

[IFRS Reference Information]
Consolidated Financial Statements

Fiscal Year Ended March 31, 2026

Sony Financial Group Inc.

[Consolidated Financial Statements]

(1) Consolidated Financial Statements

A. Consolidated Statements of Financial Position

		(Millions of yen)		
	Note	As of April 1, 2024	As of March 31, 2025	As of March 31, 2026
Assets				
Cash and cash equivalents	23	913,814	1,216,277	483,463
Derivative assets	7,9,24	27,564	51,356	231,032
Other financial assets	24	349,354	406,476	524,361
Securities	7,9,24	15,606,970	15,251,457	15,184,147
Insurance contract assets	33	56,974	47,715	45,128
Reinsurance contract assets	7,33	32,645	30,953	274,892
Loans	7,9,24	3,591,295	3,785,144	3,695,766
Investments in associates	25	4,904	3,079	3,242
Tangible fixed assets	26	14,162	13,335	14,067
Investment property	27	72,632	72,654	73,977
Right-of-use assets	28	76,287	76,290	74,739
Intangible assets	29	66,489	75,766	81,528
Goodwill	30	10,834	10,834	10,834
Deferred tax assets	21	2,738	3,189	64,016
Other assets	31	53,635	28,338	14,307
Total assets		20,880,304	21,072,869	20,775,505
Liabilities				
Deposits in the banking business	7,9,32	3,845,606	4,243,962	4,600,113
Call money	7	209,410	192,278	175,094
Payables under repurchase agreements	7	938,854	1,230,050	395,306
Collateral for securities lending transactions	7	566,039	290,988	654,797
Derivative liabilities	7,9,24	17,005	22,744	50,231
Other financial liabilities	36	100,722	133,650	160,342
Current tax liabilities		10,049	5,902	12,399
Insurance contract liabilities	7,33	13,102,320	12,869,425	12,749,724
Reinsurance contract liabilities	7,33	—	—	126
Investment contract liabilities	7,9,34	60,392	62,771	58,847
Bonds payable and borrowed money	7,9,35	703,633	761,370	837,295
Lease liabilities	7,28,35	87,505	88,046	86,192
Defined benefit liabilities	19	38,402	38,018	37,047
Deferred tax liabilities	21	39,516	8,549	2,524
Other liabilities	37	46,081	51,379	47,785
Total liabilities		19,765,540	19,999,138	19,867,829
Net assets				
Common stock	38	20,029	20,029	20,029
Capital surplus	38	196,026	196,394	136,732
Retained earnings	38	2,196,625	2,270,354	2,261,857
Treasury stock	38	—	—	(9,822)
Accumulated other comprehensive income		(1,297,917)	(1,413,047)	(1,501,145)
Equity attributable to owners of the parent		1,114,763	1,073,730	907,651
Non-controlling interests		—	—	24
Total equity		1,114,763	1,073,730	907,675
Total liabilities and equity		20,880,304	21,072,869	20,775,505

B. Consolidated Statements of Income

(Millions of yen)

	Note	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Insurance revenue	12	622,911	678,731
Insurance service expenses	33	(453,342)	(489,581)
Net expenses from reinsurance contracts	33	1,774	(3,617)
Insurance service result		171,343	185,531
Fee and commission income	13	6,268	6,609
Fee and commission expense	13	(9,821)	(11,157)
Net fee and commission income		(3,553)	(4,547)
Interest income	14	262,563	295,265
Interest expenses	14	(79,399)	(79,408)
Net interest income		183,163	215,857
Investment gains and losses	10,15	5,944	16,122
Impairment loss on financial assets	7	74	(114)
Insurance finance gains and losses, net	16	(152,663)	(366,869)
Reinsurance finance gains and losses, net	16	62	20,819
Insurance finance gains and losses	10	(152,600)	(346,049)
Finance result		36,582	(114,184)
Selling, general, and administrative expenses	17	(99,994)	(106,821)
Other operating revenue	18	33,620	37,392
Other operating expenses	18	(5,653)	(6,518)
Operating profit (loss)		132,346	(9,148)
Share of profit (loss) of investments accounted for using the equity method	25	63	(35)
Other investing income		5	—
Profit (loss) before financing and income taxes		132,415	(9,183)
Financing expenses	18	(1,888)	(2,267)
Profit (loss) before income taxes		130,526	(11,450)
Income tax expense	21	(56,354)	2,758
Profit (loss)		74,172	(8,691)
Profit (loss) attributable to			
Owners of the parent		74,172	(8,690)
Non-controlling interests		—	(0)
Earnings (loss) per share			
Basic earnings (loss) per share	22	10.37 yen	(1.25) yen
Diluted earnings (loss) per share	22	10.37 yen	(1.25) yen

