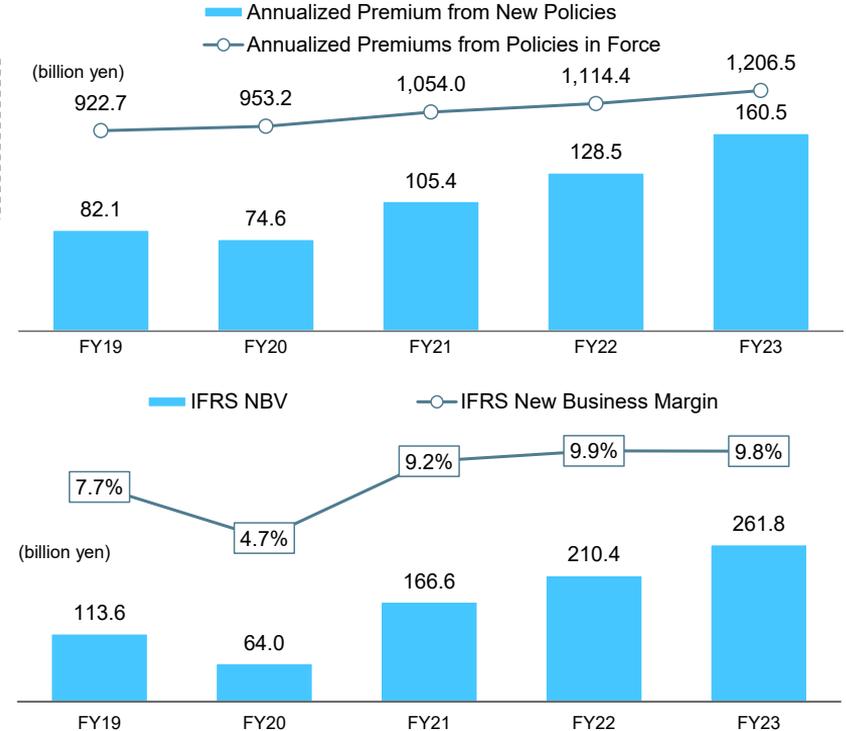
Sony Life | Foundation for Stable Profit Growth in the Group

- Adjusted net income has been around 90.0 billion yen, except for FY23, when hedge costs increased due to rising U.S. short-term interest rates
- Annualized premiums and NBV have been all on a steady upward trend. New business margin has also been maintained a high level

Net Income and ROE (Non-consolidated)



Other Key Financial Indicators

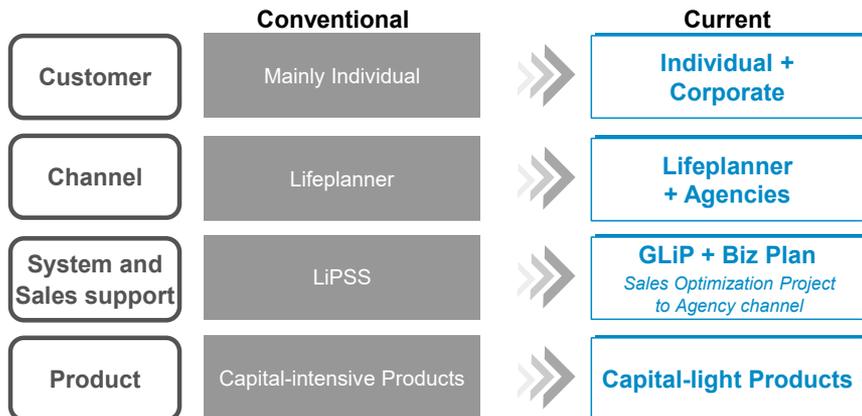
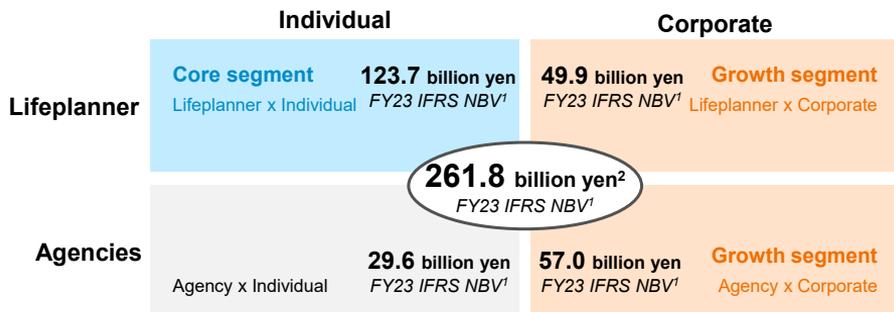


Note 1: In the calculation of FY21 ROE (adjusted for one-time items), beginning and ending net assets average for the period excluding unrealized gains/losses of Sony Life's bond was used;

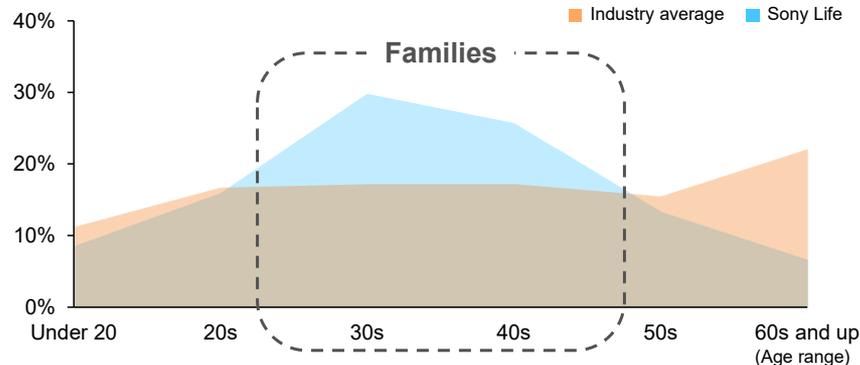
Sony Life | Expansion of Market Share through Channel x Target Customer Strategy

- Provided optimal services to families through the mainstay LP channel. Also succeeded in developing the corporate market through both LP and agency channels
- Market share steadily increased due to the success of various measures. Achieved industry leadership⁵ in FY22 (based on new policy amount)

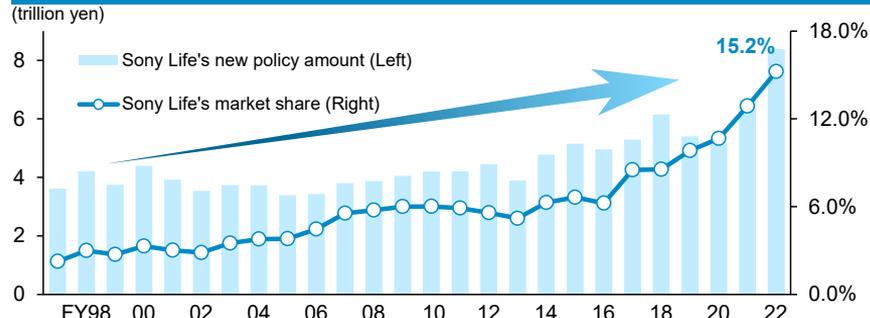
Channel x Target Customer Strategy



Comparison of Customer Age Groups (FY22 - Based on Number of New Policies)³ Industry Average vs. Sony Life



Sony Life's New Policy Amount⁴ and Market Share⁵ in Japan



Source: Insurance by Japan Institute for Insurance Research (the latest), company filings; Note 1: IFRS NBV by channel and target customer is calculated by dividing new business annualized premium for each product into LP/Agency channel and Individual/Corporate customer, and allocating IFRS NBV for each product based on these proportions, and totaling these IFRS NBV by channel and target customer, the same applies to subsequent pages;

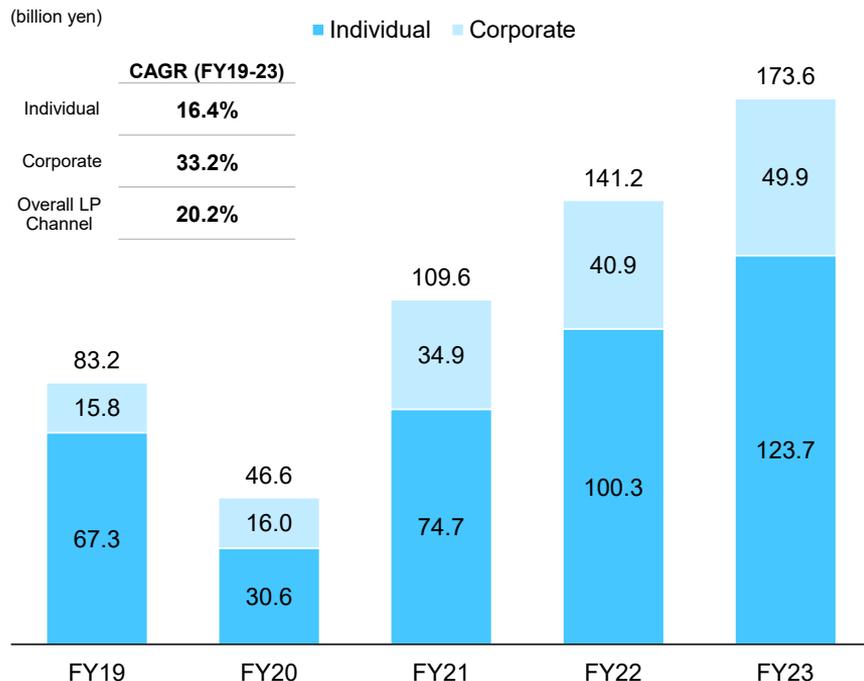
Note 2: Note that the total IFRS NBV of 261.8 billion yen for Sony Life includes 1.7 billion yen from other channels; Note 3: Calculated based on the total number of new individual life insurance and individual annuities; Sony Group Corporation | 191

Note 4: Total of individual life insurance and individual annuities published by Japan Institute for Insurance Research; Note 5: Market share is calculated by dividing Sony Life's new policy amount by the total new policy amount in the industry

Sony Life | Highly Competitive LP Channel

- Strengthened not only the segment of individuals, which is the core segment, but also the segment of corporates
- Number of Lifeplanner sales specialists, which is a source of growth, steadily increased. Lifeplanner sales specialists provide high-quality services to clients through rigorous recruitment, extensive training, and the use of an advanced in-house developed consulting system. In addition, the number of MDRTs¹, who provide high-quality service and top performance, is the highest in the industry (over 30%)

NBV by LP Channel (IFRS basis)



Lifeplanner Sales Specialists and MDRT Members supporting LP channel

Lifeplanner sales specialists

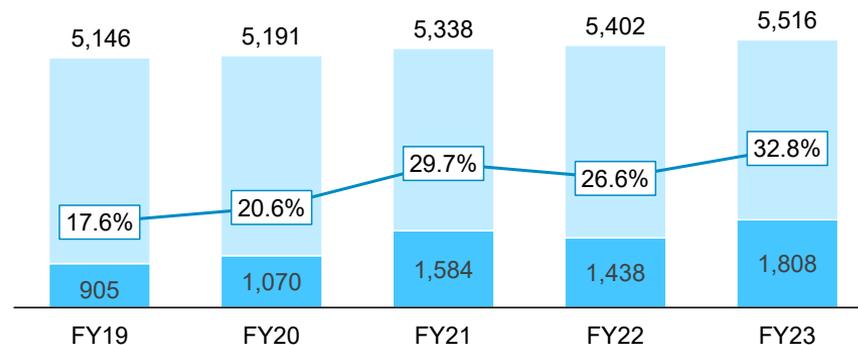
Sales representative with extensive knowledge and experience in insurance, economics, finance, taxation, etc., who are subject to strict hiring criteria and have undergone thorough education and training based on a unique curriculum

MDRT members

Among sales representatives, those who have demonstrated exceptional expertise, strict ethical conduct, and superior customer service, and who have met the stringent standards set by MDRT. Recognized worldwide as the highest standard in the life insurance and financial services, MDRT members account for 3.0%² of sales representatives in Japanese life insurance sector as of FY22

Number of Lifeplanner Sales Specialist and Percentage of MDRT Members

- : Percentage of Lifeplanner sales specialists who are also MDRT members
- : Number of Lifeplanner sales specialists who are also MDRT members



Source: MDRT Japan Chapter, The Life Insurance Association of Japan

Note 1: MDRT (Million Dollar Round Table) is a global organization of distinguished life insurance and financial professionals;

Note 2: The number of registered salespersons disclosed by The Life Insurance Association of Japan is used as the denominator, and the number of MDRT members is used for the numerator after excluding the number of members of the Agency branch from the number of MDRT members disclosed by the MDRT Japan Chapter

Sony Life | Advanced System Supporting LP and Agency Channels

- Sony Group and Sony Life jointly developed an advanced system to support consulting in the LP and agency channels
- By utilizing the system, service quality and the productivity of the LP and agency channels has been improved

Support for covering the cost of personal life events/risks and building assets to meet them

GLiP¹

Life plan consulting for “Individuals”

A system to uncover customer needs by visualizing the current status and shortage of necessary funds according to individual life plans



Leading to
a planned life

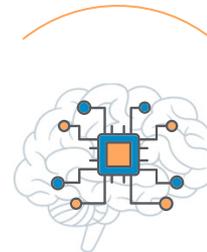
Note 1: The first platform to comprehensively handle goal-based planning, asset-building, and protection in the industry (patent pending)

Biz-Plan

Management consulting for “Companies”

Comprehensive consulting tool covering a wide range of corporate needs from business security to financial analysis and business succession

Support for visualizing future risks for each company's needs, and taking measures



Business succession

(Valuation of own shares, future valuation, etc.)

Financial analysis

(Credit evaluation, working capital analysis, etc.)

Preparation for retirement payments

(Analysis of retirement payment for CEOs, etc.)

Business security

(Analysis of working capital requirements, funds to repay loans, etc.)

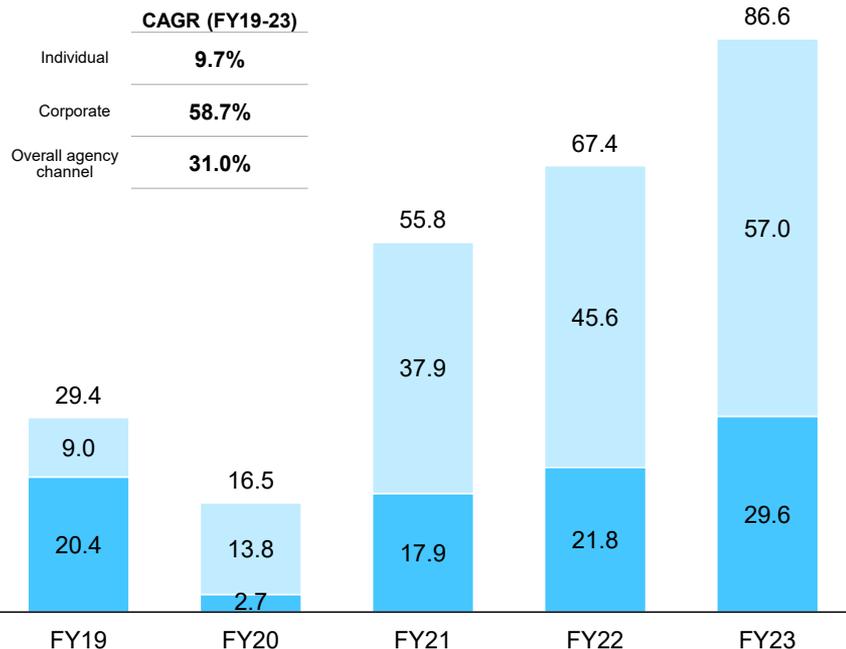
Leading to solutions for
a wide range of
management issues

Sony Life | Growth Potential of the Agency Channel

- Implemented a strengthened approach to agencies with a strong channel to corporates, contributing to strong performance in the previous Mid-Range Plan
- In addition to the hiring of Agency supporters¹, efforts to significantly improve productivity have been successful

NBV by Agency Channel (IFRS basis)

(billion yen)

■ Individual ■ Corporate


Strengths of the Agency Channel

Optimization of agency sales activities by data analysis

Improved productivity of Agency supporters¹ through "Sales Optimization Project" (see details on next page)

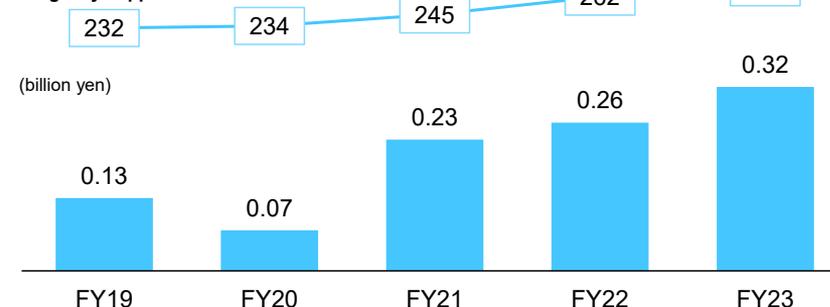
Agency supporter's consulting skills

Strengthened recruitment and training of Agency supporters

Developed Agency supporters¹ capable of providing consulting services with financial literacy in order to become a partner trusted by agencies

NBV Per Agency supporter (IFRS basis)

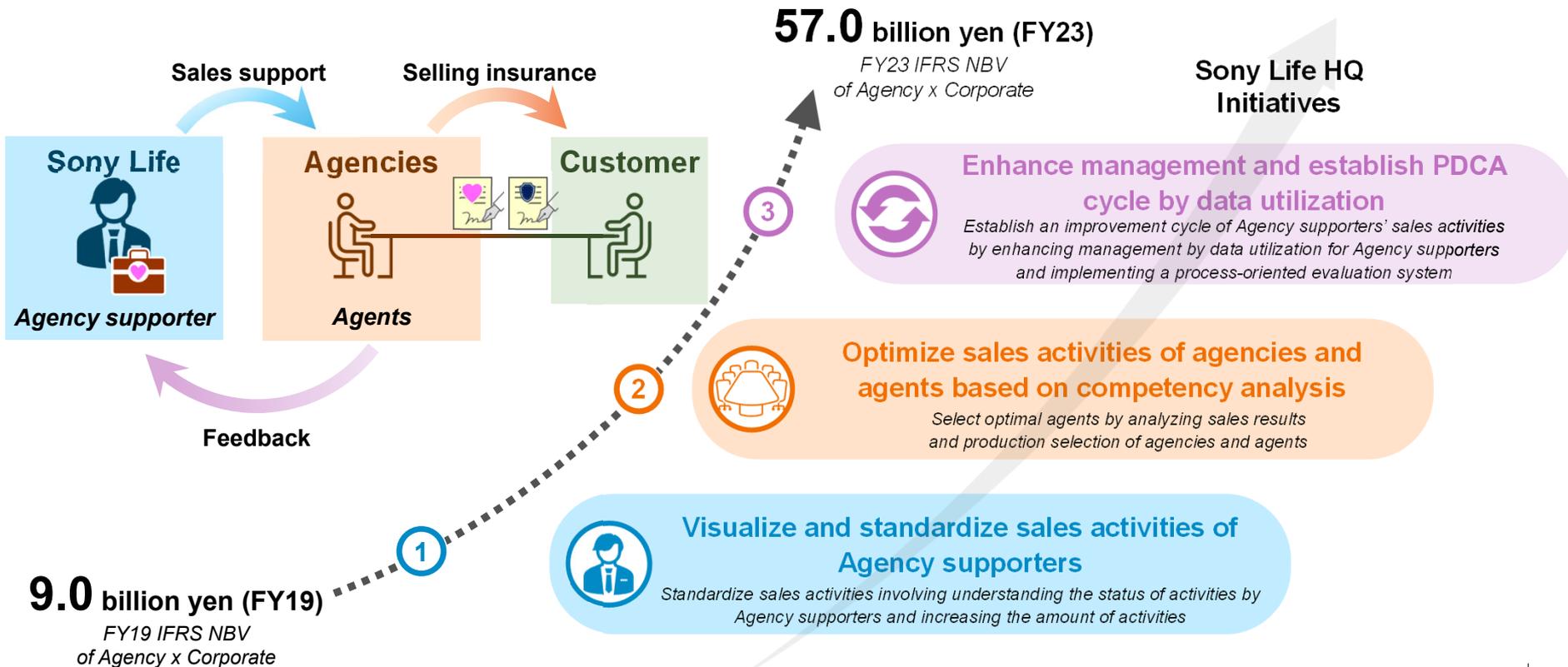
of Agency supporter



Note 1: "Agency supporters" are Sony Life's sales representatives for agencies, the same applies to subsequent pages

Sony Life | Optimize Agency Sales Activities using Data Analysis “Sales Optimization Project”

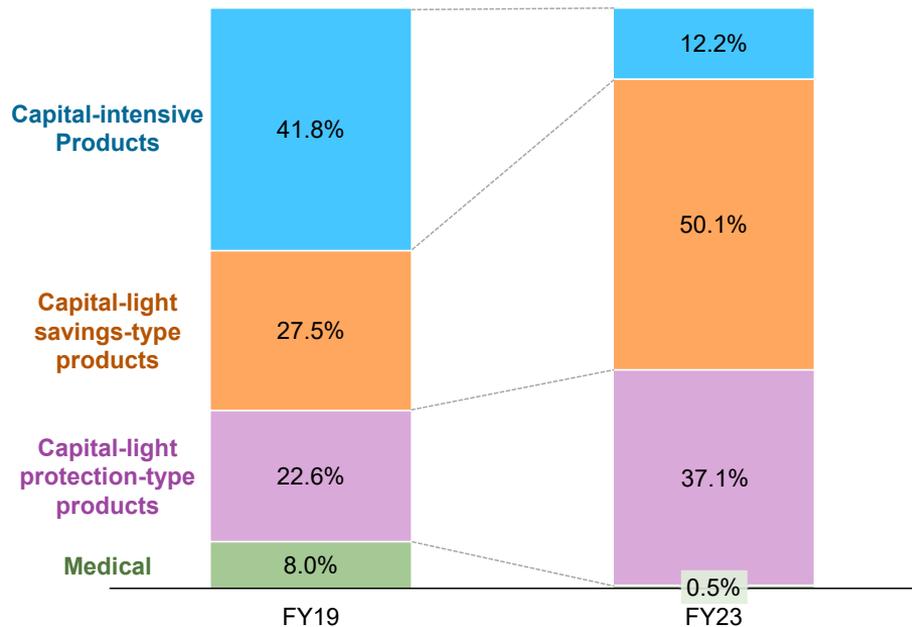
- Build an improvement cycle of sales activities by analyzing sales behavior of Agency supporters and agents, and visualizing and standardizing sales activities of Agency supporters under the leadership of Sony Life HQ
- Significant increase in NBV from agencies for corporate customer



Sony Life | Transformation to a More Profitable Product Mix through an Agile Product Strategy

- Reduced sales of whole life insurance and other capital-intensive products, and shift to sales of capital-light savings-type and protection-type products

Product Mix (IFRS NBV basis)