C. Consolidated Statements of Comprehensive Income

(Millions of yen)

	Note	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Profit (loss)		74,172	(8,691)
Other comprehensive income,	38		
Items that will not be reclassified to profit (loss)			
Remeasurement of defined benefit pension plans		(443)	194
Changes in equity instruments measured at fair value through other comprehensive income		(997)	2,257
Total		(1,441)	2,452
Items that may be reclassified subsequently to profit (loss)	38		
Changes in debt instruments measured at fair value through other comprehensive income		(681,514)	(690,663)
Insurance finance gains and losses, net		568,096	605,573
Reinsurance finance gains and losses, net		(713)	(5,264)
Total		(114,132)	(90,355)
Total other comprehensive income (loss)		(115,573)	(87,903)
Comprehensive income (loss)		(41,401)	(96,594)
Comprehensive income (loss) attributable to			
Owners of the parent		(41,401)	(96,594)
Non-controlling interests		—	(0)

D. Consolidated Statements of Changes in Stockholders' Equity

(Millions of yen)

	Note	Fiscal year ended March 31, 2025				
		Common stock	Capital surplus	Retained earnings	Accumulated other comprehensive income (losses)	
					Remeasurement of defined benefit pension plans	Changes in equity instruments measured at fair value through other comprehensive income
Balance at the beginning of current period		20,029	196,026	2,196,625	—	(3,948)
Comprehensive income (loss)						
Profit		—	—	74,172	—	—
Other comprehensive income (loss)	38	—	—	—	(443)	(997)
Total comprehensive income (loss)		—	—	74,172	(443)	(997)
Transfer to retained earnings		—	—	(443)	443	—
Stock-based compensation	20	—	368	—	—	—
Other		—	—	—	—	—
Total		—	368	73,728	—	(997)
Balance at the end of current period		20,029	196,394	2,270,354	—	(4,946)

	Note	Fiscal year ended March 31, 2025					
		Accumulated other comprehensive income (losses)				Equity attributable to owners of the parent	Total equity
		Changes in debt instruments measured at fair value through other comprehensive income	Insurance finance gains and losses, net	Reinsurance finance gains and losses, net	Accumulated other comprehensive income (losses)		
Balance at the beginning of current period		(664,942)	(628,974)	(52)	(1,297,917)	1,114,763	1,114,763
Comprehensive income (loss)							
Profit		—	—	—	—	74,172	74,172
Other comprehensive income (loss)	38	(681,514)	568,096	(713)	(115,573)	(115,573)	(115,573)
Total comprehensive income (loss)		(681,514)	568,096	(713)	(115,573)	(41,401)	(41,401)
Transfer to retained earnings		—	—	—	443	—	—
Stock-based compensation	20	—	—	—	—	368	368
Other		—	—	—	—	—	—
Total		(681,514)	568,096	(713)	(115,130)	(41,033)	(41,033)
Balance at the end of current period		(1,346,457)	(60,877)	(766)	(1,413,047)	1,073,730	1,073,730

(Millions of yen)

	Note	Fiscal year ended March 31, 2026					
		Common stock	Capital surplus	Retained earnings	Treasury stock	Accumulated other comprehensive income (losses)	
						Remeasurement of defined benefit pension plans	Changes in equity instruments measured at fair value through other comprehensive income
Balance at the beginning of current period		20,029	196,394	2,270,354	—	—	(4,946)
Comprehensive income (loss)							
Profit		—	—	(8,690)	—	—	—
Other comprehensive income (loss)	38	—	—	—	—	194	2,257
Total comprehensive income (loss)		—	—	(8,690)	—	194	2,257
Acquisition of treasury stocks	38	—	—	—	(69,954)	—	—
Cancellation of treasury shares	38	—	(60,131)	—	60,131	—	—
Transfer to retained earnings		—	—	194	—	(194)	—
Stock-based compensation	20	—	469	—	—	—	—
Other		—	—	—	—	—	—
Total		—	(59,662)	(8,496)	(9,822)	—	2,257
Balance at the end of current period		20,029	136,732	2,261,857	(9,822)	—	(2,688)