Product Sales Strategy

Capital-intensive Products

- In an environment of continuing low interest rates, reducing sales of capital-intensive products (interest rate risk) centered on whole life insurance

Savings-type

- Unbundling of “**savings-type**” and “**protection-type**” products offered through the sale of whole life insurance and other products
- Individual: Strong sales of **variable annuities (SOVANI)** with no minimum guarantee. Realization of fee-based business
- Individual: Strengthening sales of **term life insurance** and **income protection insurance**

Protection-type

- Corporate: Strengthen guarantee sales centered on **variable insurance (term type)** by leveraging attractive products and consulting capabilities

Medical

- Instead of focusing on the development of more profitable products, switch to selling other companies' products (Medicare Life Insurance) in the medical insurance market, where many similar products are available
- Medical insurance contributes through commission

1

Group Highlights

1-1 Stable Profit Growth at Sony Life

**1-2 Direct/Online-focused
“Sony Assurance” and “Sony Bank”**

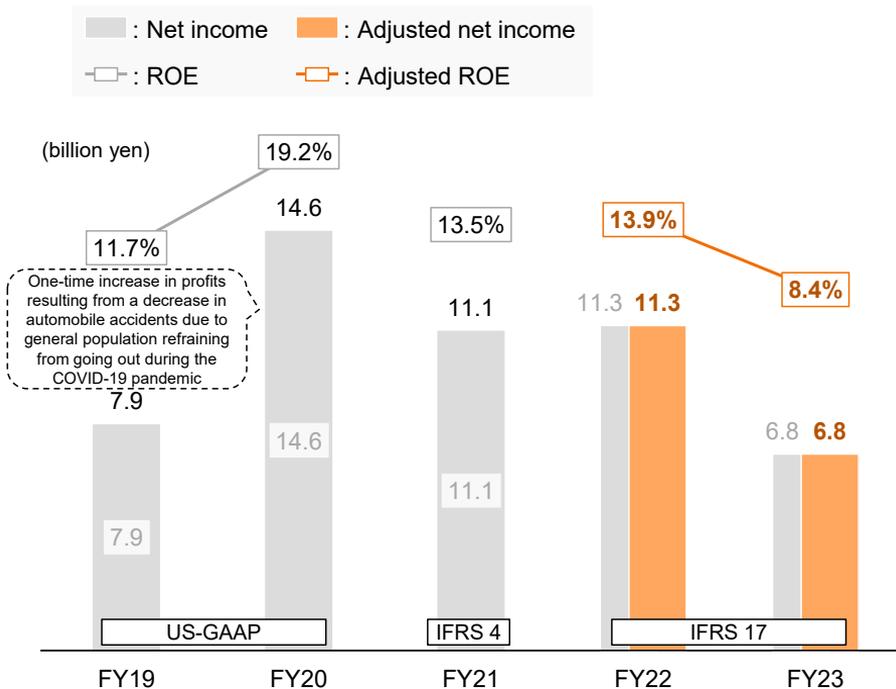
1-3 Robust Financial Base and Proactive Shareholder Return Policy

2 Overview of SFG's Mid-Range Plan

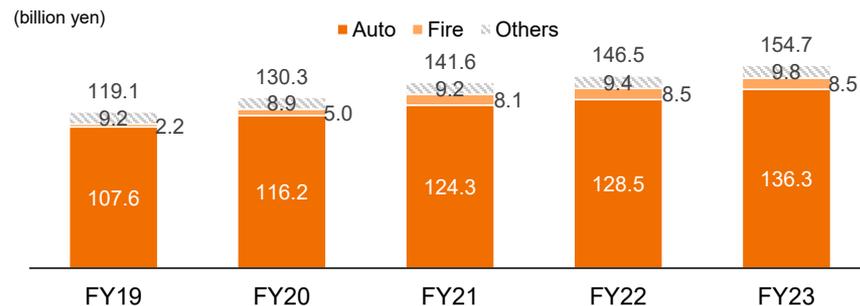
Direct Non-Life Insurance Maintaining Stable Growth and High Profitability

- Centered on direct auto insurance, Sony Assurance's direct premiums written have grown steadily
- Profits increased from FY20 to FY22 due to a decrease in automobile accidents during the COVID-19 pandemic. However, even in FY23, when the loss ratio rose due to the rebound in car usage, the combined ratio remained below 90%

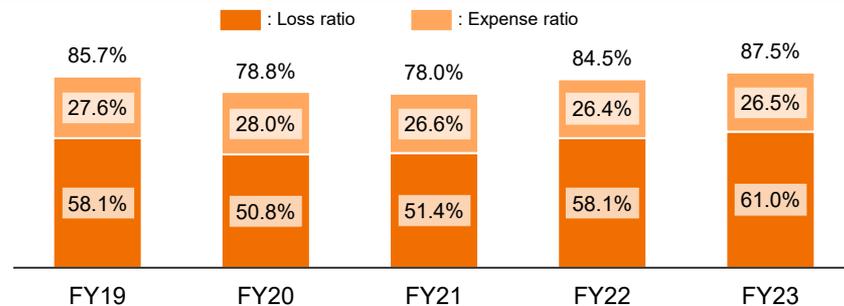
Net Income and ROE¹



Direct Premiums Written by Line (J-GAAP)



Loss Ratio, Expense Ratio, and Combined Ratio (J-GAAP)

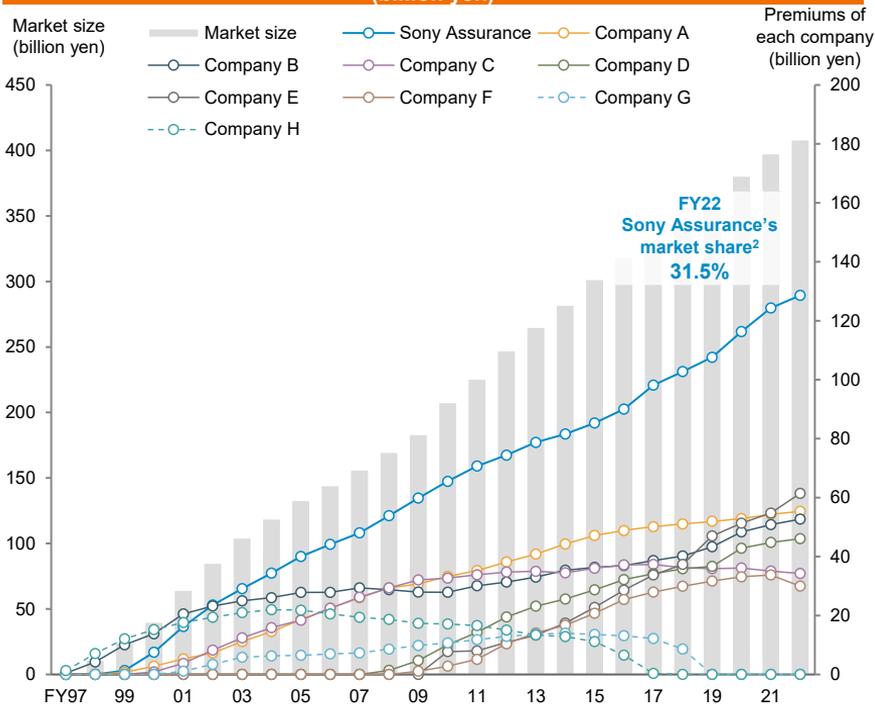


Note 1: ROE and Adjusted ROE are calculated as net income or adjusted net income divided by average net assets for the period, respectively

Sony Assurance | Driving Growth of Auto Insurance Market while Maintaining High Profitability

- Sony Assurance currently has the No. 1 market share in direct auto insurance market and is expanding its market share
- Brand recognition from leveraging the Sony brand and a high level of customer satisfaction have enabled profitable pricing, avoiding price competition, and a lower combined ratio than competitors

Direct Auto Insurance Market Size in Japan¹ and Premiums of Each Company¹
(billion yen)

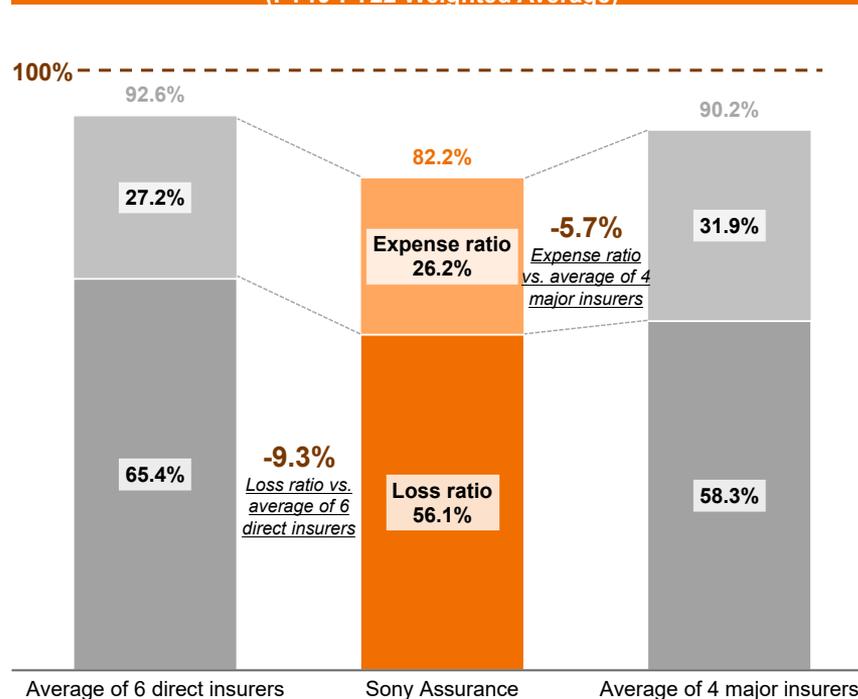


Source: Company filings

Note 1: Calculated by totaling each company's automobile insurance direct premiums written;

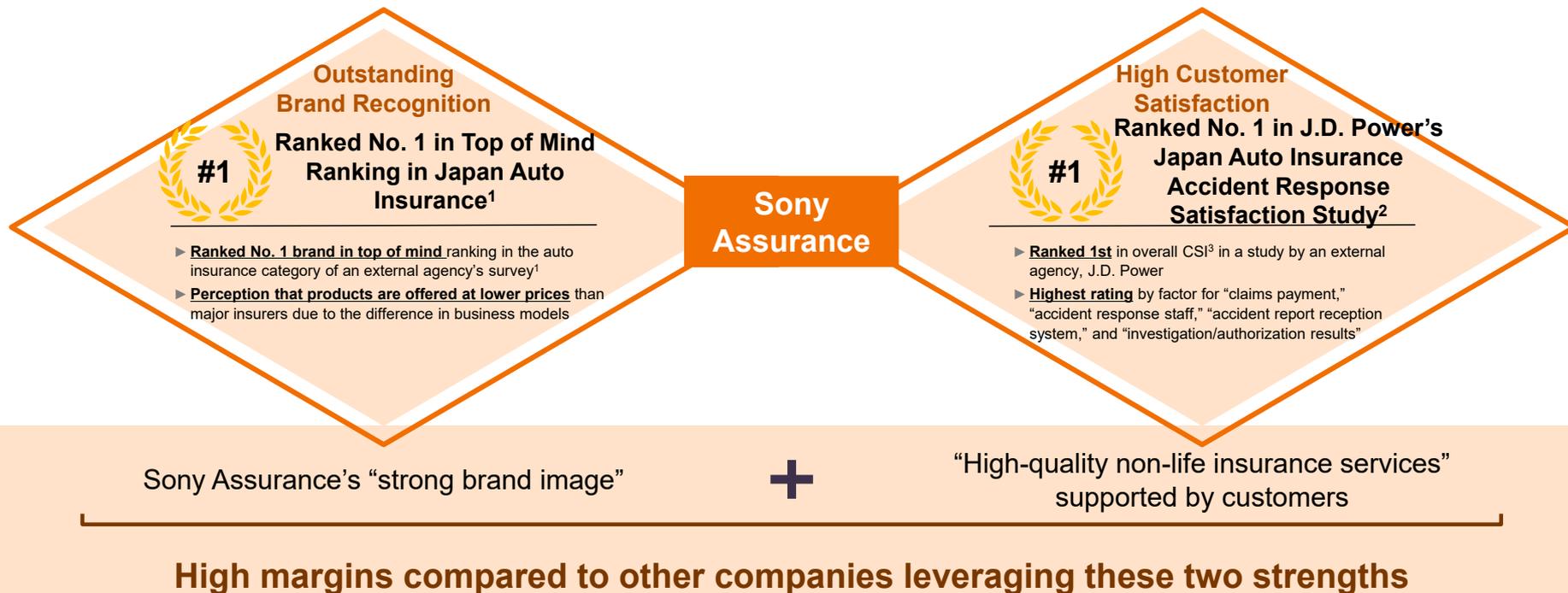
Note 2: Calculated as the proportion of Sony Assurance's direct premiums written of the direct auto insurance market size

Combined Ratio (Auto Insurance - J-GAAP)
(FY19-FY22 Weighted Average)



Sony Assurance | Brand Strength and High-Quality Service Underpinning Profitability of Auto Insurance Business

- Sony Assurance's high brand recognition derived from the Sony brand and high service quality with the No. 1 customer satisfaction rating are sources of its competitive advantage



Note 1: Evoked Set Survey 2022 (conducted February 2022 by Tribal Media House "TMH");

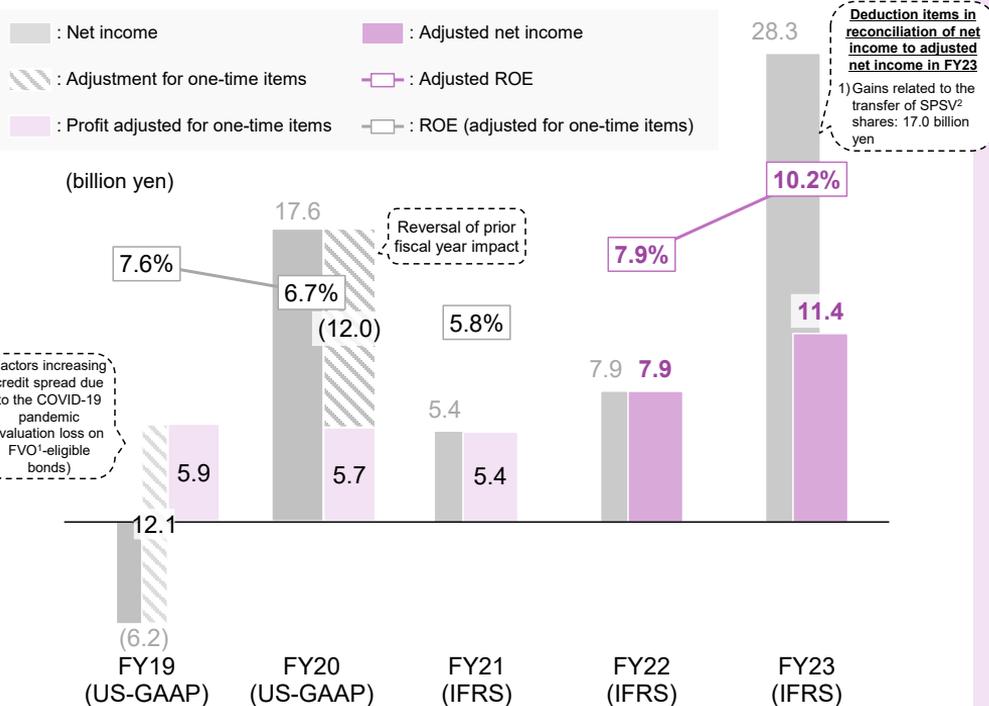
Note 2: J.D. Power 2023 Automobile Insurance Satisfaction Survey. Based on responses from 3,005 individuals who filed a claim within the past 2 years. For more details, visit japan.jdpower.com/awards;

Note 3: Customer Satisfaction Index

Sony Bank | Online Banking with High Customer Satisfaction

- Profits grew steadily and profitability also improved. Achieved No. 1 customer satisfaction rating for mainstay mortgage loans and foreign currency deposits

Net Income and ROE (Non-consolidated)



Customer Satisfaction in Core Businesses

Achieved No. 1 in customer satisfaction in the core business segments of mortgage loans and foreign currency deposits



2023 Oricon Customer Satisfaction® Survey
1st overall in Mortgage Loans



2023 Oricon Customer Satisfaction® Survey
1st overall in Foreign Currency Deposits

Source: Oricon Customer Satisfaction Survey

Note 1: Fair Value Option

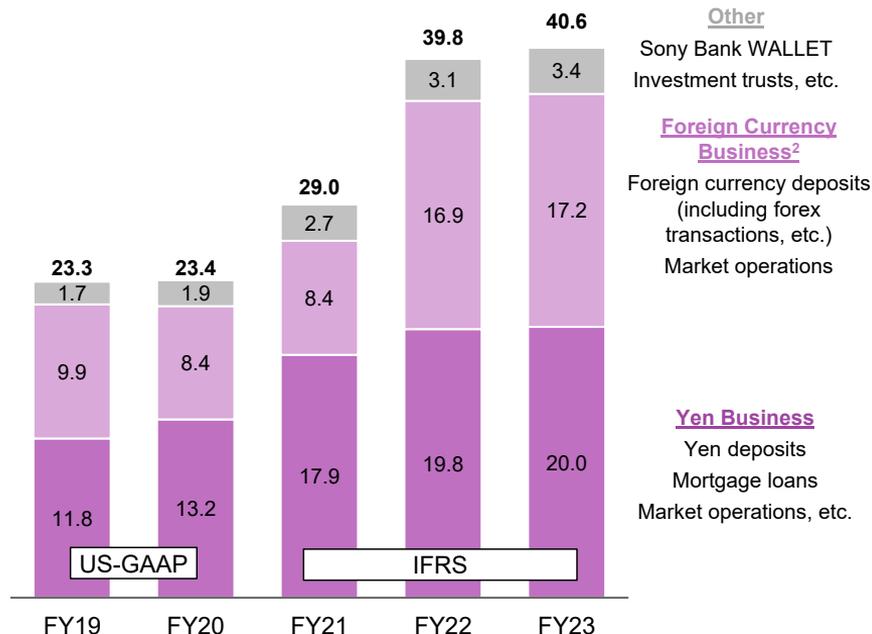
Note 2: Sony Payment Services Inc., the same applies to subsequent pages

Sony Bank | Breakdown of Core Businesses

- Yen business secured stable profit due to a steady increase in the mortgage loan balance amid the persisting low interest rate environment in FY19-FY23
- Foreign currency business increased revenues due to successful asset management in response to rising interest rates in FY21-FY23

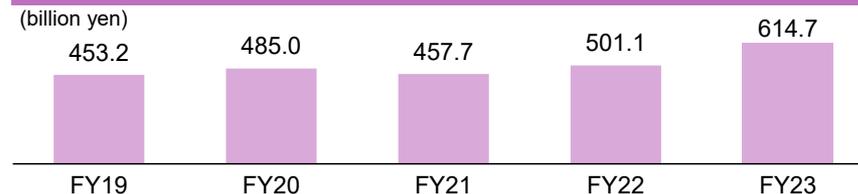
Gross Banking Profit¹ (IFRS, Non-consolidated)

(billion yen)



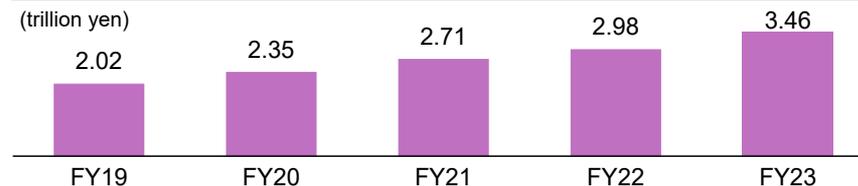
Foreign Currency Deposits² at End of Period (J-GAAP, Non-consolidated)

(billion yen)



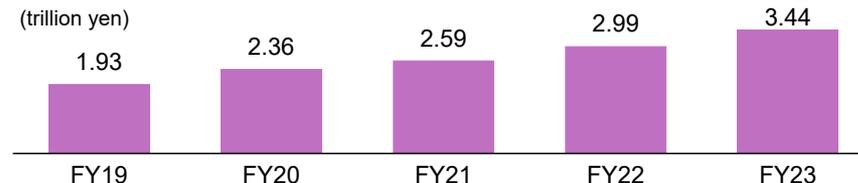
Yen Deposits at End of Period (J-GAAP, Non-consolidated)

(trillion yen)



Mortgage Loan Balance (J-GAAP, Non-consolidated)

(trillion yen)



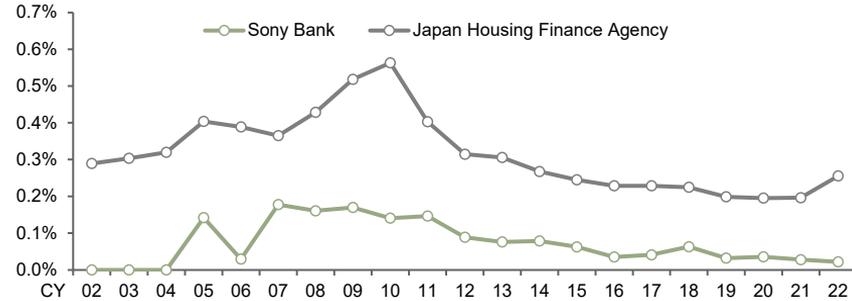
Note 1: Total of net interest income, net fees and commissions, net trading income, and net other operating income;

Note 2: The exchange rate at the end of each fiscal year is used to calculate the yen-denominated amounts

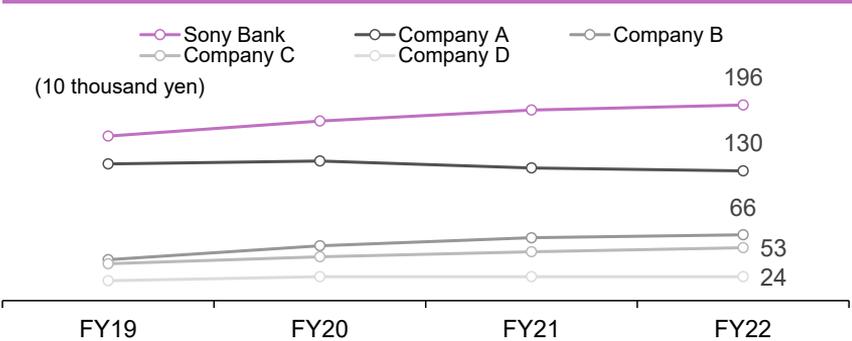
Sony Bank | Strengths of Core Businesses

- Currently, strong customer base for both mortgage loans and yen deposits (evaluated based on factors such as low default rate and high deposit balance per account)
- Foreign currency deposit balances has been steadily increasing, which is leading to the expansion of investment earnings

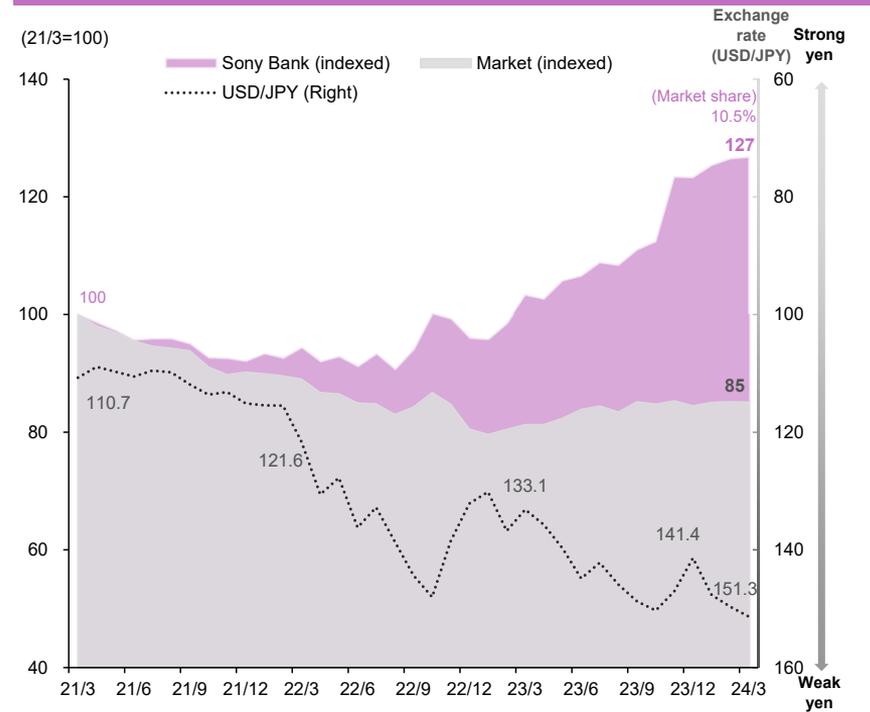
Comparison of Default Rates¹ (based on Percentage of defaulted mortgage loans/ outstanding total)



Deposits Per Account (Sony Bank vs. Competitors)



Foreign Currency Deposit Balance Trend² (Market vs. Sony Bank)



Source: Japan Housing Finance Agency, Company filings, Bank of Japan

Note 1: Uses data from the Japan Housing Finance Agency, including Flat 35, as a benchmark;

Note 2: Describes the balance of personal funds in domestic banks (excluding other financial institutions and self-employed individuals) as overall industry market size, with the balance of Sony Bank indexed to 100 as of March 2021

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Group Highlights

1-1 Stable Profit Growth at Sony Life

1-2 Direct/Online-focused
“Sony Assurance” and “Sony Bank”

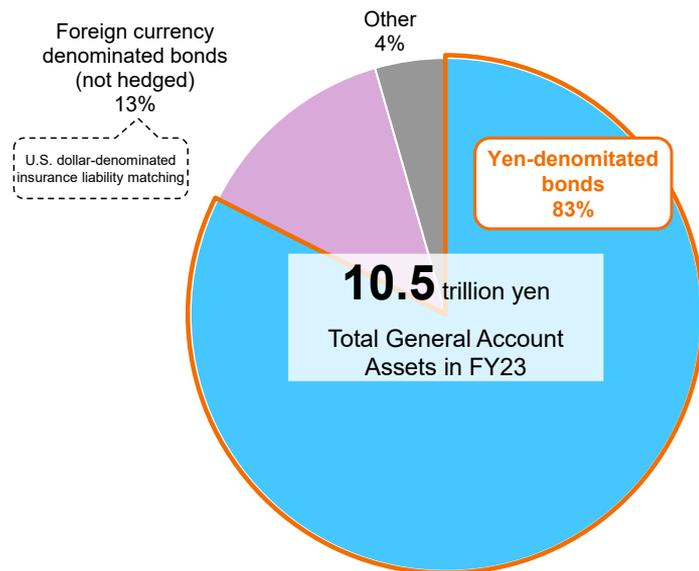
**1-3 Robust Financial Base and Proactive Shareholder
Return Policy**

2 Overview of SFG's Mid-Range Plan

Investment Portfolio of Primarily Bonds based on ALM Strategy

- ALM strategy is being promoted to attempt to maintain an appropriate level of soundness, and the majority of the assets under management are managed conservatively in yen-denominated interest-bearing assets centered on bonds
- The duration gap had been nearly eliminated, but with the recent rise in interest rates, the duration gap has re-emerged

Composition of Sony Life's General Account (IFRS - Non-consolidated)



Management Policy

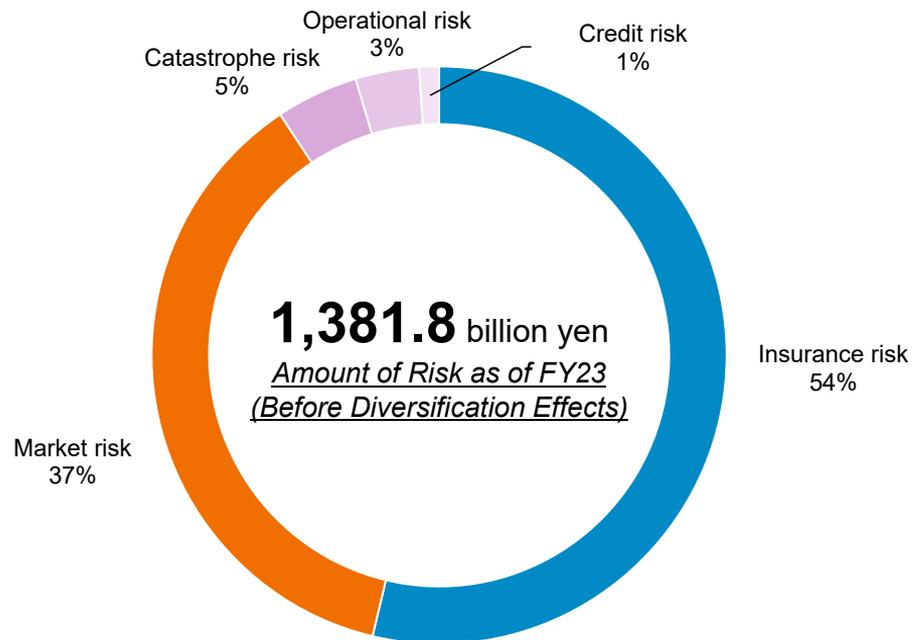
ALM Strategy

- Sony Life has been actively purchasing super-long-term government bonds in light of the characteristics of our liabilities (long insurance periods)
- Sony Life has maintained an appropriate level of soundness based on economic value (ESR) through ALM
- We will aim to create an asset management portfolio which can withstand interest rate volatility

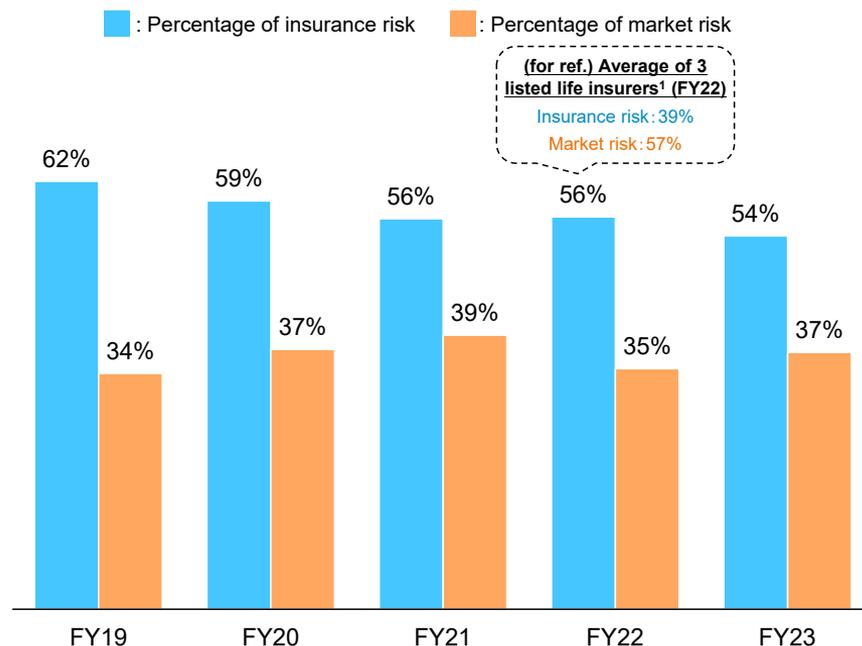
Risk Profile and Risk Reduction Status

- The economic value-based risk profile continues to be centered on insurance risk
- However, due to hedging interest rate risk through the purchase of super long-term bonds during the low-interest-rate environment, the recent rise in interest rates has gradually increased the proportion of market risk

Sony Life | Non-consolidated Economic Value-based Risk Profile
(Before Diversification Effects)



Sony Life | Non-consolidated Insurance Risks and Market Risks
(Before Diversification Effects)

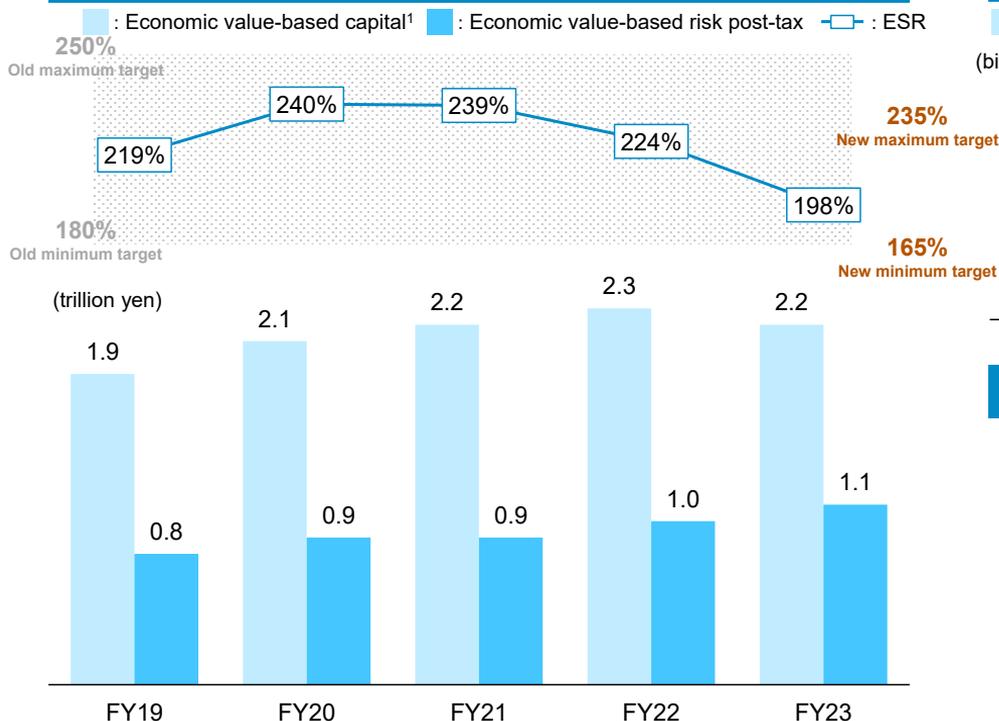


Note 1: The 3 listed life insurers used for comparison are Dai-ichi Life Holdings, Inc., T&D Holdings, Inc., and JAPAN POST INSURANCE Co., Ltd.

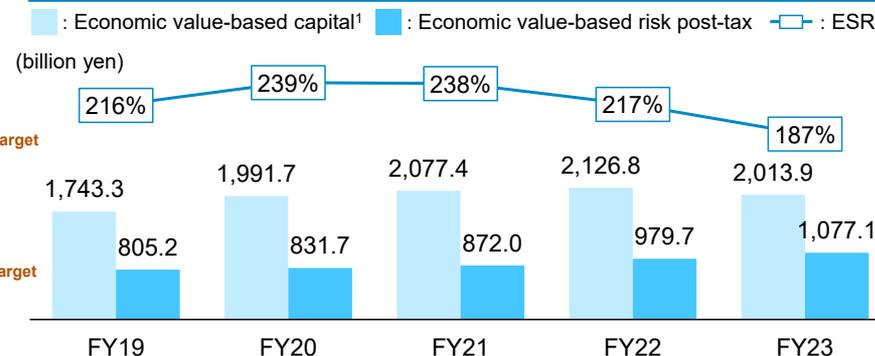
Robust Capital Base

- High level of soundness, with sufficient ESR level even in the scenario of a 50bp interest rate increase
- The high sensitivity of ESR to interest rates is recognized as a metric that needs improvement

Group Consolidated ESR, Capital and Risk



Sony Life Non-Consolidated ESR, Capital and Risk



Sony Life Non-Consolidated ESR Sensitivity (end of FY23)



Note 1: Economic value-based capital is calculated by adding frictional costs to the economic value-based EV. For further details of the economic value-based EV, refer to P.54

Initiatives to Reduce ESR Sensitivity (including those under consideration)

Allowance for New Policies



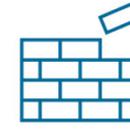
Product Portfolio Transformation

- Aim to promote sales of variable annuities (no minimum guarantee), primarily SOVANI, and term life insurance such as corporate insurance and family income insurance
- Maintain a low level of whole life insurance



Utilization of Flow Reinsurance

- Ceding new policies of U.S. dollar-denominated whole life insurance (level-premium) policies with relatively capital-intensive and liquidity risk due to exchange rate fluctuations (implemented)



Allowance for Blocks of Policies in Force

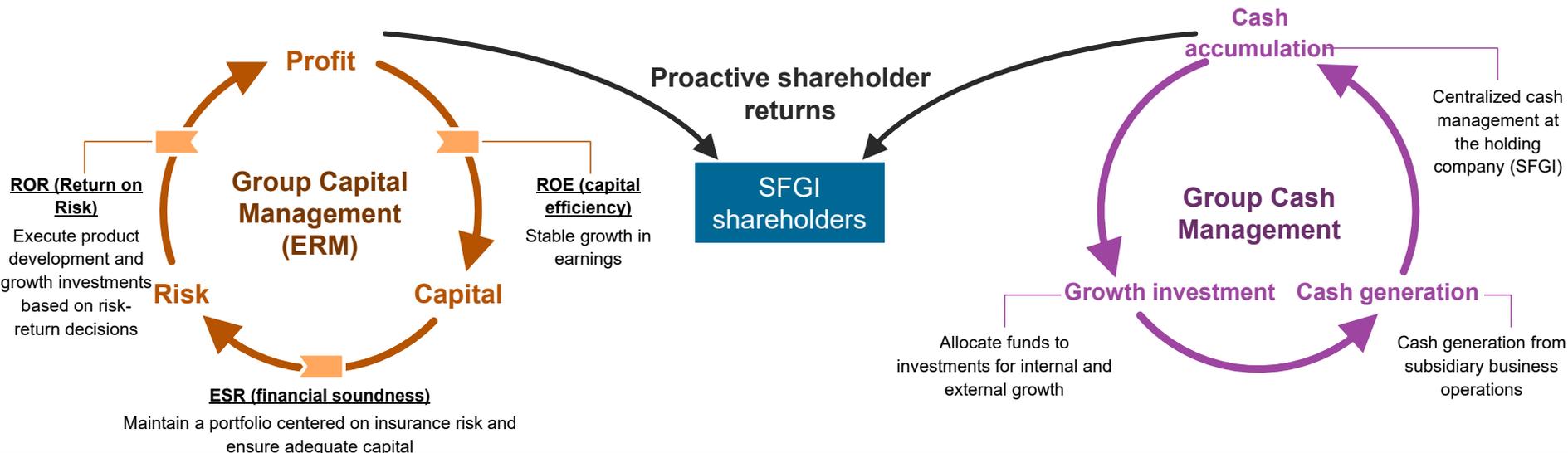
- Consider ceding capital-intensive policies in force
- Aim to promote sophisticated hedging such as shorting bond futures and interest rate swaptions, etc.

ESR Sensitivity Reduction

IFRS profits volatility reduction + capital requirements reduction

Group Capital Strategy

- Aim for stable growth in profits and shareholder returns by achieving both profitability and soundness through cyclical ERM
- Control cash management and optimize capital distribution through the holding company



Shareholder Returns Policy after Listing

Dividend policy of around 40-50% of adjusted net income, aiming for stable increase in dividends per share

1 Group Highlights

2

Mid-Range Plan at a Glance

2-1 Long-term Vision

2-2 Overall Growth Strategy

2-3 Growth of Existing Business **"Exploitation"**

2-4 Cross-group Initiatives for Further Growth **"Exploration"**

In the era of the 100-year lifespan, Live True to Yourself



**Customer-Focused Business
Supporting Your Best Life**



**Sustainably Increase
Corporate Value**

In the era of the 100-year lifespan, Sony Financial Group strives to stay close to you and support your health and financial & emotional well-being throughout your life journey.

Objective

**With the ability to stay close to people
and the power of technology**



To enrich your life through moving experiences



To protect and sustain desired lifestyles



To ensure vibrance for life

We continue to be a supportive presence

1 Group Highlights

2 Mid-Range Plan at a Glance

2-1 Long-term Vision

2-2 Overall Growth Strategy

2-3 Growth of Existing Business "**Exploitation**"

2-4 Cross-group Initiatives for Further Growth "**Exploration**"

Overall Growth Strategy of Mid-Range Plan

- Initiatives based on “Exploitation” and “Exploration” in “Ambidextrous management”
- We aim for sustainable growth of corporate value through further development of existing businesses and cross-group initiatives

Mid-Range Plan (FY24-26)

~ FY30

II "Exploration" Cross-group Initiatives for Further Growth



1 Aim to build continuous touchpoints with the Younger Generation from non-financial to financial interactions

2 Aim to develop the Mass Affluent market centered around *Hoken Seisakusho*

3 Aim for further value delivery to the Pre-seniors and Seniors

SONY

4 Aim to strengthen collaboration with Sony Group

I "Exploitation" Growth of Existing Businesses

Aim to steadily realize organic growth across each businesses of the group

Sony Life Sony Assurance Sony Bank Sony Lifecare Sony Financial Ventures

Aim to strengthen the Management Foundation

Governance

Plan to transition to a company with nominating committee, etc., within this fiscal year

Sustainability

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Sustainable Organic Growth of Sony Life

- Aim to continue enhancing the Lifeplanner productivity (Maintaining high productivity x Expansion of the Lifeplanner team)
- Aim to expand value delivery to Corporates, Mass Affluent, and Pre-seniors and Seniors, in addition to Families, our core customer segment

Enhancement of sales productivity



Strengthen support for Top-tier Lifeplanner sales specialists and Agency supporters

- In the previous mid-range plan, Sony Life focused on enhancing the LP sales productivity. During the current mid-range plan period, Sony Life plans to create an environment that allows top-tier Lifeplanner sales specialists and Agency supporters to dedicate themselves to higher value-added activities

Examples of contemplated strategies include:

- Maintaining high productivity through utilizing digital transformation, etc.
- Significantly improving the efficiency of administrative tasks
- Strengthening strategies for segments such as the corporates
- Enhancing productivity and administrative efficiency for Agency supporter

Customer segment expansion

Corporates Expanding value provided

- **Plans to strengthen areas related to business succession and employee benefits** in addition to the current business security services for corporates

- **Plans to provide security to successor and expand individual insurance** by increasing engagements with business owners on both corporate and personal levels

Seniors Strengthening senior life planning

- **Plans to develop senior life-planning service** using AI
- Plans to introduce **products and services aligning to the needs of seniors**
- Plans to strengthen protections for seniors and support to **implement optimal strategies for wealth accumulation, asset utilization, and inheritance, etc.**

KPI for FY26

In FY26, Sony Life plans to promote the strategy with 4 key KPIs

	FY23	FY26 (Target)
NBV IFRS	261.8 bn yen	Approx. 260.0 bn yen
Adjusted net income	70.5 bn yen	98.0 bn yen
Comprehensive equity ¹ IFRS	2.3 tn yen	2.9 tn yen

Note 1: IFRS comprehensive equity is calculated as the total of the IFRS shareholders' equity and post-tax CSM

Sustainable Organic Growth of Sony Assurance and Sony Bank



1 Auto insurance | Targeting prospective customers

- Strengthen the acquisition of customers from major non-life insurers
 - > Introduce a new service that handles contracts and accident responses at a single point of contact
- Prepare for automotive technological innovation ("Exploration")
 - > Prepare for the development of connected-car insurance

2 Fire insurance | Differentiation from major competitors

- Provide appealing coverage and pricing through advanced risk segmentation
- Leverage know-how developed in auto insurance (efficient direct advertising and a simplified web application process, etc.)