	Note	Fiscal year ended March 31, 2026						
		Accumulated other comprehensive income (losses)				Equity attributable to owners of the parent	Non-controlling interests	Total equity
		Changes in debt instruments measured at fair value through other comprehensive income	Insurance finance gains and losses, net	Reinsurance finance gains and losses, net	Accumulated other comprehensive income (losses)			
Balance at the beginning of current period		(1,346,457)	(60,877)	(766)	(1,413,047)	1,073,730	—	1,073,730
Comprehensive income (loss)								
Profit		—	—	—	—	(8,690)	(0)	(8,691)
Other comprehensive income (loss)	38	(690,663)	605,573	(5,264)	(87,903)	(87,903)	—	(87,903)
Total comprehensive income (loss)		(690,663)	605,573	(5,264)	(87,903)	(96,594)	(0)	(96,594)
Acquisition of treasury stocks	38	—	—	—	—	(69,954)	—	(69,954)
Cancellation of treasury shares	38	—	—	—	—	—	—	—
Transfer to retained earnings		—	—	—	(194)	—	—	—
Stock-based compensation	20	—	—	—	—	469	—	469
Other		—	—	—	—	—	25	25
Total		(690,663)	605,573	(5,264)	(88,097)	(166,078)	24	(166,054)
Balance at the end of current period		(2,037,121)	544,695	(6,031)	(1,501,145)	907,651	24	907,675

E. Consolidated Statements of Cash Flows

(Millions of yen)

	Note	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Cash flows from operating activities:			
Operating profit (loss)		132,346	(9,148)
Depreciation and amortization		28,494	31,131
Impairment losses		1,645	140
Loss (gain) related to non-current assets		178	568
Dividend income		(41,122)	(39,656)
Interest income		(258,225)	(295,132)
Interest expense		93,763	107,238
Net decrease (increase) in securities		(617,101)	(901,568)
Net decrease (increase) in loans		(193,849)	89,378
Net increase (decrease) in deposits in the banking business		401,014	358,090
Net increase (decrease) in borrowings		17,363	10,259
Net increase (decrease) in bonds payable		50,404	(30,555)
Net increase (decrease) in call money		(17,131)	(17,183)
Net decrease (increase) in derivatives		(18,053)	(152,189)
Increase (decrease) in collateral for financial instruments		(46,818)	78,696
Increase (decrease) in cash collateral received for repurchase agreements and securities lending transactions		16,146	(470,936)
Increase (decrease) in assets and liabilities related to insurance contracts		564,281	734,965
Increase (decrease) in assets and liabilities related to reinsurance contracts		687	(251,220)
Increase (decrease) in retirement benefit assets and liabilities		(1,593)	(1,409)
Decrease (increase) in other financial assets		(8,375)	(136,605)
Increase (decrease) in other financial liabilities		29,474	(29,047)
Other		6,750	(2,896)
Subtotal		140,280	(927,080)
Dividends received		41,214	39,846
Interest received		254,366	290,622
Interest paid		(91,476)	(106,616)
Income taxes paid or refunded		7,862	(14,215)
Cash flows from operating activities		352,247	(717,443)
Cash flows from investing activities:			
Payments for acquisition of tangible fixed assets		(901)	(2,914)
Payments for acquisition of investment property		(1,201)	(2,819)
Payments for acquisition of intangible assets		(24,437)	(24,158)
Other		(106)	(204)
Cash flows from investing activities		(26,646)	(30,096)

(Millions of yen)

	Note	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Cash flows from financing activities:			
Proceeds from borrowings	35	10,010	1,270
Repayments of borrowings	35	(10,048)	(5,049)
Proceeds from issuance of bonds	35	—	100,000
Redemption of bonds	35	(10,000)	—
Repayments of lease liabilities	35	(12,337)	(12,830)
Purchase of treasury stock		—	(69,954)
Dividends paid		(2)	(2)
Other		—	25
Cash flows from financing activities		(22,378)	13,458
Effect of exchange rate changes on cash and cash equivalents		(759)	1,268
Net increase (decrease) in cash and cash equivalents		302,462	(732,813)
Cash and cash equivalents at beginning of the period	23	913,814	1,216,277
Cash and cash equivalents at end of the period	23	1,216,277	483,463

(Notes to Consolidated Financial Statements)

1. Reporting Entity

The Company is a public company domiciled in Japan.