3 Expansion of customer base

- Promote diversification, including the introduction of pet insurance

Direct premiums written

154.7
bn yen

FY23

Combined ratio

87.5%

Loss ratio 61.0% + Expense ratio 26.5%

Adjusted net income

6.8
bn yen

FY26
(Target)

185.0
bn yen

88.5%

Loss ratio 61.6% + Expense ratio 26.9%

9.0
bn yen



1 Mortgage loan | Business structure strengthening

- Advance strategic product, channel, and interest rate strategies to meet diverse housing needs
- Enhance customer satisfaction and productivity through the refinement of operating processes

2 Foreign currency business | Further competitive strengthening

- Strengthen the positioning of Sony Bank as a "Foreign Currency Business" through branding, convenience, and product appeal
- Reinforcement of banking agency services, partnerships with companies in other industries with high actual demands for foreign currency

3 Expansion of the customer base and Life Time Value (LTV)

- Enhance community-based touchpoints with a focus on collaboration with entertainment in addition to traditional life events touchpoints to expand the customer base
- Expand LTV by providing tailored products and services

Mortgage loan balance

3.4
tn yen

FY23

Foreign currency deposits

614.7
bn yen

Number of accounts

1.93mm

Adjusted net income

11.4
bn yen

FY26
(Target)

4.6
tn yen

760.0
bn yen

2.36mm

12.0
bn yen

1 Group Highlights

2

Mid-Range Plan at a Glance

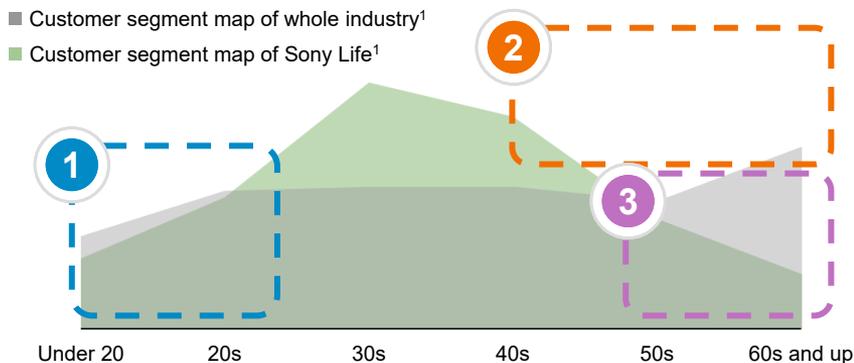
2-1 Long-term Vision

2-2 Overall Growth Strategy

2-3 Growth of Existing Business **"Exploitation"**

2-4 Cross-group Initiatives for Further Growth "Exploration"

We aim to expand our customer base by reaching new segments around **Younger Generation**, **Mass Affluent (corporate owners)**, and **Pre-senior and Seniors** as well as continuing to target Families



Mass Affluent

2 Corporate owners with unique needs

Future value customers with unique needs. High customer acquisition potential that leverage the engagement of top-tier Lifeplanner sales specialists



Younger Generation

1

Future Potential Customer Base

Future Families and strong touch point for new SFG customers



Families

Current Core Segment

Primarily focus on protection-type and asset-building products, Families have been pillars of SFG's customer base since our founding



Pre-seniors and Seniors

3

Opportunities for value provision in transition of the life stage of Families

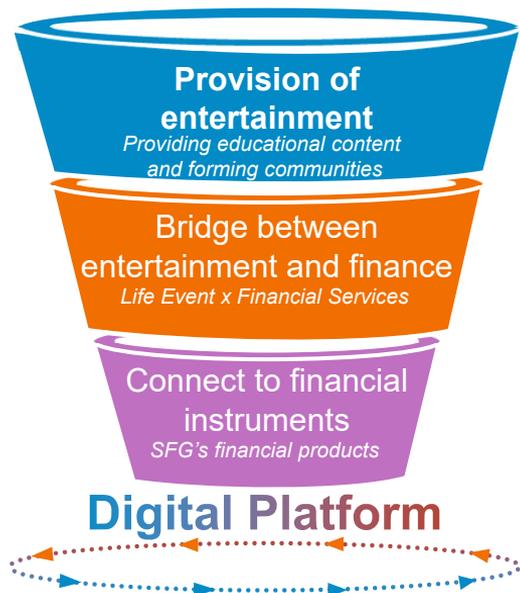
Growth opportunities with transitioning Families to Pre-seniors and Seniors

Strategies and Principles for each Customer Segment (①~③)

- Incorporate into SFG's customer base by adopting an efficient approach for each target customer segment

① Younger Generation

Non-financial contacts with Younger Generation utilizing Sony technology



② Mass Affluent

By expanding *Hoken Seisakusho* with unprecedented functions and roles, we align to the specific needs of customer with Mass Affluent (including wealth management) and acquire new customers

Regional Eco System



③ Pre-seniors and Seniors

Promoting product development and service provision in line with the needs of Pre-seniors and Seniors of 50s and up, aiming not only to acquire new customers, but also to retain Families

Senior Life Planning × GLiP

New products and services for Pre-seniors and Seniors



Rehabilitation support under the concept of "Fun"

Second career support for motivation in life

Real estate brokerage and inheritance support tailored to relocation needs

Aim to further strengthen group collaboration through Brand and Technology

Aim to create a seamless customer experience from non-financial to financial by inter-business collaboration mainly on entertainment

Brand

- Continue to use the Sony brand after partial spin-off
- In addition, aim to further expand brand value through business collaboration with the Sony Group
- Strengthen brands and cultivate a sense of unity of each SFG company by using entertainment and IP



Technology

- Increase personalized value for customers by utilizing Sony Group's technology
 - AI-based Assistant lifeplanner sales specialist
 - Entertainment x Digital Bank (web3 wallet, Security Token, Non-Fungible Token)
 - Efficiency improvement of nursing care operations using data analysis technology

A decorative graphic featuring a light blue horizontal banner with a white ribbon-like tail on the left side. A thin, light brown diagonal line runs from the top-left corner towards the bottom-right corner, passing behind the banner.

Appendix | Sony Financial Group

Directors Skill Matrix

		Experiences and expertise particularly expected of each director ¹						
Directors	Title	Management	Finance	Accounting	Legal, Compliance, and risk management	IT-Digital	Sustainability	Global
Toshihide Endo	 President & CEO, Representative Director	✓	✓	✓	✓		✓	✓
Kazuhiro Yamada	 Senior Managing Director & CFO ²	✓	✓	✓	✓			
Shiro Kambe	 Director	✓			✓		✓	✓
Naomi Matsuoka	 Director	✓	✓	✓	✓		✓	✓
Shogo Ikeuchi	 Director (Outside)	✓	✓			✓	✓	✓
Kazuhiro Yoshizawa	 Director (Outside)	✓		✓		✓	✓	

Note 1: Note that experiences and expertise in these areas are particularly expected of each director and do not represent all the experiences and expertise the directors possess;

Note 2: Scheduled to be appointed on June 20, 2024

Efforts on Compliance Enhancement

Details of Efforts on Compliance Enhancement (Sony Life)

Strengthening of management system for sales representatives



Stricter hiring standards, introduction of head office interviews



Strengthening the system for direct confirmation from the head office to the customer



Introduction of multi-faceted assessments into the qualification and compensation system



Promotion of conservation activities (common conservation) under a two-person system

Strengthening of confirmation of management system for head office and subsidiaries



Introduction of ethics confirmation at the time of hiring



Strengthening subsidiary management and administrative controls (ID, account management, etc.)



Strengthening employee information management



Reinforcement of controls over fund disbursements

Strengthening of governance system / Ethics and mind cultivation



Strengthening communication by top management



Organization structure and monitoring based on the third-line model (enhancement of the compliance officer system, etc.)



Invitation of outside directors (Enhancement of business management system)



Development of code of conduct training, compliance training, etc. (Training and discussion for all employees on misconduct prevention)

Sustainability at Sony Financial Group

In the era of the 100-year lifespan, live true to yourself

Customer-Focused Business Operation

- Thorough Fiduciary Duty
- Deepening Lifeplanner Sales Specialists' Activities



Enhancement of Financial Education

- Lifeplanning Lecture
- Financial Education



Community Contribution

- Community Contribution by Lifeplanner Sales Specialists
- Afforestation Activities
- Synecoculture



People



Employee Empowerment and Engagement

- Human Capital Management
- Human Rights



A Society Where Everybody Shines

- Promotion of Female Advancement in the Workforce
- Inclusive Design

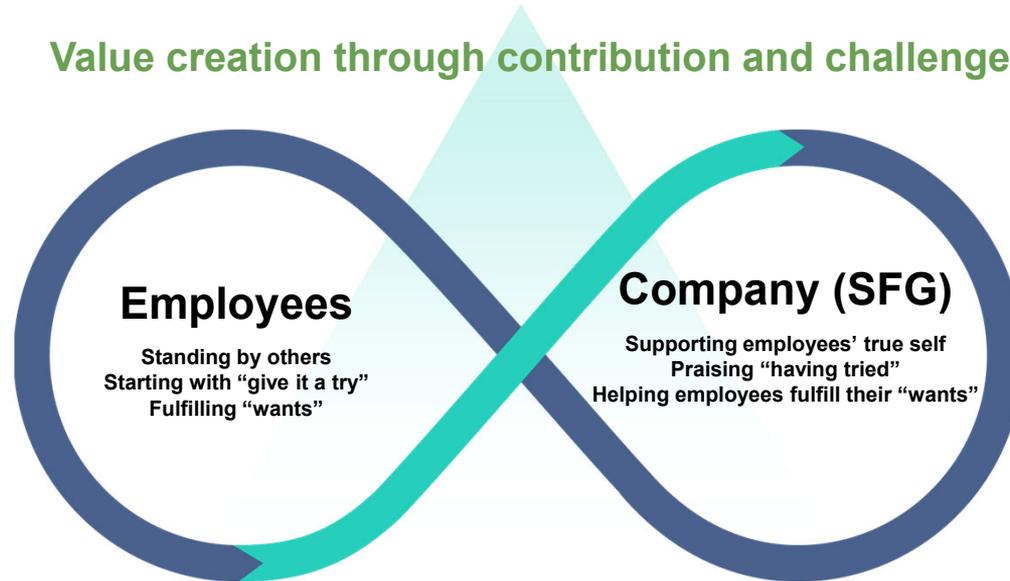
Addressing Climate-Change Issues

- Reduce GHG Emissions
- ESG Investments and Loans



Partnership between employees and SFG

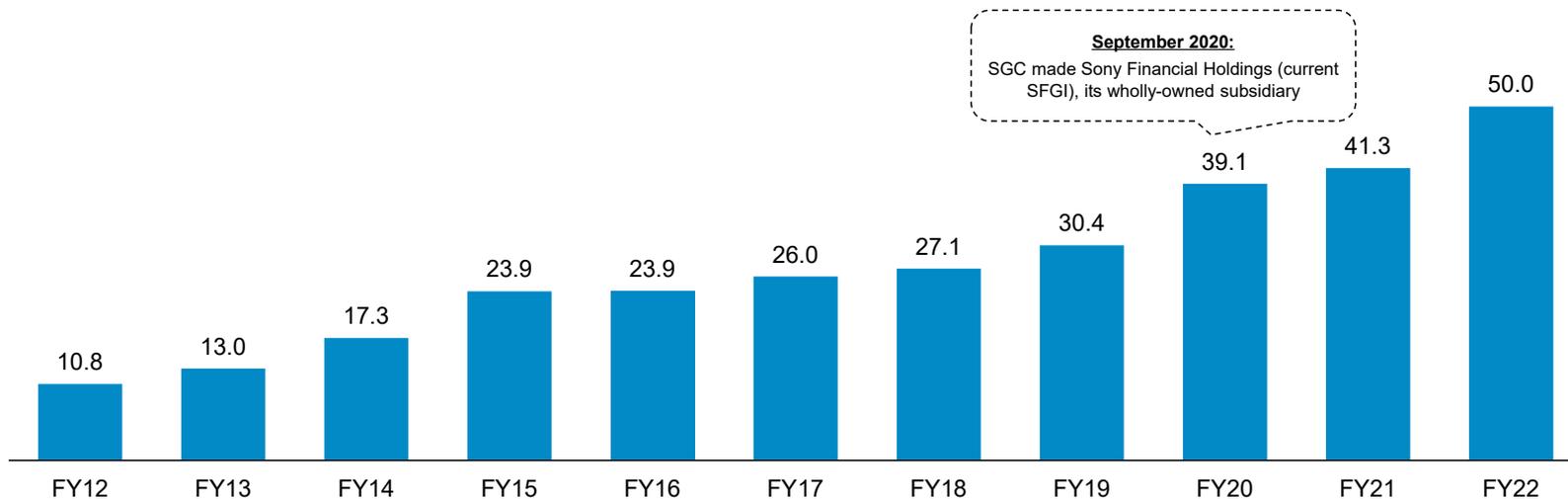
Value creation through contribution and challenge



To realize our Core Concept centered on Kando for life,
employees and SFG enhance each other mutually, delivering exceptional value to customers

Trends of Dividends

(billion yen)



Number of Outstanding Shares excluding Treasury Stock (thousand)	435,000				434,947	434,991	435,025	435,049	435,100		
Dividends per Share (yen)	25.0	30.0	40.0	55.0	55.0	60.0	62.5	70.0	90.0	95.0	115.0

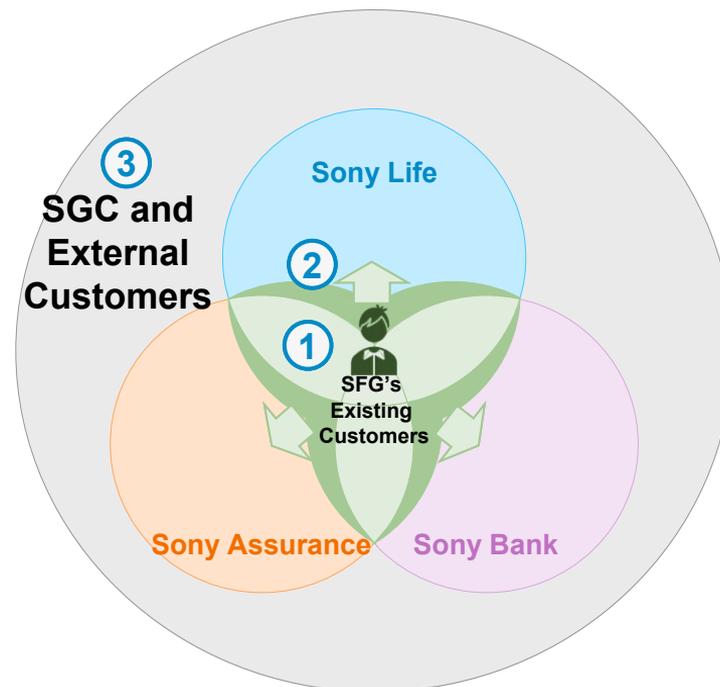
SFG's Customer Data-sharing Base

- To further expand SFG's customer base, we aim to promote mutual customer referrals among SFG companies through a thorough understanding and analysis of multi-contract holders

Steps toward Developing Customer Data-sharing Base

<p>1</p> <p>SFG's Customer Data Sharing</p>	<p>Share customer data across SFG companies, enabling the visualization of customer information for smooth referrals</p>
<p>2</p> <p>Mutual Customer Referrals Among SFG Companies</p>	<p>Based on our customer profile, we aim to increase the number of customers using services from multiple SFG companies by testing hypotheses related to explicit and latent needs</p>
<p>3</p> <p>Approach to SGC and External Customers</p>	<p>Based on a deeper understanding of SFG customers, we will attempt to appeal to previously untapped customers, aiming to expand the customer base</p>

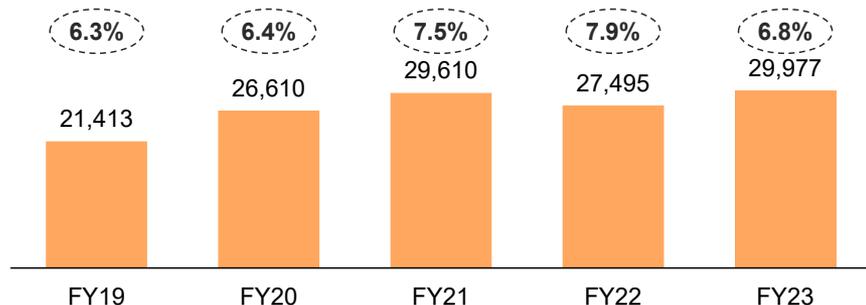
Vision for SFG Customer Data-sharing Base



Synergies through Collaboration within SFG

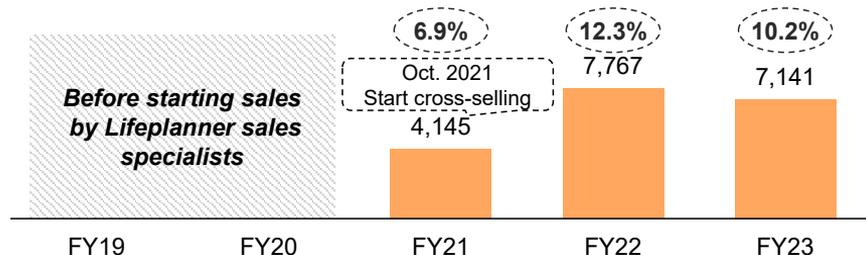
Number of Auto Insurance Sales by Lifeplanner sales specialists (signed contract basis)

○: Percentage of the number of auto insurance sales by Lifeplanner sales specialists out of the total number of auto insurance sales



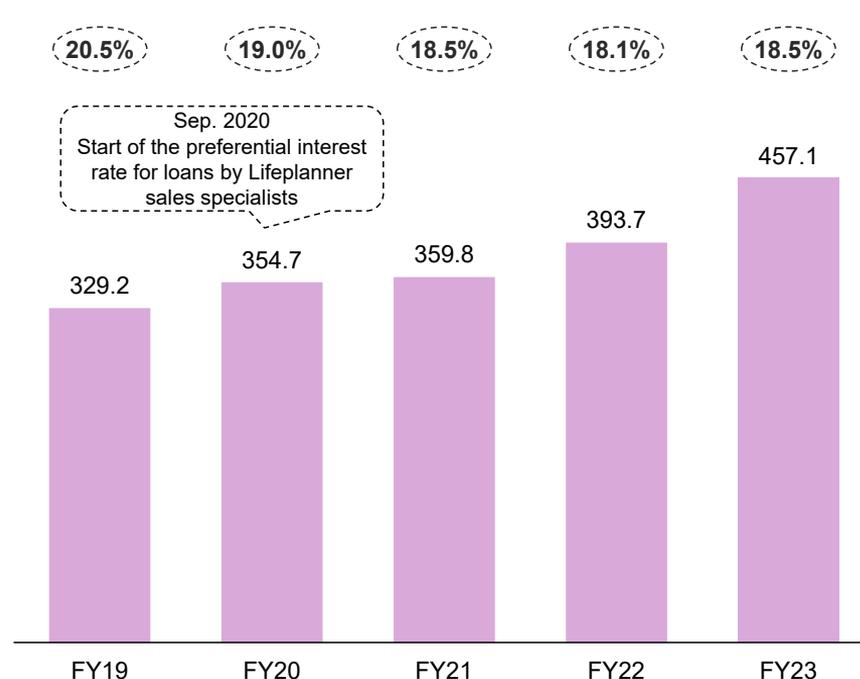
Number of Fire Insurance Sales by Lifeplanner sales specialists (signed contract basis)

○: Percentage of the number of fire insurance sales by Lifeplanner sales specialists out of the total number of fire insurance sales



Mortgage Loan Balance by Lifeplanner sales specialists (billion yen)

○: Percentage of the mortgage loan balance by Lifeplanner sales specialists out of the total mortgage loan balance¹

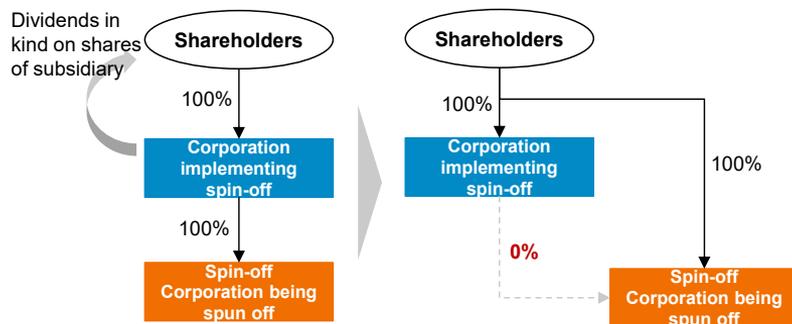


Note 1: Calculated as the mortgage loan balance by Lifeplanner sales specialists divided by the total mortgage loan balance excluding loans for investment property

Overview of Temporary Special Treatment in Japan for Partial Spin-Offs

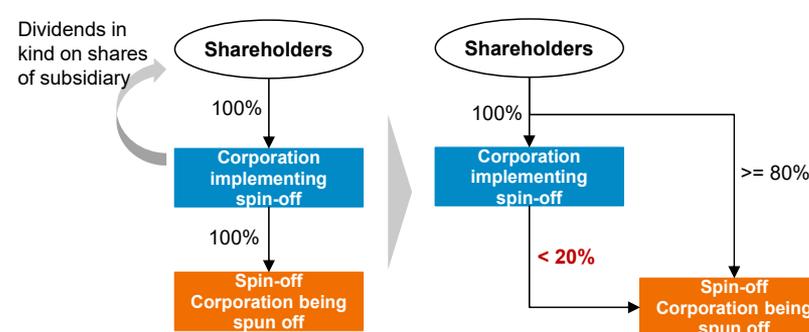
In a spin-off in which a portion of the equity interest (less than 20%) of the corporation being spun off remains in the corporation implementing the spin-off (partial spin-off), a special treatment to defer taxation on shareholders and the corporation implementing the spin-off if certain requirements are met has been introduced in Japan for a limited period of one year from April 1, 2023, to March 31, 2024. (This special treatment was extended to a total period of five years until March 2028 under the 2024 Japanese tax reform)

Existing Tax-qualified Spin-off Regime



- Originally, tax deferral was allowed only when the corporation implementing the spin-off distributed all of the shares of the wholly owned subsidiary being spun off as dividends in kind
- If the qualifying requirements are met, the shareholders who receive the dividends in kind are not subject to taxation on deemed dividend, and the corporation implementing the spin-off does not recognize any gain or loss from the transfer of the shares of the corporation being spun off, or incur any taxation
- However, even though more than five years have passed since the regime was introduced in 2017, only a single transaction using the regime has been observed (The example is the spin-off of Curves by Koshidaka in 2020)

Temporary Special Treatment (April 1, 2023 - March 31, 2028)



- In the case of a carve-out from a large company, there is a practical need to facilitate a gradual business separation by retaining a partial capital relationship (wishing to continue to use the brand and systems for a certain period of time), but under the previous regime, such a transaction would not qualify and would be subject to taxation
- Under this special measure, the taxation of shareholders and the corporation implementing the spin-off is deferred even in the case of a spin-off in which less than 20% of the shares of the wholly owned subsidiary being spun off are retained by the corporation implementing the spin-off (partial spin-off)
- This temporary measure was originally planned to be in effect for one year from April 2023 to March 2024 under the 2023 Japanese tax reform, but was extended to a total of five years until March 2028 under the 2024 Japanese tax reform

Tax Qualification Requirements for Partial Spin-Offs (Under the 2023 Japanese tax reform)

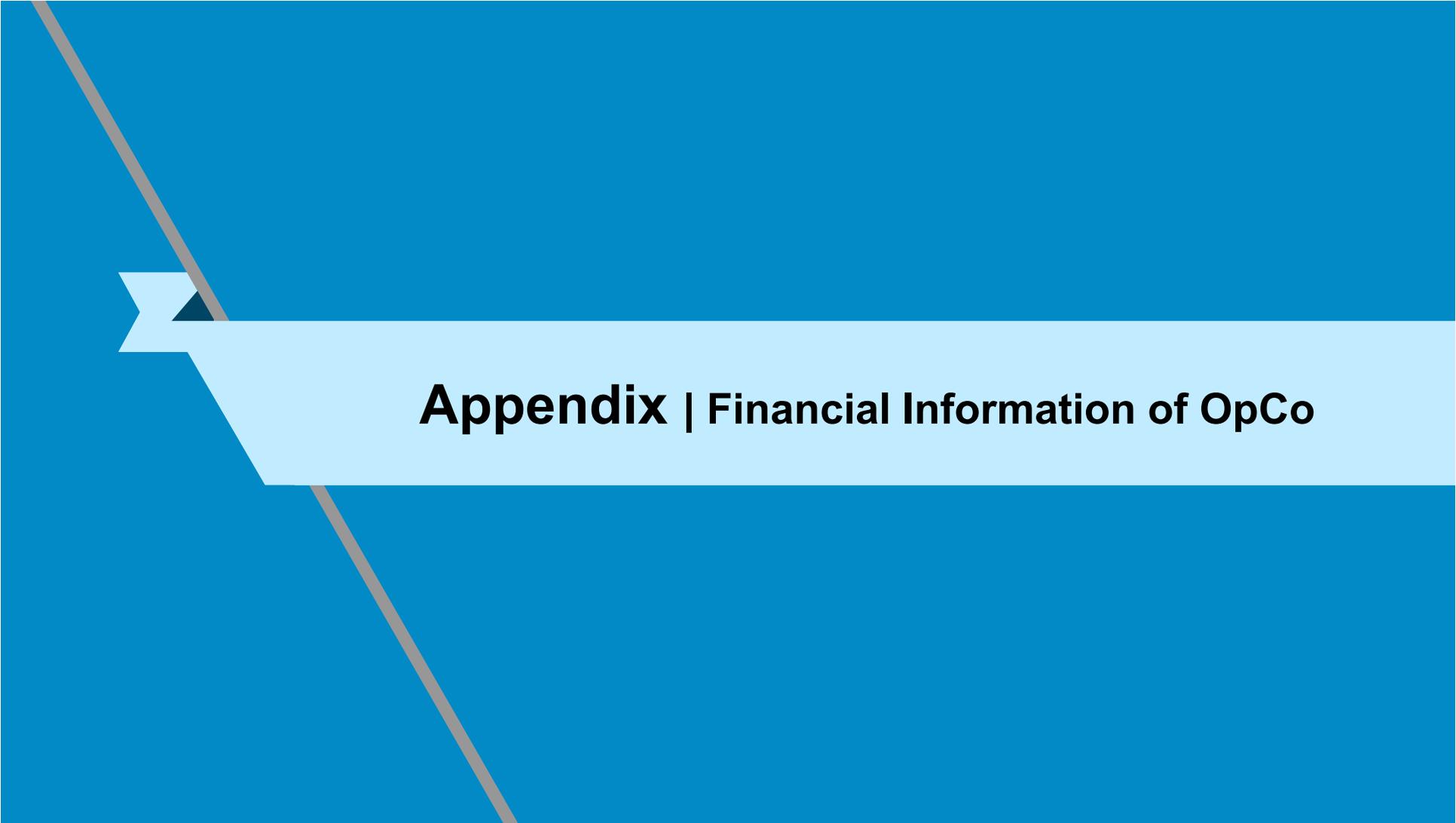
A partial spin-off in which the corporation implementing the spin-off retains a portion (less than 20%) of its interest in its wholly owned subsidiary being spun off is tax-qualified if it meets the below listed requirements. In a tax-qualified spin-off, no taxation on deemed dividends is imposed on the shareholders of the corporation implementing the spin-off upon the distribution in kind of the shares of the corporation being spun off, and the corporation implementing the spin-off is not subject to gain or loss tax on the transfer of the shares of the corporation being spun off, enabling tax to be deferred.

Underlined sections indicate the differences from a 100% spin-off.

<u>Business reorganization plan approval requirement</u>	<ul style="list-style-type: none"> • <u>The dividend in kind must be paid as a specified dividend of surplus by a corporation implementing a spin-off that has obtained approval for its business restructuring plan under the Act on Strengthening Industrial Competitiveness during the period from April 1, 2023 to March 31, 2024.¹</u>
Wholly owned subsidiary requirement	<ul style="list-style-type: none"> • The corporation being spun off must be a wholly owned subsidiary of the corporation implementing the spin-off.
<u>Distribution requirement</u>	<ul style="list-style-type: none"> • <u>The number of shares of the corporation being spun off held by the corporation implementing the spin-off immediately after the distribution of shares must be less than 20% of the total number of shares issued and outstanding.</u>
Proportionate share delivery requirement	<ul style="list-style-type: none"> • Shares of the corporation being spun off must be delivered through distribution of shares in proportion to the shareholding ratio of the shareholders of the corporation implementing the spin-off.
<u>Employee succession requirement</u>	<ul style="list-style-type: none"> • Approximately 90% of the employees of the corporation being spun off immediately prior to the spin-off must be expected to continue to be engaged in its business.
Non-controlling interest requirement	<ul style="list-style-type: none"> • The corporation implementing the spin-off must not be controlled by any other person immediately prior to the share distribution, and the corporation being spun off must not be expected to be controlled by any other person after the share distribution.
Core business succession requirement	<ul style="list-style-type: none"> • The main business of the corporation being spun off must be expected to continue to be carried out.
Succession of specified officers requirement	<ul style="list-style-type: none"> • Not all of the specified officers of the corporation being spun off prior to the share distribution will retire as a result of the share distribution.
<u>Stock acquisition rights requirement</u>	<ul style="list-style-type: none"> • <u>Requirements such as stock acquisition rights being granted or expected to be granted to specified officers of the corporation being spun off must be satisfied.</u>

Source: Nagashima Ohno & Tsunematsu Newsletter, January 2023, "Introduction of Tax-qualified Partial Spin-off: Based on the FY23 Tax Reform Proposal"

Note 1: The tax qualification requirements for partial spin-offs changed under the 2024 tax reform but this spin-off which received approval of its corporate restructuring plan before March 31, 2024 is based on the tax qualification requirements of the 2023 Japanese tax reform

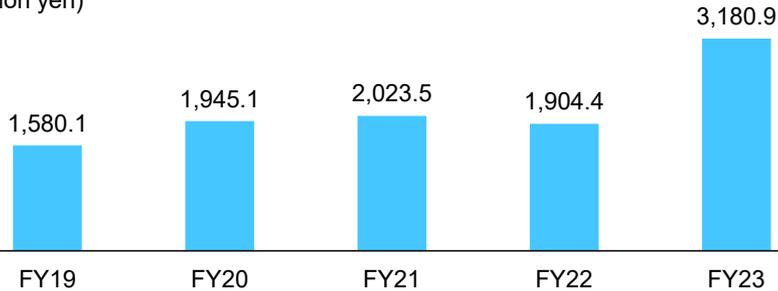


Appendix | Financial Information of OpCo

Overview of Sony Life: Profit Indicators, Lapse and Surrender Rates, and Operating Expense Rates

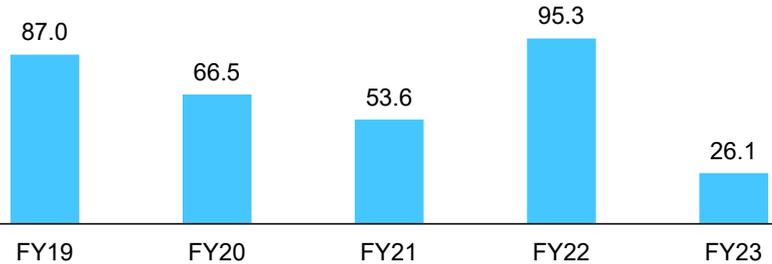
Ordinary revenues

(billion yen)

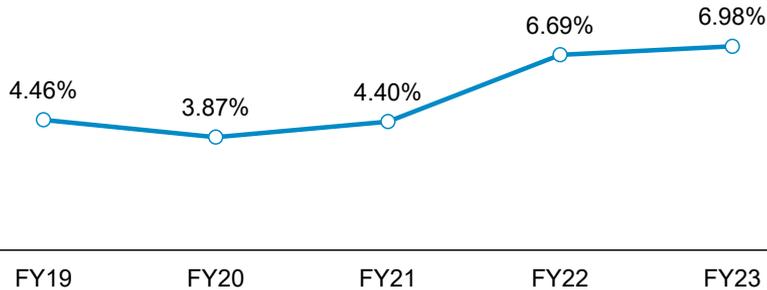


Ordinary profit

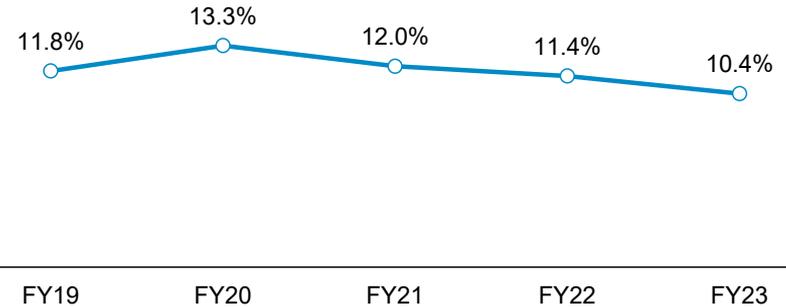
(billion yen)



Lapse and Surrender Rates (based on Policy Amounts)



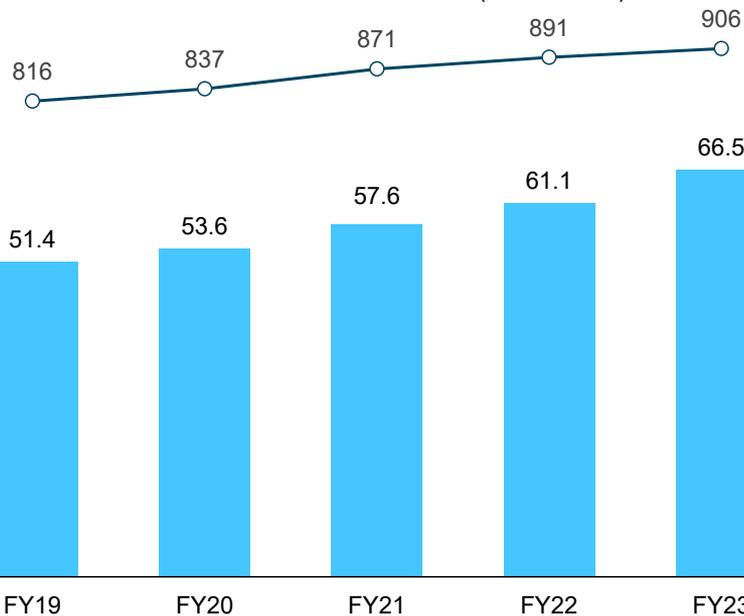
Operating Expense Rates (vs. Premium Written)



Overview of Sony Life: Policies in Force

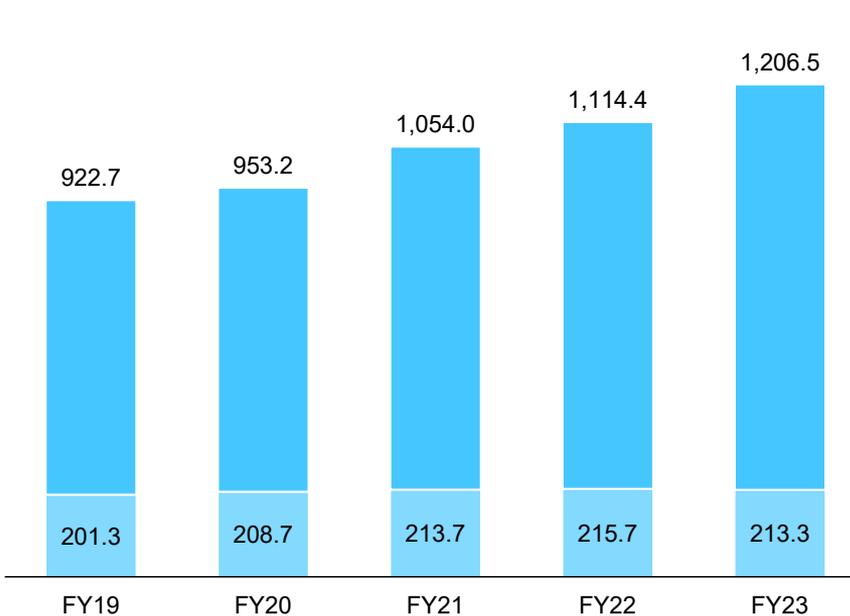
Amount of Policies in Force and Number of Policies in Force¹

- Amount of Policies in Force (trillion yen)
- Number of Policies in Force (10 thousand)



Annualized Premiums from Policies in Force¹

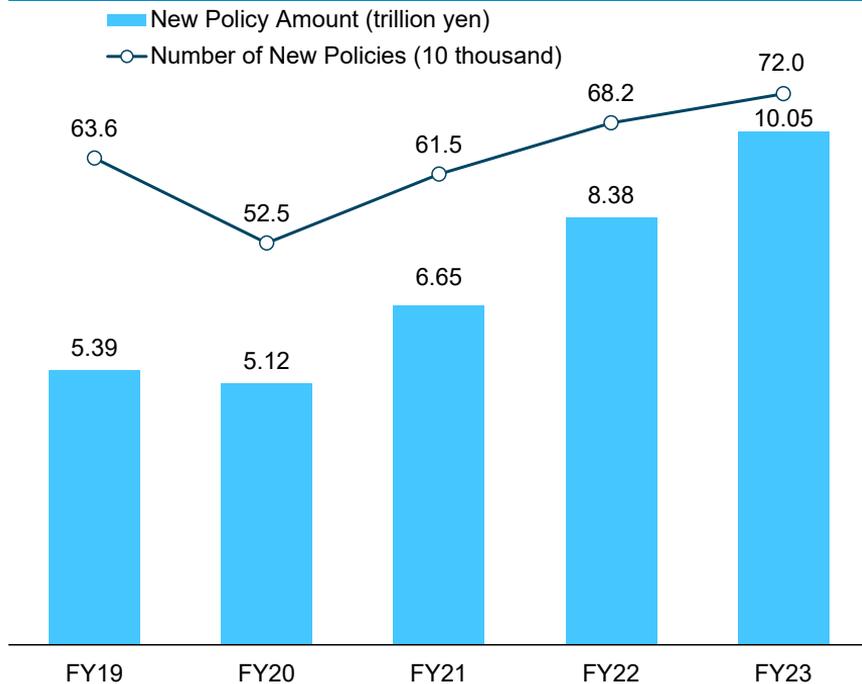
- Annualized Premiums from Policies in Force
- Third Sector



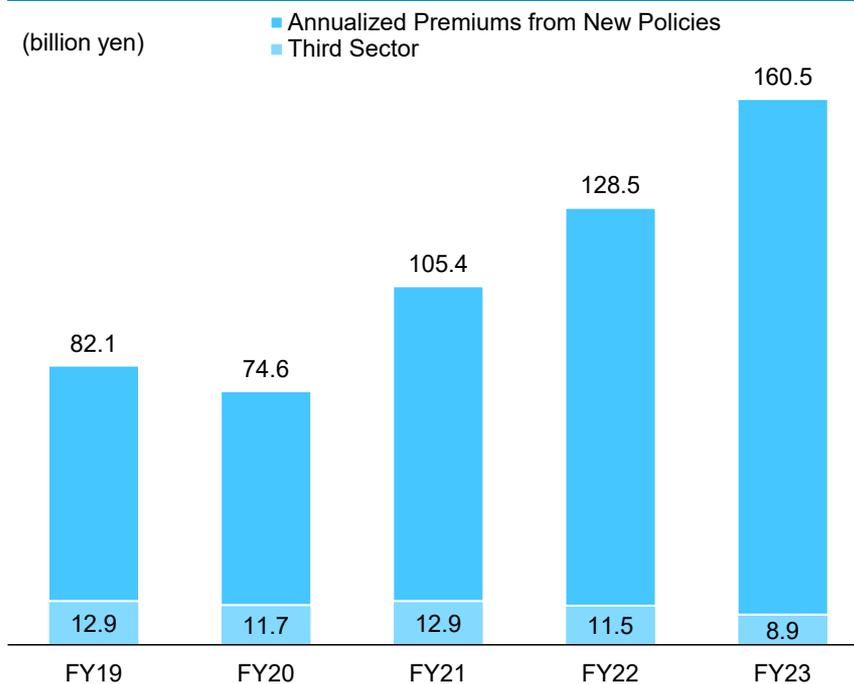
Note 1: The total of individual life insurance, individual annuities and group life insurance

Overview of Sony Life: New Policies

New Policy Amount and Number of New Policies¹



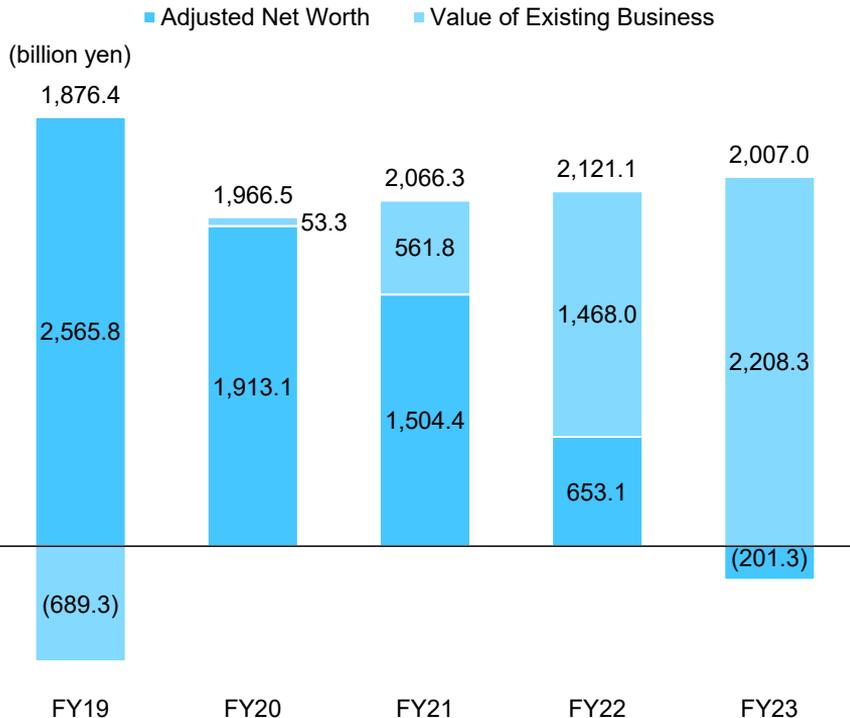
Annualized Premiums from New Policies¹



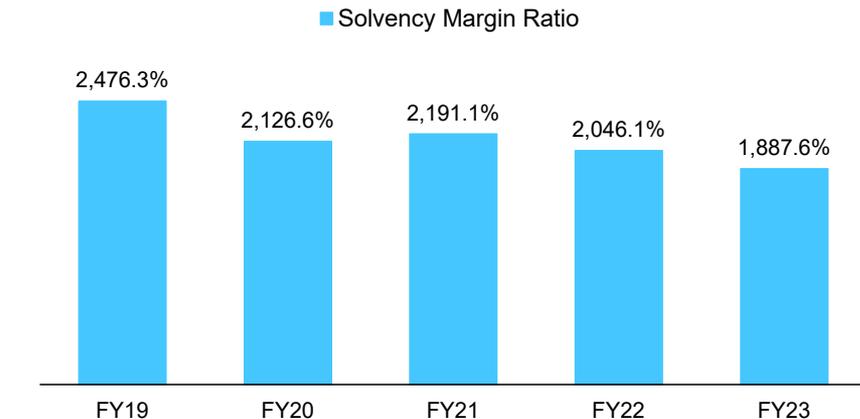
Note 1: The total of individual life insurance, individual annuities and group life insurance

Overview of Sony Life: Financial Base

Economic Value-based Embedded Value¹



Solvency Margin Ratio (J-GAAP)



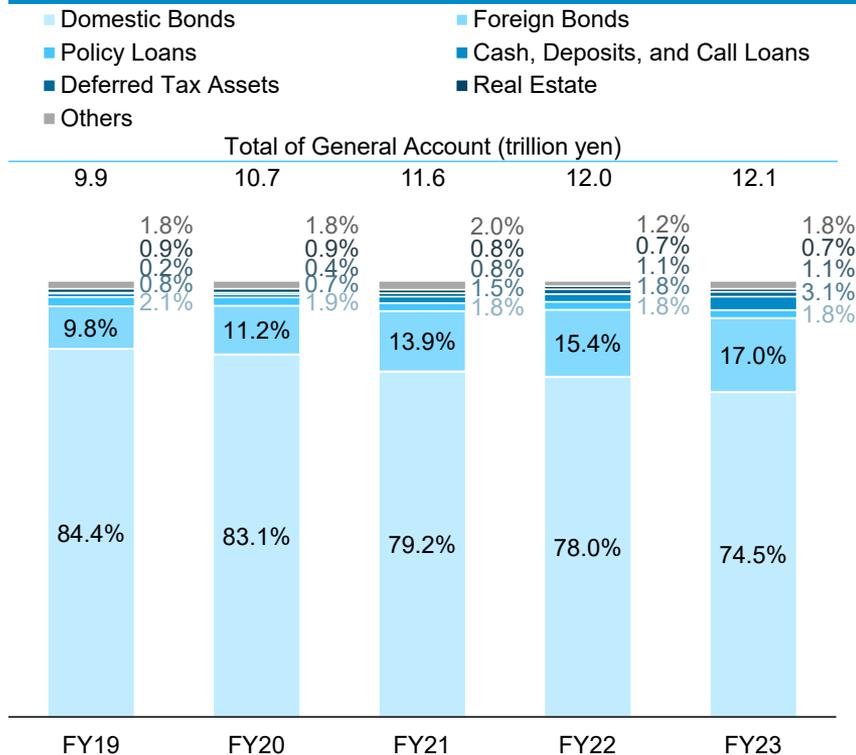
Credit Rating²



Note 1: The calculation method used for economic value-based EV is the same as the method used for MCEV Sony Life previously disclosed. For further details of such calculation method, refer to Result of Sony Life's MCEV as of Mar. 31, 2024 (Japanese version only)
 Note 2: As of February 8, 2024

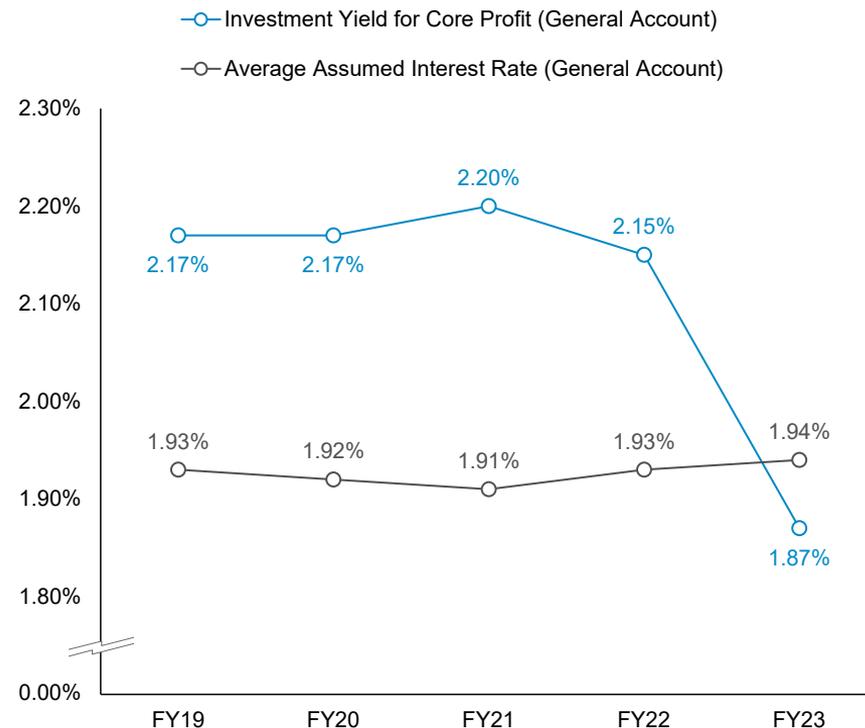
Overview of Sony Life: Investment Profile

Breakdown of General Account Assets¹



Note 1: Book value basis

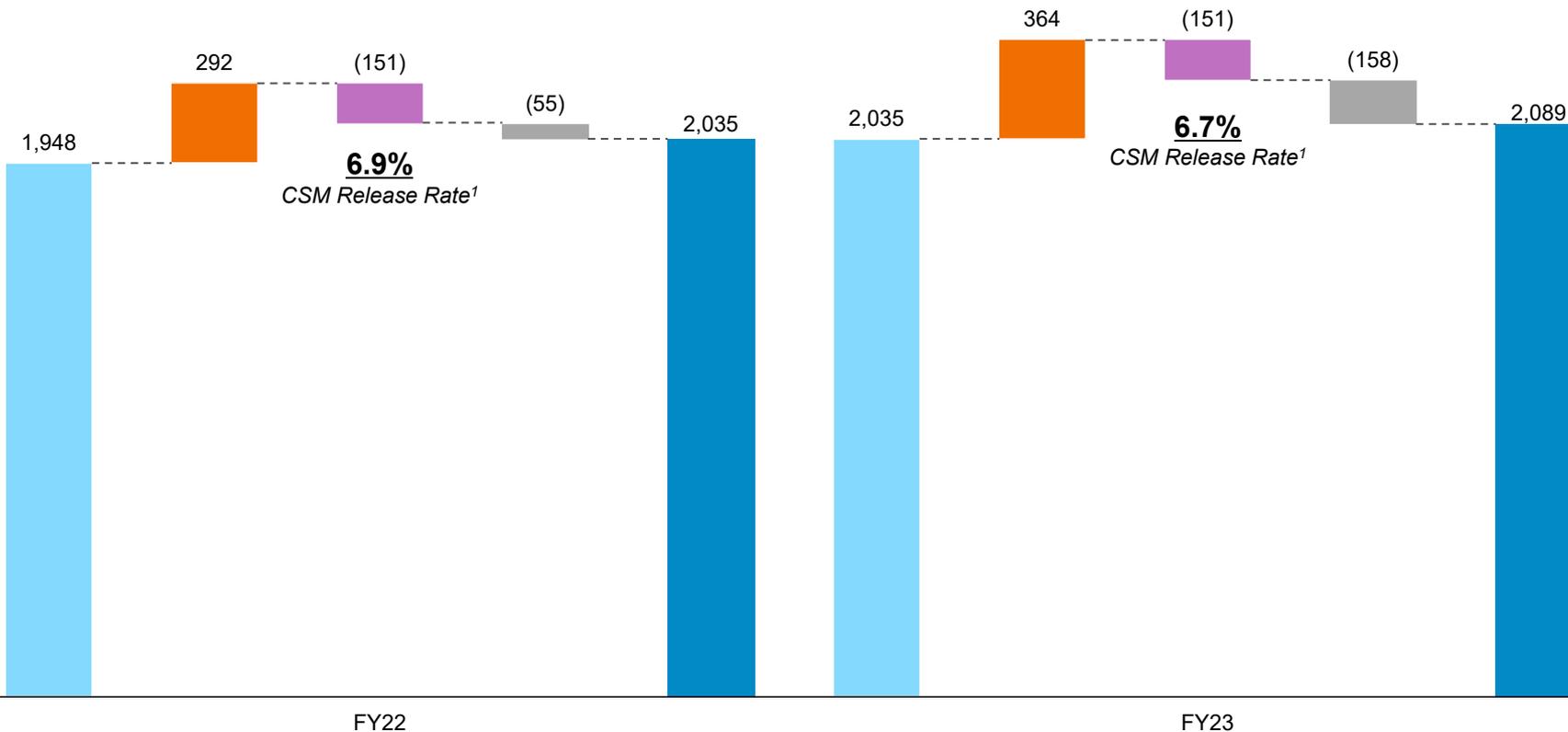
Investment Yield and Average Assumed Interest Rate



Breakdown of Sony Life's Pre-tax CSM Movement

(billion yen)

■ Opening CSM Balance ■ New Business CSM ■ CSM Release ■ Other ■ Closing CSM balance

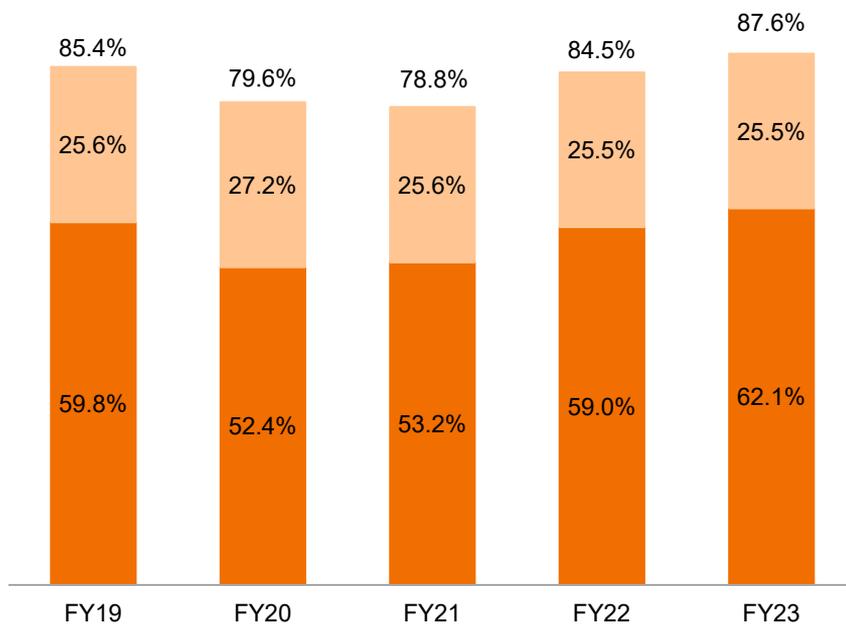


Note 1: The CSM release rate is calculated by dividing (i) CSM Release for the fiscal year by (ii) the CSM balance just before release (the sum of the opening CSM balance, the new business CSM balance for the fiscal year, and Other for the fiscal year)

Overview of Sony Assurance: Auto insurance

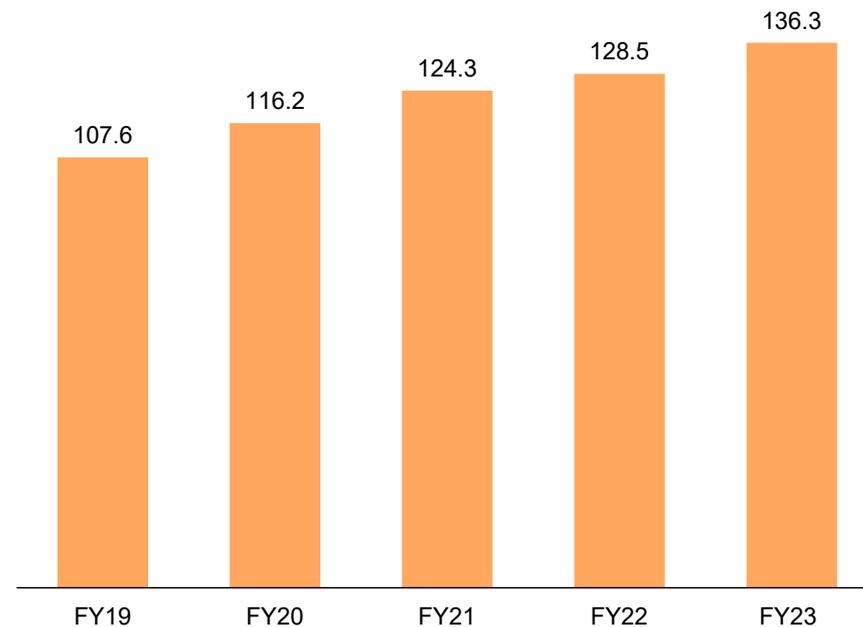
Combined Ratio

Loss ratio Expense ratio



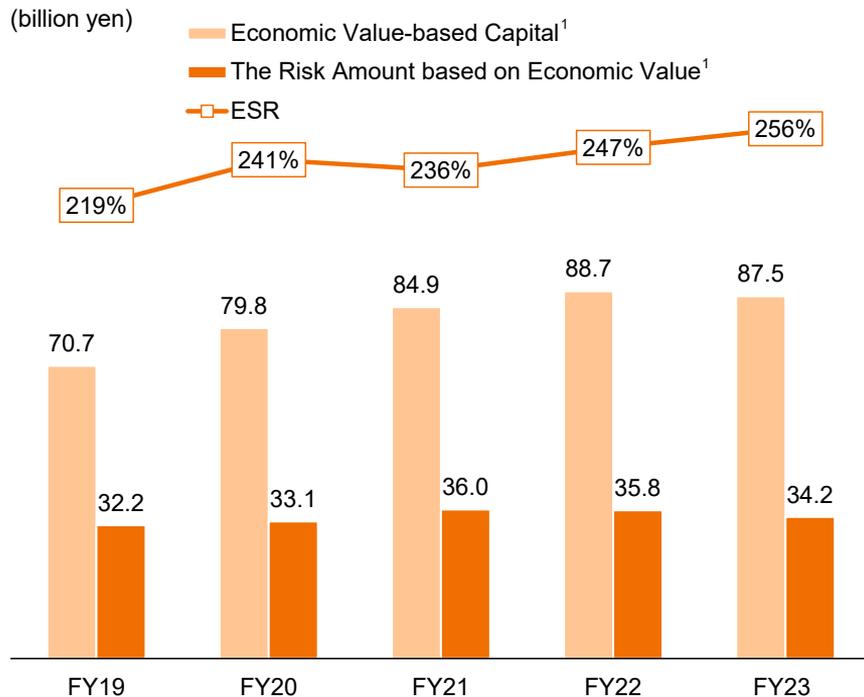
Direct Premiums Written

(billion yen)

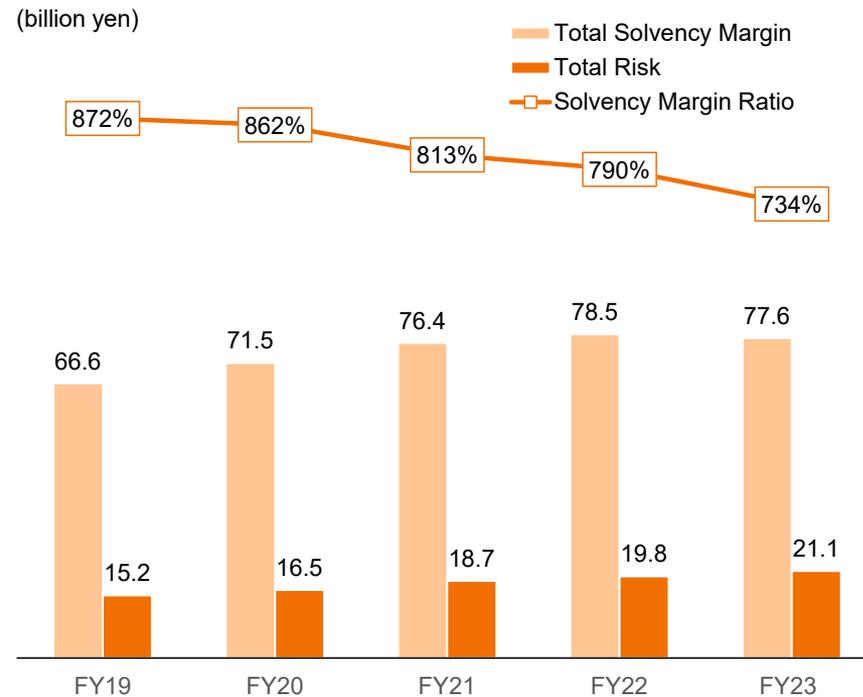


Overview of Sony Assurance: Financial base

Non-consolidated ESR



Non-consolidated Solvency Margin Ratio

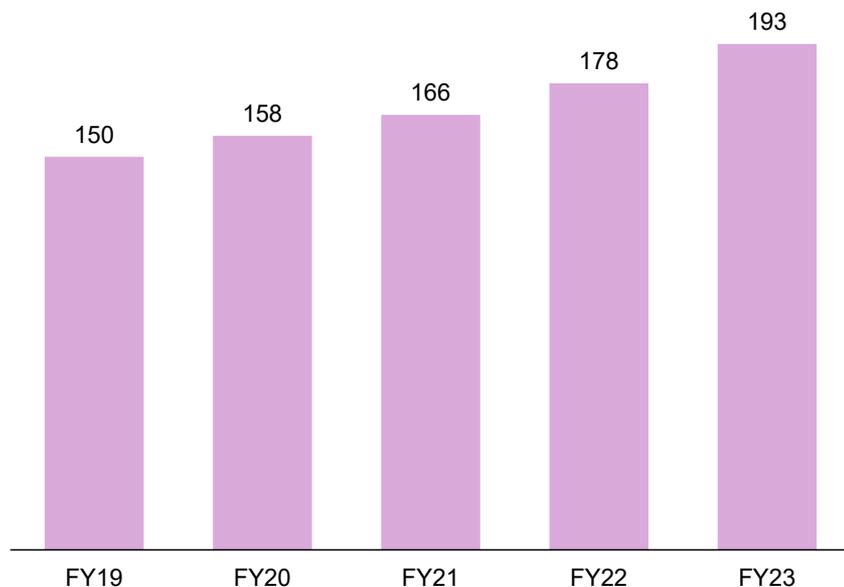


Note 1: Note that the measurement of Sony Assurance's capital and the risk amount based on economic value of Sony Assurance have no third-party validation of the calculation process or results

Overview of Sony Bank: Number of Accounts, Balance of Deposits

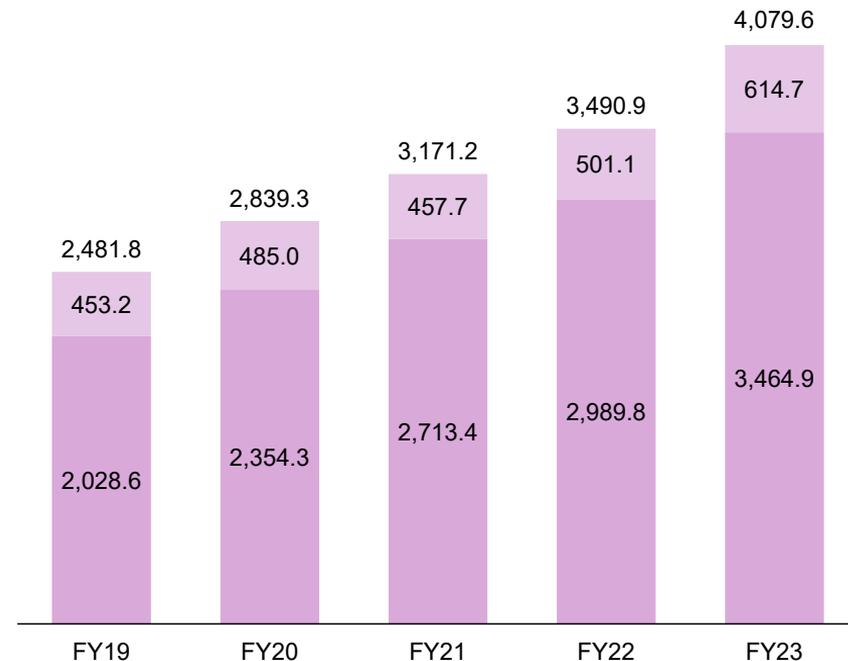
Number of Accounts

(10 thousand)



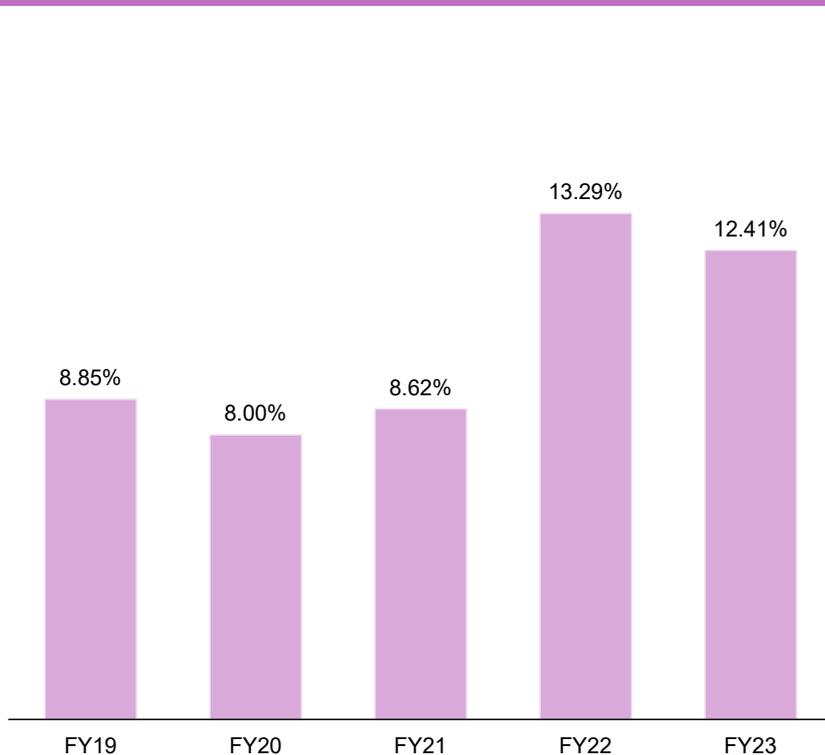
Balance of Deposits

(billion yen)



Overview of Sony Bank: Core Capital

Capital Adequacy Ratio (Non-consolidated)



FY23 Capital Adequacy Details (Non-consolidated)

	Mar. 2024
(million yen)	
1 Directly issued qualifying common stock or preferred stock mandatorily convertible into common stock capital plus related capital surplus and retained earnings	144,838
2 of which: capital and capital surplus	67,000
3 of which: retained earnings	83,355
4 Core capital: instruments and reserves (A)	144,839
5 Total intangible assets (net of related tax liability, excluding those relating to mortgage servicing rights)	7,534
6 of which: other intangibles other than goodwill and mortgage servicing rights	7,534
7 Shortfall of eligible provisions to expected losses	1,514
8 Core capital: regulatory adjustments (B)	9,048
9 Core capital ((A)-(B)) (C)	135,790
10 Credit risk weighted assets	628,680
11 Amount equivalent to operational risk × 12.5	93,370
12 Floor adjustment	371,703
13 Total amount of risk weighted assets (D)	1,093,755
14 Capital adequacy ratio ((C)/(D))	12.41%
15 Non-consolidated total amount of risk weighted assets	1,093,755
Non-consolidated total required capital (Japanese Domestic Standard)	43,750
16 Standard (Total amount of risk weighted assets × 4%)	43,750

Sony Life Communications “Hoken Seisakusho” Overview

Business Overview

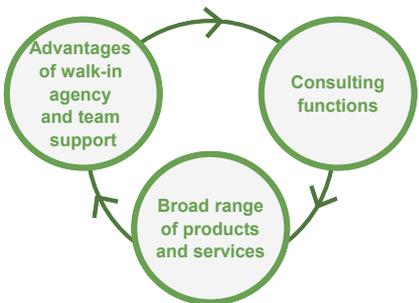
- Agencies (Life insurance, Non-life insurance)
- Operation of New Experience-Based Branches “Hoken Seisakusho”
- Planning and Operation of Seminars

Branch Development

- 10 Branches in Major Cities in Japan
 - Sapporo, Sendai, Tokyo, Yokohama, Nagoya, Kyoto, Osaka, Kobe, Hiroshima, Fukuoka

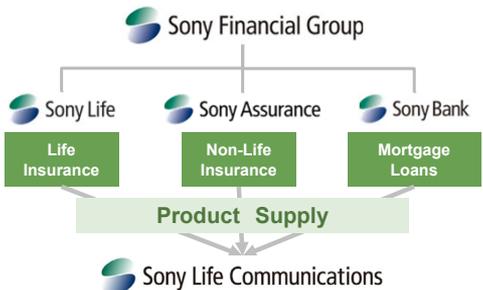
Characteristics

Lifepanner x Agency



Walk-in Agency
Serviced by a Lifepanner Team

Product Supply



Supply Products from
Each Subsidiary of SFG

Premium Retail Space



Offer Services That Utilize
Premium Retail Space

Sony Lifecare (Nursing Care Business) Overview

“Sony Lifecare” (HoldCo) and “Lifecare Design” (OpCo) / “Proud Life” (OpCo)

- Operating 44 facilities with a total of 2,487 rooms, serving upper-middle-class and volume-class elderly residents

(as of March 31, 2024)



Nursing care business HoldCo

- Established in April 2014 following a company split from current SFGI
- Engages in the management of nursing care operations
- Total Group Employee: 1,493

100%



Operates nursing homes under the brand “Hanakotoba”

- SLC acquired a stake in Lifecare Design in May 2015; became a wholly-owned subsidiary in August 2017
- Manages 33 homes for Volume-class elderly residents
- Sales (FY23): 9.2 billion yen (IFRS)



Hanakotoba at Tsurumiterao

100%



Operates nursing homes under two brands “Sonare” and “Pia Heart”

- Became a wholly-owned subsidiary of SLC upon its establishment in 2014 after being acquired by SFH (current SFGI) in 2013
- Manages 11 homes for Upper-middle~middle class elderly residents
- Sales (FY23): 5.7 billion yen (IFRS)



Sonare at Fudomae



Appendix | Financial Statement

Overview of SFGI: Financial Statement (IFRS)

Consolidated Balance Sheets

(million yen)			(million yen)		
Assets	FY22	FY23	Liabilities and Equity	FY22	FY23
Current assets:			Current liabilities:		
Cash and cash equivalents	756,493	913,815	Short-term borrowings	1,891,856	1,802,337
Investments and advances in the Financial Services segment	328,358	398,153	Trade and other payables	77,703	61,153
Trade and other receivables, and contract assets	127,413	127,016	Deposits from customers in the banking business	3,163,237	3,670,567
Other financial assets	47,044	57,254	Income taxes payables	15,213	10,050
Other current assets	16,029	50,487	Other financial liabilities	77,605	77,523
Total current assets	1,275,337	1,546,725	Other current liabilities	194,174	209,555
Non-current assets:			Non-current liabilities:		
Investments accounted for using the equity method	-	4,905	Long-term debt	663,353	703,106
Investments and advances in the Financial Services segment	18,237,761	18,939,794	Defined benefit liabilities	37,183	39,284
Property, plant and equipment	15,316	14,162	Deferred tax liabilities	60,554	36,368
Right-of-use assets	84,023	76,288	Insurance contract liabilities	12,364,973	12,931,995
Goodwill and intangible assets, including content assets	78,197	77,323	Other financial liabilities	175,026	214,414
Deferred tax assets	2,687	-	Other non-current liabilities	7,225	7,607
Other financial assets	46,941	52,882	Total non-current liabilities	13,308,314	13,932,774
Other non-current assets	172,565	165,049	Total liabilities	18,728,102	19,763,959
Total non-current assets	18,637,490	19,330,403	Stockholders' equity of Financial Services	1,180,905	1,113,169
Total assets	19,912,827	20,877,128	Noncontrolling interests	3,820	-
			Total equity	1,184,725	1,113,169
			Total liabilities and equity	19,912,827	20,877,128

Consolidated Statements of Income

(million yen)		
	FY22	FY23
Financial services revenue	889,082	1,769,954
Financial services expenses	575,111	1,615,594
Other operating (income) expense, net	(4,147)	(19,271)
Total costs and expenses	570,964	1,596,323
Share of profit (loss) of investments accounted for using the equity method	-	(55)
Operating income	318,118	173,576
Income before income taxes	318,118	173,576
Income taxes	89,897	49,063
Net income	228,221	124,513
Net income of Financial Services	227,849	123,986
Net income attributable to noncontrolling interests	372	527

SFGI: Financial Statement (J-GAAP)

Consolidated Balance Sheets

(million yen)			(million yen)		
Assets	FY22	FY23	Liabilities	FY22	FY23
Cash and due from banks	696,193	824,905	Policy reserves and others	13,446,823	15,072,758
Call loans and bills bought	60,300	88,909	Reserve for outstanding claims	98,739	111,180
Monetary claims purchased	19,727	12,669	Policy reserves	13,344,833	14,958,281
Money held in trust	58,712	63,285	Reserve for policyholders' dividends	3,251	3,296
Securities	15,413,310	16,801,560	Due to agencies	2,731	3,464
Loans	3,222,226	3,682,002	Due to reinsurers	4,778	4,976
Tangible fixed assets	104,633	102,649	Deposits	3,306,981	3,845,606
Land	56,428	56,428	Call money and bills sold	264,637	209,410
Buildings	25,885	25,561	Payables under repurchase agreements	791,777	938,854
Leased assets	19,523	18,591	Payable under securities lending transactions	765,874	566,039
Construction in progress	14	33	Borrowed money	408,039	467,716
Other tangible fixed assets	2,781	2,034	Foreign exchanges	1,401	1,781
Intangible fixed assets	68,488	67,772	Bonds payable	60,000	70,000
Software	65,408	64,888	Other liabilities	216,546	195,519
Goodwill	3,037	2,857	Reserve for employees' bonuses	5,384	5,461
Leased assets	2	2	Net defined benefit liability	36,268	38,402
Other intangible fixed assets	40	25	Reserve under the special laws	63,562	67,622
Due from reinsurers	2,382	2,476	Reserve for price fluctuations	63,562	67,622
Foreign exchanges	6,315	2,327	Liabilities arising from the application of the equity method	-	2,139
Other assets	216,565	270,279	Total liabilities	19,374,806	21,489,753
Net defined benefit asset	7,142	9,836	Net Assets		
Deferred tax assets	145,424	156,755	Shareholders' equity		
Reserve for possible loan losses	(1,660)	(1,669)	Common stock	20,029	20,029
Total Assets	20,019,761	22,083,761	Capital surplus	191,259	191,259
			Retained earnings	461,805	452,945
			Total shareholders' equity	673,094	664,234
			Accumulated other comprehensive income		
			Net unrealized gains (losses) on available-for-sale securities, net of taxes	(32,027)	(70,773)
			Net deferred gains (losses) on hedging instruments, net of taxes	321	286
			Land revaluation, net of taxes	(2,720)	(2,720)
			Remeasurements of defined benefit plans, net of taxes	2,429	2,981
			Total accumulated other comprehensive income	(31,997)	(70,226)
			Non-controlling interests	3,858	-
			Total Net Assets	644,955	594,008
			Total Liabilities and Net Assets	20,019,761	22,083,761

SFGI: Financial Statement (J-GAAP)

Consolidated Statements of Income

(million yen)	FY22	FY23	(million yen)	FY22	FY23	(million yen)	FY22	FY23
Ordinary Revenues	2,137,696	3,450,300	Ordinary Expenses	2,015,325	3,395,941	Ordinary Expenses from Banking Business	56,475	80,568
Ordinary Revenues from the Life Insurance Business	1,900,978	3,177,936	Ordinary Expenses from the Life Insurance Business	1,809,876	3,155,749	Interest expenses	10,769	29,565
Income from insurance premiums	1,471,912	1,742,430	Insurance claims and other payments	911,723	1,054,636	Interest expenses on deposits	8,523	23,909
Insurance premiums	1,464,765	1,733,823	Insurance claims	130,829	134,384	Interest expenses on call money and bills sold	214	299
Ceded reinsurance commissions	7,146	8,606	Annuity payments	18,822	19,836	Interest on payables under repurchases agreements	1,937	5,254
Investment income	368,142	1,375,590	Insurance benefits	238,363	231,612	Loss on redemption of securities	0	—
Interest income and dividends	227,426	229,540	Surrender payments	503,425	652,696	Interest on borrowed money	0	0
Income from money held in trust, net	0	0	Other payments	12,256	9,049	Interest expenses on bonds	15	6
Gains on trading securities, net	642	2,388	Reinsurance premiums	8,027	7,055	Other interest expenses	78	95
Gains on sale of securities	7,006	17,290	Provision for policy reserves and others	626,892	1,612,051	Fees and commissions	13,679	16,667
Gain on redemption of securities	12	3	Provision for reserve for outstanding claims	2,374	7,736	Other operating expenses	4,506	2,080
Gains on derivatives, net	5,088	—	Provision for policy reserves	624,518	1,604,314	General and administrative expenses	27,045	31,768
Foreign exchange gains, net	97,877	169,875	Interest portion of reserve for policyholders' dividends	0	0	Other ordinary expenses	474	486
Other investment income	74	1,626	Investment expenses	24,602	221,902	Other	15,088	15,391
Gains on separate accounts, net	30,014	954,865	Interest expenses	17,756	41,467	Other ordinary expenses	15,088	15,391
Other ordinary income	60,923	59,915	Losses on sale of securities	1,994	44,650	Ordinary Profit	122,370	54,358
Ordinary Revenues from the Non-life Insurance Business	145,188	152,082	Losses on valuation of securities	604	1,817	Extraordinary Gains	50,055	13,502
Underwriting income	143,866	150,670	Loss on redemption of securities	0	19	National subsidies	173	134
Net premiums written	143,760	150,540	Losses on derivatives, net	—	128,182	Gains on disposal of fixed assets	27,789	—
Interest and dividends on deposits of premiums	106	129	Provision for reserve for possible loan losses	15	48	Gains on sale of affiliated company shares	—	13,367
Investment income	1,264	1,363	Depreciation of real estate for rent and others	1,109	1,040	Recovery of funds related to unauthorized withdrawal	22,093	—
Interest income and dividends	1,371	1,480	Other investment expenses	3,120	4,678	Extraordinary Losses	4,837	4,716
Gains on sale of securities	—	12	Operating expenses	169,250	182,182	Losses on disposal of fixed assets	508	179
Transfer to interest and dividends on deposits of premiums	(106)	(129)	Other ordinary expenses	77,407	84,977	Impairment losses	58	92
Other ordinary income	57	48	Ordinary Expenses from the Non-life Insurance Business	133,884	144,231	Provision for reserve under the special laws	3,882	4,059
Ordinary Revenues from the Banking business	79,017	105,288	Underwriting expenses	98,313	106,662	Provision for reserve for price fluctuations	3,882	4,059
Interest income	53,775	77,895	Net losses paid	73,419	81,339	Impairment loss on real estate	—	38
Interest income on loans	26,942	31,419	Loss adjustment expenses	10,086	10,421	Other extraordinary losses	387	346
Interest income and dividends on securities	23,661	38,420	Net commission and brokerage fees	1,174	1,061	Provision for Reserve for Policyholders' Dividends	1,550	2,452
Interest income on call loans and bills bought	24	29	Provision for reserve for outstanding losses and claims	2,183	4,704	Income Before Income Taxes	166,037	60,691
Interest income on deposits with banks	146	50	Provision for underwriting reserves	11,449	9,133	Income Taxes-Current	51,654	15,179
Interest income on interest rate swaps	2,928	7,918	Other underwriting expenses	0	0	Income Taxes-Deferred	(4,511)	3,846
Other interest income	72	56	Investment expenses	0	0	Total Income Taxes	47,142	19,025
Fees and commissions	18,775	22,015	Other investment expenses	0	0	Profit	118,895	41,665
Other operating income	4,436	1,783	Operating, general and administrative expenses	35,558	37,554	Profit Attributable to Non-controlling Interests	369	489
Gains on foreign exchange transactions, net	3,109	1,662	Other ordinary expenses	12	14	Profit Attributable to Owners of the Parent	118,525	41,176
Others	1,326	120						
Other ordinary income	2,030	3,593						
Other	12,510	14,993						
Other ordinary income	12,510	14,993						

Overview of Sony Life: Financial Statement (IFRS)

Statements of Income

(million yen)

	FY22	FY23
Insurance revenue	420,951	445,729
CSM ¹ release	150,723	151,032
Risk adjustment release	23,114	26,434
Expected claims etc. ²	146,757	156,618
Recovery of IACF ³	97,385	108,934
Others	2,972	2,711
Insurance service expenses	261,065	274,671
Incurred claims etc. ⁴	162,951	158,756
Amortization of IACF ³	97,385	108,934
Others	729	6,981
Insurance service result	159,886	171,058
Investment income (net)	256,468	1,070,080
Investment income (GA) ⁵	214,368	100,566
Interest income	194,521	180,822
Others	19,847	(80,256)
Investment income (SA) ⁶	42,101	969,514
Insurance finance expenses (income)	84,942	1,029,227
Changes in insurance liabilities	(176,328)	685,726
Interest expenses	173,651	182,715
Others	87,619	160,786
Investment result	171,526	40,853
Operating expenses ⁷	42,219	46,677
Others	19,260	38,788
Other result	(61,478)	(85,465)
Operating Income	269,934	126,445

Note: The financial data based on IFRS included in this slide is unaudited and subjected to final verification;

Note 1: Contractual Service Margin;

Note 2: Expected claims and administrative expenses for the maintenance of contracts;

Note 3: IACF (Insurance acquisition cash flows): Cash flows from expenses which are directly attributable to acquisition of insurance contracts;

Note 4: Incurred claims and administrative expenses for the maintenance of contracts;

Note 5: GA (General Account): Account for managing financial assets not included in separate accounts. This account guarantees policyholders a certain assumed interest rate, while the life insurance company bears the asset management risk;

Note 6: SA (Separate Account): Separate accounts are used for variable life insurance, variable annuities and other insurance products to invest assets separately from the other financial assets owned by an insurance company in order to pay investment returns directly to policyholders;

Note 7: Overhead expenses that are not directly attributable to fulfilling insurance contracts

Overview of Sony Life: Financial Statement (J-GAAP)

Balance Sheets

(million yen)

Assets	FY22	FY23	Liabilities	FY22	FY23
Cash and deposits	211,447	335,491	Policy reserves and other reserves	13,216,405	14,828,502
Deposits	211,447	335,491	Reserve for outstanding claims	51,743	59,479
Call loans	60,300	88,500	Policy reserves	13,161,411	14,765,726
Money held in trust	40	40	Reserve for dividends to policyholders	3,251	3,296
Investments in securities	14,393,399	15,573,054	Due to agencies	2,731	3,464
National government bonds	8,623,151	8,212,915	Due to reinsurers	3,912	3,644
Local government bonds	1,035	8,753	Other liabilities	1,466,663	1,342,395
Corporate bonds	966,153	1,028,591	Payables under repurchase agreements	625,426	712,973
Domestic stocks	26,773	33,414	Payable under securities lending transactions	765,874	566,039
Foreign securities	2,081,697	2,340,266	Income taxes payable	8,705	47
Other securities	2,694,587	3,949,112	Accounts payable	14,865	4,157
Loans	212,448	219,365	Accrued expenses	28,266	34,011
Policy loans	211,811	218,771	Deferred income	837	837
Industrial and consumer loans	636	593	Deposits received	729	1,264
Tangible fixed assets	80,319	79,933	Guarantee deposits received	4,119	8,524
Land	55,789	55,789	Futures transactions variation margin	771	—
Buildings	23,675	23,532	Derivative financial instruments	9,712	6,914
Lease assets	175	97	Cash collateral received for financial instruments	176	—
Construction in progress	12	10	Lease obligations	202	114
Other tangible fixed assets	666	502	Asset retirement obligations	1,729	1,748
Intangible fixed assets	34,001	34,401	Suspense receipts	2,386	3,071
Software	30,959	31,540	Other liabilities	2,860	2,690
Goodwill	3,037	2,857	Accrued retirement benefits	33,131	33,876
Other intangible fixed assets	4	3	Reserves under the special laws	63,201	67,222
Reinsurance receivables	1,956	2,193	Reserve for price fluctuations in investments in securities	63,201	67,222
Other assets	107,188	147,173	Total liabilities	14,786,047	16,279,107
Accounts receivable	51,200	82,449	Net Assets		
Prepaid expenses	3,698	3,741	Common stock	70,000	70,000
Accrued income	30,891	32,370	Capital surplus	5,865	5,865
Money on deposit	5,942	6,139	Additional paid-in capital	5,865	5,865
Deposits for futures transactions	11,787	17,629	Retained earnings	404,353	344,433
Futures transactions variation margin	2,417	2,887	Legal earned reserve	64,134	64,134
Derivative financial instruments	305	—	Other retained earnings	340,218	280,298
Cash collateral paid for financial instruments	—	861	Retained earnings brought forward	340,218	280,298
Suspense	844	1,022	Total shareholders' equity	480,218	420,298
Other assets	100	72	Net unrealized gains on available-for-sale securities	(31,798)	(72,841)
Prepaid pension costs	4,881	5,473	Land revaluation losses	(2,720)	(2,720)
Deferred tax assets	126,467	138,934	Total valuations, conversions, and others	(34,518)	(75,562)
Allowance for doubtful accounts	(704)	(720)	Total net assets	445,699	344,735
Total assets	15,231,746	16,623,842	Total liabilities and net assets	15,231,746	16,623,842

Statements of Income

(million yen)

	FY22	FY23		FY22	FY23
Ordinary income	1,904,419	3,180,958	Investments expenses	24,597	221,902
Revenues from insurance and reinsurance	1,473,844	1,743,977	Interest expenses	17,752	41,467
Insurance premiums	1,466,698	1,735,370	Loss on sales of securities	1,994	44,650
Reinsurance revenue	7,146	8,606	Loss on valuation of securities	604	1,817
Investment income	368,135	1,375,599	Loss on redemption of securities	0	19
Interest, dividends, and other income	227,429	229,549	Loss on derivatives	—	128,182
Interest on deposits and savings	3	9	Provision for allowance for doubtful accounts	15	48
Interest on securities and dividends	210,002	212,295	Depreciation of rental real estate and other assets	1,109	1,040
Interest on loans	6,990	7,151	Other investment expenses	3,120	4,677
Real estate rental income	9,194	9,201	Operating expenses	168,742	181,617
Other income	1,239	891	Other ordinary expenses	77,070	84,635
Income from money held in trust, net	0	0	Deferred benefit payments	46,856	52,402
Gain on trading securities	642	2,388	Taxes	18,480	20,082
Gain on sales of securities	7,006	17,290	Depreciation	9,324	9,836
Gain on redemptions of securities	12	3	Provision for retirement benefits	2,375	1,603
Net derivative financial instruments gain	5,088	—	Other ordinary expenses	33	710
Foreign exchange gains, net	97,866	169,875	Ordinary profit	95,392	26,115
Other investment income	74	1,626	Extraordinary gains	49,372	—
Gain from separate accounts, net	30,014	954,866	Gain on disposals of fixed assets	27,782	—
Other ordinary income	62,439	61,381	Special dividends related to liquidation of a subsidiary	21,590	—
Income from annuity riders	4,873	3,213	Extraordinary losses	4,463	4,533
Income from deferred benefits	54,125	49,995	Loss on disposals of fixed assets	226	116
Other ordinary income	3,440	8,172	Impairment losses	0	49
Ordinary expenses	1,809,027	3,154,842	Provision of reserves under special laws	3,848	4,021
Benefits and other payments	911,723	1,054,636	Provision for reserve for price fluctuations in investments in securities	3,848	4,021
Death and other claims	130,829	134,384	Loss on valuation of shares of subsidiaries	387	346
Annuity payments	18,822	19,836	Provision of reserve for dividends to policyholders	1,550	2,452
Health and other benefit	238,363	231,612	Surplus before income taxes	138,751	19,128
Surrender benefits	503,425	652,696	Income Taxes-Current	41,905	1,519
Other refunds	12,256	9,049	Income Taxes-Deferred	(3,925)	4,029
Reinsurance premiums	8,027	7,055	Total income taxes	37,980	5,549
Provision for policy reserves	626,892	1,612,051	Net Income	100,770	13,579
Provision for reserve for outstanding claims	2,374	7,736			
Provision for policy reserves	624,518	1,604,314			
Interest portion of reserve on policyholders' dividends	0	0			

Overview of Sony Assurance: Financial Statement (J-GAAP)

Balance Sheets

(million yen)

Assets	FY22	FY23	Liabilities	FY22	FY23
Cash, deposits and savings	31,731	24,290	Policy liabilities	230,417	244,255
Cash on hand	0	0	Outstanding claims	46,995	51,700
Deposits in banks	31,731	24,290	Underwriting reserve	183,421	192,554
Call loans	30,000	30,000	Other liabilities	16,519	17,152
Investments in securities	170,983	189,056	Reinsurance accounts payable	817	1,259
Government bonds	85,352	103,327	Foreign reinsurance accounts payable	47	72
Municipal bonds	39,990	40,568	Income taxes payable	870	425
Corporate bonds	44,612	44,059	Deposits received	88	88
Domestic Stocks	531	601	Other payable	6,445	6,227
Foreign securities	496	499	Suspense receipts	8,250	9,079
Tangible fixed assets	1,054	745	Reserve for pension and retirement benefits	2,481	2,579
Buildings	91	91	Reserve for employees' bonuses	1,124	1,048
Construction in progress	1	4	Provision for bonuses for directors	8	11
Other tangible fixed assets	961	649	Reserve under the special laws	361	399
Intangible fixed assets	22,791	21,495	Reserve for price fluctuation	361	399
Software	9,615	19,840	Total liabilities	250,914	265,446
Software in progress	13,165	1,643	Net assets		
Other intangible fixed assets	11	10	Shareholders' equity		
Other assets	20,123	23,017	Common Stock	20,000	20,000
Premiums receivable	1,231	1,224	Capital surplus	3,389	3,389
Reinsurance accounts receivable	152	243	Additional paid-in capital	3,389	3,389
Foreign reinsurance accounts receivable	273	38	Retained earnings	18,756	16,242
Other receivables	11,626	13,211	Legal earned reserve	5,332	6,753
Accrued income	99	106	Other retained earnings	13,424	9,489
Guarantee deposits	748	700	Retained earnings brought forward	13,424	9,489
Suspense payments	5,992	7,492	Total shareholders' equity	42,146	39,632
Deferred tax assets	16,414	16,297	Valuation and translation adjustments		
Total assets	293,100	304,902	Net unrealized gains/(losses) on investments in securities	39	(176)
			Total valuation and translation adjustments	39	(176)
			Total net assets	42,186	39,456
			Total liabilities and net assets	293,100	304,902

Statement of Income

(million yen)

	FY22	FY23
Ordinary income	145,194	152,088
Underwriting income	143,866	150,670
Net premiums written	143,760	150,540
Investment income on deposit premiums from policyholders	106	129
Investment income	1,267	1,366
Interest and dividends income	1,374	1,483
Gains on sales of securities	—	12,532
Transfer of investment income on deposit premiums from policyholders	(106)	(129)
Other ordinary income	60	52
Ordinary expenses	135,241	145,610
Underwriting expenses	99,270	107,697
Net claims paid	73,419	81,339
Loss adjustment expenses	10,086	10,421
Commission and collection expenses	2,131	2,096
Provision for outstanding claims	2,183	4,704
Provision for underwriting reserves	11,449	9,133
Other underwriting expenses	0	0
Investment expenses	—	—
Operating expenses and general and administrative expenses	35,964	37,902
Other ordinary expenses	6	9
Other ordinary expenses	6	9
Ordinary profit/(loss)	9,953	6,478
Extraordinary income	—	—
Extraordinary losses	41	56
Losses on sales of fixed assets	7	18
Provision for reserves under the special laws	34	38
Provision for reserve for price fluctuation	34	38
Income/(loss) before income taxes	9,911	6,421
Income taxes - current	3,520	1,629
Income taxes - deferred	(714)	201
Total income taxes	2,805	1,831
Net Income	7,105	4,590

Overview of Sony Bank: Financial Statement (J-GAAP)

Balance Sheets

(million yen)

Assets	FY22	FY23	Liabilities	FY22	FY23
Cash and due from banks	589,104	680,574	Deposits	3,490,971	4,079,695
Call loan	—	409	Call money	319,637	289,410
Monetary claims bought	19,727	12,669	Payables under repurchase agreements	166,351	225,880
Money held in trust	58,671	63,244	Borrowed money	403,900	463,900
Securities	849,493	1,040,161	Foreign exchanges	1,401	1,781
Loans and bills discounted	3,009,746	3,462,605	Bonds payable	40,000	50,000
Foreign exchanges	6,315	2,327	Other liabilities	55,430	90,103
Other assets	60,212	78,950	Reserve for bonuses	480	500
Tangible fixed assets	971	951	Net defined benefit liabilities	1,399	1,458
Intangible fixed assets	8,000	10,859	Provision for reimbursement of deposits	183	202
Deferred tax assets	2,502	1,933	Total liabilities	4,479,756	5,202,932
Allowance for credit losses	(879)	(872)	Net assets		
Total assets	4,603,865	5,353,815	Capital stock	38,500	38,500
			Capital surplus	28,500	28,500
			Retained earnings	58,794	83,355
			Total shareholders' equity	125,794	150,355
			Net unrealized gains (losses) on available-for-sale securities	(1,823)	424
			Net deferred gains (losses) on hedging instruments	137	102
			Total net assets	124,109	150,882
			Total liabilities and net assets	4,603,865	5,353,815

Statements of Income

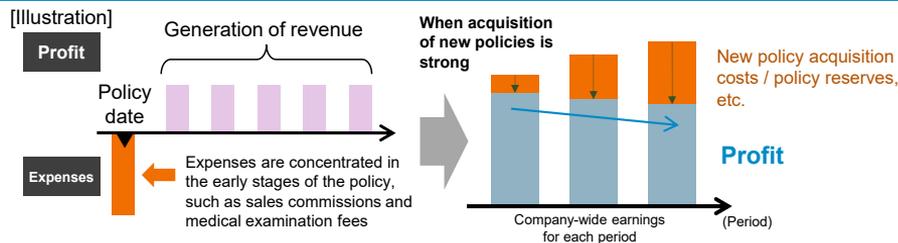
(million yen)

	FY22	FY23
Ordinary income	72,390	101,906
Interest income	53,775	80,746
Fees and commissions	12,124	15,764
Other operating income	4,436	1,783
Other ordinary income	2,053	3,612
Ordinary expenses	53,252	77,822
Interest expenses	10,761	29,573
Fees and commissions payments	14,882	18,373
Other operating expenses	4,513	2,080
General and administrative expenses	22,637	27,412
Other ordinary expenses	456	381
Ordinary profits	19,137	24,084
Extraordinary profits	—	16,080
Income taxes-total	6,626	11,222
Net income	12,511	28,941

Main Effects of Differences in Accounting Standards (Life Insurance Business: Profit Aspect)

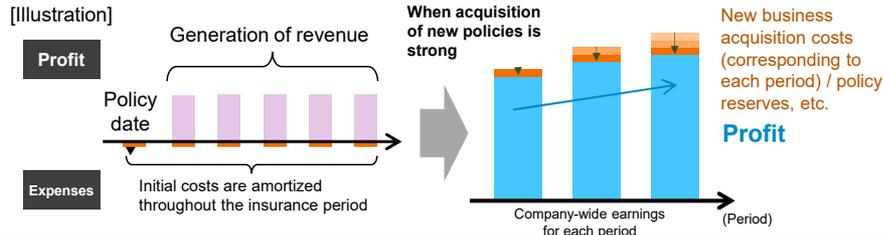
J-GAAP (Japanese GAAP, Statutory Accounting)

- Since the cost of acquiring new policies is recorded as a lump sum at the time of policy acquisition, and the burden of recorded policy reserves is significant in the early policy period, **the stronger the acquisition of new policies (higher growth rate), the more sluggish the profit growth tends to be in the same fiscal year.**
- The calculation assumptions for insurance liabilities (policy reserve) are stipulated by laws and regulations, and therefore, in principle, are not affected by subsequent interest rate fluctuations, etc.



US-GAAP

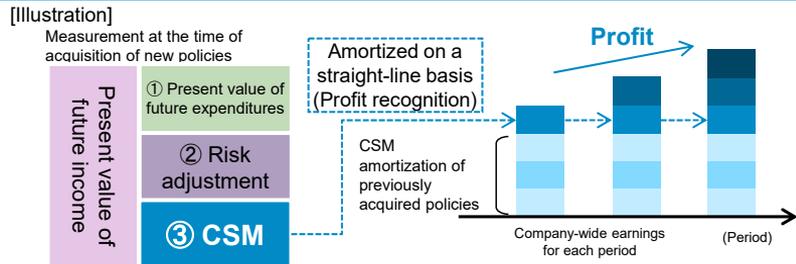
- Because new policy acquisition costs are deferred and amortized over the life of the policy, there is a greater link between profits related to new policy acquisitions and overall company profit than under J-GAAP.**
- In principle, insurance liabilities are valued based on the assumptions used in the calculation at the time the policy is entered into. Meanwhile, the insurance obligations for deferred new policy acquisition costs and minimum benefits related to variable insurance and annuities use the best estimate assumptions at the end of the period. As a result, market fluctuations and other factors affect the amount of profit.



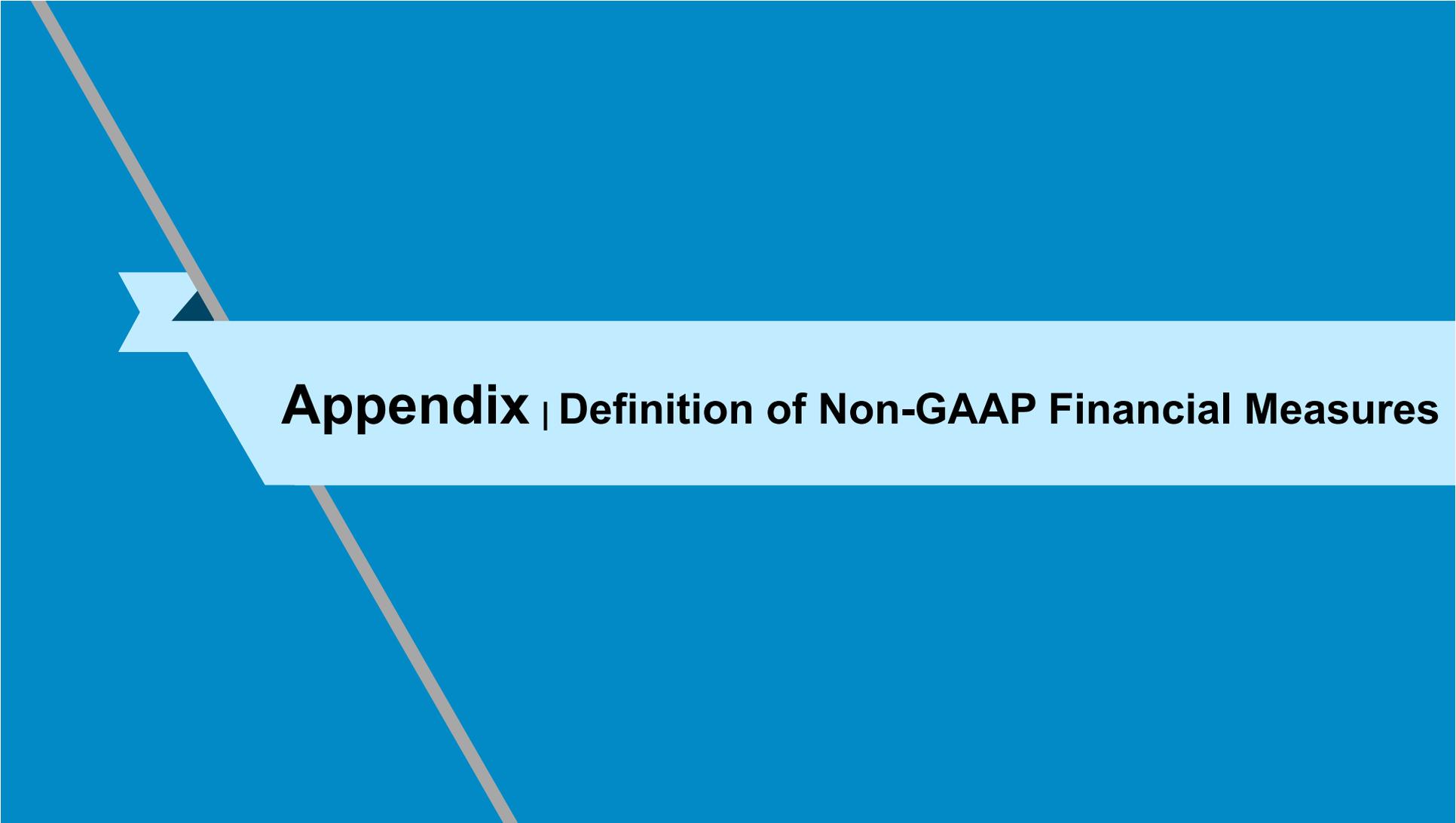
IFRS 17 (International Financial Reporting Standards: Insurance Contracts)

- Insurance liabilities are measured based on ① probability-weighted discounted CF, ② risk adjustment, and ③ **contractual service margin (CSM), which represents unearned profit, etc. CSM is recognized as revenue based on the provision of insurance services, which tends to equalize revenue over the insurance period.**
- The assumptions used to calculate insurance liabilities are updated each period, and the effect of changes in the outlook for future cash flow is, in principle, recognized in net income on a straight-line basis over the remaining insurance period.

In addition, there is a difference in the timing of revenue recognition of mortgage loan contract fees in the banking business, and a difference in the scope of impact of price fluctuations of financial instruments (periodic income recognition or direct capitalization/OCI recognition), regardless of the business.



Since the initial costs are included in ①, it can be said that the costs are amortized over a period of time.

A decorative graphic featuring a light blue banner with a white ribbon-like tail on the left side. A thin, light-colored diagonal line runs from the top-left corner towards the bottom-right corner, passing behind the banner. The background is a solid blue color.

Appendix | Definition of Non-GAAP Financial Measures

Definitions of Adjusted Net Income and Adjusted ROE for SFGI (after FY22)

- We decided to introduce “adjusted net income” and “adjusted ROE” as indicators to measure base earnings growth, excluding market fluctuations and one-time factors from net income

SFG Consolidated Adjusted net income		SFGI consolidated net income – Adjustments for each entity
Adjustments for each entity (post-tax)	Sony Life	Investment income (net) related to variable insurance ¹ and foreign currency translation differences (excluding the equivalent of hedge costs ²)
		Unrealized gains/losses related to variable insurance within insurance finance expenses (income) ³ and foreign currency translation differences
		Gains/losses on sales of securities
		Other one-time gains/losses
	SFGI, Sony Assurance, Sony Bank, Other entities	One-time gains/losses
SFG Consolidated Adjusted ROE		Adjusted net income / net assets* Net assets as the denominator is the quarterly average net asset during the fiscal year: (beginning of the period balance + end of four quarters balances) / 5

Note 1: Investment income (net) related to variable insurance is financial assets measured at FVPL, associated with variable life insurance and individual variable annuity contracts; Note 2: Transaction fees and margin costs required to maintain hedge positions. Includes current accrued interest from bonds designated as measured at fair value through net profits/losses (FVO designated) based on the interest rate at the beginning of the period; Note 3: Effect of changes in the value of underlying items of variable life insurance and individual variable annuity contracts and changes in interest rates and other financial risks

Definitions of Net Income (Adjusted for One-Time Items) and ROE (Adjusted for One-Time Items) for SFGI (FY19-FY21)

SFG Consolidated Net income (adjusted for one-time items)		SFGI consolidated net income – Adjustments for each entity
Adjustments for each entity (post-tax)	SFGI Sony Life Sony Assurance Sony Bank Other entities	One-time gains/losses
SFG Consolidated ROE (adjusted for one-time items)		Net income (adjusted for one-time items) / net assets* Net assets as the denominator is the beginning and end of period average net assets during the fiscal year: (beginning of the period balance + end of the period balances) / 2

SFGI's Reconciliations from Net Income to Adjusted Net Income

Financial Services Segment

(billion yen)	FY19(US-GAAP)			FY20(US-GAAP)			FY21(IFRS4)			FY22(IFRS17)			FY23(IFRS17)		
	Total Tax (Benefit)		After Tax	Total Tax (Benefit)		After Tax	Total Tax (Benefit)		After Tax	Total Tax (Benefit)		After Tax	Total Tax (Benefit)		After Tax
	Pre-tax	Charge, etc.		Pre-tax	Charge, etc.		Pre-tax	Charge, etc.		Pre-tax	Charge, etc.		Pre-tax	Charge, etc.	
Pre-tax net income (loss)/ post-tax net income (loss)	129.6	36.8	92.8	164.6	47.8	116.7	150.1	45.9	104.2	318.1	90.3	227.8	173.6	49.6	124.0
SFGI related one-time items:															
Impairment related to the nursing care business	—	—	—	(7.4)	(2.1)	(5.3)	—	—	—	—	—	—	—	—	—
Recovery/Losses related to unauthorized withdrawal	—	—	—	—	—	—	(16.8)	(5.0)	(11.8)	22.1	6.3	15.8	—	—	—
Subtotal SFGI related items	—	—	—	(7.4)	(2.1)	(5.3)	(16.8)	(5.0)	(11.8)	22.1	6.3	15.8	—	—	—
Sony Life related one-time items:															
Investment income (net) ¹ related to variable insurance and foreign currency translation differences (excluding the equivalent of hedge costs ²)	—	—	—	—	—	—	—	—	—	35.7	10.1	25.6	882.1	249.3	632.8
Unrealized gains/losses ³ related to variable insurance within insurance financial gain/losses and foreign currency translation differences	—	—	—	—	—	—	—	—	—	72.9	20.7	52.2	(859.0)	(242.8)	(616.2)
Gains/losses on sales of securities	—	—	—	—	—	—	—	—	—	5.0	1.4	3.6	5.3	1.5	3.8
Other one-time gains/losses	—	—	—	—	—	—	—	—	—	28.0	7.9	20.0	—	—	—
Subtotal Sony Life related items	—	—	—	—	—	—	—	—	—	141.7	40.2	101.5	28.4	8.0	20.4
Sony Bank related one-time items:															
Valuation loss on FVO-eligible bonds	(16.8)	(4.7)	(12.1)	16.8	4.8	12.0	—	—	—	—	—	—	—	—	—
Gains related to the transfer of SPSV shares	—	—	—	—	—	—	—	—	—	—	—	—	19.8	5.6	14.2
Subtotal Sony Bank related items	(16.8)	(4.7)	(12.1)	16.8	4.8	12.0	—	—	—	—	—	—	19.8	5.6	14.2
Sony Assurance related one-time items:															
One-time gains/losses	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Subtotal Sony Assurance related items	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other entities related one-time items:															
One-time gains/losses	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Subtotal Other entities related items	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total adjustments	(16.8)	(4.7)	(12.1)	9.4	2.7	6.7	(16.8)	(5.0)	(11.8)	163.8	46.5	117.3	48.2	13.6	34.6
Adjusted pre-tax net income (loss), Pre-tax net income (adjusted for one-time items)/ Adjusted post-tax net income (loss), Post-tax net income (adjusted for one-time items)	146.3	41.5	104.8	155.2	45.2	110.1	166.9	51.0	116.0	154.3	43.8	110.5	125.4	36.0	89.4

Note 1: Investment income (net) related to variable insurance is financial assets measured at FVPL, associated with variable life insurance and individual variable annuity contracts; Note 2: Transaction fees and margin costs required

to maintain hedge positions. Includes current accrued interest from bonds designated as measured at fair value through net profits/losses (FVO designated) based on the interest rate at the beginning of the period;

Note 3: Effect of changes in the value of underlying items of variable life insurance and individual variable annuity contracts and changes in interest rates and other financial risks

The Definitions of Adjusted Net Income and Adjusted ROE for Three Core Subsidiaries (after FY22)

Sony Life, Sony Assurance, Sony Bank (non-consolidated basis) Adjusted net income		Non-consolidated net income – Adjustments for each entity
Adjustments for each entity (post-tax)	Sony Life	Investment income (net) related to variable insurance ¹ and foreign currency translation differences (excluding the equivalent of hedge costs ²)
		Unrealized gains/losses related to variable insurance within insurance finance expenses (income) ³ and foreign currency translation differences
		Gains/losses on sales of securities
		Other one-time gains/losses
	Sony Assurance Sony Bank	One-time gains/losses
Sony Life, Sony Assurance, Sony Bank (non-consolidated basis) Adjusted ROE		Adjusted net income / net assets* Net assets as the denominator is the quarterly average net asset during the fiscal year: (beginning of the period balance + end of four quarters balances) / 5

Note 1: Investment income (net) related to variable insurance is financial assets measured at FVPL, associated with variable life insurance and individual variable annuity contracts; Note 2: Transaction fees and margin costs required to maintain hedge positions. Includes current accrued interest from bonds designated as measured at fair value through net profits/losses (FVO designated) based on the interest rate at the beginning of the period; Note 3: Effect of changes in the value of underlying items of variable life insurance and individual variable annuity contracts and changes in interest rates and other financial risks

The Definitions of Net Income (adjusted for one-time items) and ROE (adjusted for one-time items) for Three Core Subsidiaries (FY19-FY21)

Sony Life, Sony Assurance, Sony Bank (non-consolidated basis) Net income (adjusted for one-time items)		Non-consolidated net income – Adjustments for each entity
Adjustments for each entity (post-tax)	Sony Life Sony Assurance Sony Bank	One time gains/losses
Sony Life, Sony Assurance, Sony Bank (non-consolidated basis) ROE (adjusted for one-time items)		Net income (adjusted for one-time items) / net assets* Net assets as the denominator is the beginning and end of period average net assets during the fiscal year: (beginning of the period balance + end of the period balances) / 2

Sony Life, Sony Assurance, and Sony Bank's Reconciliations from Net Income to Adjusted Net Income

Financial Services Segment

	FY19(US-GAAP)			FY20(US-GAAP)			FY21(IFRS4)			FY22(IFRS17)			FY23(IFRS17)		
	Total Tax (Benefit)			Total Tax (Benefit)			Total Tax (Benefit)			Total Tax (Benefit)			Total Tax (Benefit)		
(billion yen)	Pre-tax	Charge, etc.	After Tax	Pre-tax	Charge, etc.	After Tax	Pre-tax	Charge, etc.	After Tax	Pre-tax	Charge, etc.	After Tax	Pre-tax	Charge, etc.	After Tax
Sony Life															
Pre-tax net income (loss)/ post-tax net income (loss)	123.5	36.0	87.5	128.0	36.8	91.2	147.2	37.9	96.3	269.9	78.3	191.6	126.4	35.6	90.9
Sony Life related one-time items:															
Investment income (net) ¹ related to variable insurance and foreign currency translation differences (excluding the equivalent of hedge costs ²)	—	—	—	—	—	—	—	—	—	35.7	10.1	25.6	882.1	249.3	632.8
Unrealized gains/losses ³ related to variable insurance within insurance financial gain/losses and foreign currency translation differences	—	—	—	—	—	—	—	—	—	72.9	20.7	52.2	(859.0)	(242.8)	(616.2)
Gains/losses on sales of securities	—	—	—	—	—	—	—	—	—	5.0	1.4	3.6	5.3	1.5	3.8
Other one-time gains/losses	—	—	—	—	—	—	—	—	—	28.0	7.9	20.0	—	—	—
Total adjustments	—	—	—	—	—	—	—	—	—	141.7	40.2	101.5	28.4	8.0	20.4
Adjusted pre-tax net income (loss), Pre-tax net income (adjusted for one-time items)/ Adjusted post-tax net income (loss), Post-tax net income (adjusted for one-time items)	123.5	36.0	87.5	125.5	34.3	91.2	127.6	31.3	96.3	128.2	38.1	90.2	98.0	27.6	70.5
Sony Assurance															
(billion yen)															
Pre-tax net income (loss)/ post-tax net income (loss)	11.0	3.1	7.9	19.3	4.8	14.6	15.6	4.5	11.1	15.6	4.4	11.3	9.5	2.7	6.8
Sony Assurance related one-time items:															
One-time gains/losses	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total adjustments	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Adjusted pre-tax net income (loss), Pre-tax net income (adjusted for one-time items)/ Adjusted post-tax net income (loss), Post-tax net income (adjusted for one-time items)	11.0	3.1	7.9	19.3	4.8	14.6	15.6	4.5	11.1	15.6	4.4	11.3	9.5	2.7	6.8
Sony Bank															
(billion yen)															
Pre-tax net income (loss)/ post-tax net income (loss)	(9.2)	(3.0)	(6.2)	25.0	7.4	17.6	7.6	2.1	5.4	13.0	5.1	7.9	39.9	11.5	28.3
Sony Bank related one-time items:															
Valuation loss on FVO-eligible bonds	(16.8)	(4.7)	(12.1)	16.8	4.8	12.0	—	—	—	—	—	—	—	—	—
Gains related to the transfer of SPSV shares	—	—	—	—	—	—	—	—	—	—	—	—	23.4	6.5	17.0
Total adjustments	(16.8)	(4.7)	(12.1)	16.8	4.8	12.0	—	—	—	—	—	—	23.4	6.5	17.0
Adjusted pre-tax net income (loss), Pre-tax net income (adjusted for one-time items)/ Adjusted post-tax net income (loss), Post-tax net income (adjusted for one-time items)	7.5	1.7	5.9	8.2	2.6	5.7	7.6	2.1	5.4	13.0	5.1	7.9	16.4	5.1	11.4

Note 1: Investment income (net) related to variable insurance is financial assets measured at FVPL, associated with variable life insurance and individual variable annuity contracts; Note 2: Transaction fees and margin costs required to maintain hedge positions. Includes current accrued interest from bonds designated as measured at fair value through net profits/losses (FVO designated) based on the interest rate at the beginning of the period;

Note 3: Effect of changes in the value of underlying items of variable life insurance and individual variable annuity contracts and changes in interest rates and other financial risks

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- (i) Sony's ability to maintain product quality and customer satisfaction with its products and services;
- (ii) Sony's ability to continue to design and develop and win acceptance of, as well as achieve sufficient cost reductions for, its products and services, including image sensors, game and network platforms, smartphones and televisions, which are offered in highly competitive markets characterized by severe price competition and continual new product and service introductions, rapid development in technology and subjective and changing customer preferences;
- (iii) Sony's ability to implement successful hardware, software, and content integration strategies, and to develop and implement successful sales and distribution strategies in light of new technologies and distribution platforms;
- (iv) the effectiveness of Sony's strategies and their execution, including but not limited to the success of Sony's acquisitions, joint ventures, investments, capital expenditures, restructurings and other strategic initiatives;
- (v) changes in laws, regulations and government policies in the markets in which Sony and its third-party suppliers, service providers and business partners operate, including those related to taxation, as well as growing consumer focus on corporate social responsibility;
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- (vii) Sony's reliance on external business partners, including for the procurement of parts, components, software and network services for its products or services, the manufacturing, marketing and distribution of its products, and its other business operations;
- (viii) the global economic and political environment in which Sony operates and the economic and political conditions in Sony's markets, particularly levels of consumer spending;
- (ix) Sony's ability to meet operational and liquidity needs as a result of significant volatility and disruption in the global financial markets or a ratings downgrade;
- (x) Sony's ability to forecast demands, manage timely procurement and control inventories;
- (xi) foreign exchange rates, particularly between the yen and the U.S. dollar, the euro and other currencies in which Sony makes significant sales and incurs production costs, or in which Sony's assets, liabilities and operating results are denominated;
- (xii) Sony's ability to recruit, retain and maintain productive relations with highly skilled personnel;
- (xiii) Sony's ability to prevent unauthorized use or theft of intellectual property rights, to obtain or renew licenses relating to intellectual property rights and to defend itself against claims that its products or services infringe the intellectual property rights owned by others;
- (xiv) the impact of changes in interest rates and unfavorable conditions or developments (including market fluctuations or volatility) in the Japanese equity markets on the revenue and operating income of the Financial Services segment;
- (xv) shifts in customer demand for financial services such as life insurance and Sony's ability to conduct successful asset liability management in the Financial Services segment;
- (xvi) risks related to catastrophic disasters, geopolitical conflicts, pandemic disease or similar events;
- (xvii) the ability of Sony, its third-party service providers or business partners to anticipate and manage cybersecurity risk, including the risk of unauthorized access to Sony's business information and the personally identifiable information of its employees and customers, potential business disruptions or financial losses; and
- (xviii) the outcome of pending and/or future legal and/or regulatory proceedings.

Risks and uncertainties also include the impact of any future events with material adverse impact. The continued impact of developments relating to the situations in Ukraine and Russia and in the Middle East could heighten many of the risks and uncertainties noted above. Important information regarding risks and uncertainties is also set forth in Sony's most recent Form 20-F, which is on file with the U.S. Securities and Exchange Commission.