The consolidated financial statements are prepared for Sony FG. Sony FG consists primarily of Sony Life Insurance Co., Ltd. (“Sony Life”), Sony Assurance Inc. (“Sony Assurance”) and Sony Bank Inc. (“Sony Bank”), and is classified as an entity with primary business activities which include investing in financial assets and provision of financing to customers.

The Company is a financial holding company with the aforementioned companies as its direct subsidiaries.

Sony FG also includes, within the scope of consolidation, Sony Lifecare Inc., a holding company that oversees nursing care services, and Sony Financial Ventures Inc., which engages in venture capital business.

2. Basis of preparation

(1) Statement of Compliance with IFRS Accounting Standards and First-Time Adoption

The Company has disclosed its consolidated financial statements in accordance with IFRS Accounting Standards. The consolidated financial statements have been approved by Yoshihiko Hayakawa, Executive Officer and Chief Financial Officer of the Company, on June 17, 2026.

The Company has adopted IFRS Accounting Standards effective from the fiscal year ending March 31, 2026 (April 1, 2025 – March 31, 2026), and the consolidated financial statements for this fiscal year represent the Company’s first annual consolidated financial statements prepared in accordance with IFRS Accounting Standards. The date of transition to IFRS Accounting Standards was April 1, 2024, and the Company has applied IFRS 1 First-time Adoption of International Financial Reporting Standards (“IFRS 1”).

(2) Early adoption of new standards

Sony FG has early adopted IFRS 18 “Presentation and Disclosure in Financial Statements” (issued in April 2024).

3. Functional Currency and Presentation Currency

The consolidated financial statements have been presented in Japanese yen, which is the functional currency of Sony FG. All financial information presented in Japanese yen has been rounded to the nearest million Japanese yen.

4. Use of Estimates and Judgments

The preparation of the consolidated financial statements in accordance with IFRS Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies, the reported amounts of assets, liabilities, revenues and expenses, and disclosure of contingent assets and liabilities. Actual results could differ from these estimates and assumptions. These estimates and assumptions are reviewed on a continuous basis. Changes in these accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about judgments made in the process of applying accounting policies that have significant effects on the amounts reported in the consolidated financial statements is as follows:

- Classification of financial instruments (Note 6(5))
- Measurement of insurance contracts and reinsurance contracts (Note 6(12) and Note 33(7))

Information about accounting estimates and assumptions that have significant effects on the amounts reported in the consolidated financial statements is as follows:

- Fair value of financial instruments (Note 6(5) and Note 9)
- Measurement of insurance contract and reinsurance contract (Note 6(12) and Note 33(7))
- Recoverability of deferred tax assets (Note 6(20) and Note 21)

5. Unapplied New Standards and Interpretations

As of the date of approval of the consolidated financial statements, there are no new or amended standards and interpretations that have been issued but not yet adopted by Sony FG and that would have a material impact on Sony FG’s consolidated financial statements

6. Material Accounting Policies

(1) Basis of consolidation

(i) Business combinations

The identifiable assets acquired and liabilities assumed of an acquiree are measured at their fair values at the acquisition date, with limited exceptions.

Sony FG recognizes goodwill when the aggregate of the consideration transferred in a business combination, the amount of any non-controlling interests in the acquiree and the fair value of Sony FG's previously held equity interest in the acquiree exceeds the net amount of the identifiable assets and liabilities of the acquiree at the acquisition date. If the aggregate above is less than the net amount of the identifiable assets and liabilities, the difference is recognized as a gain. The consideration transferred is calculated as the sum of the fair values of the assets transferred, liabilities assumed and equity interest issued.

Non-controlling interests are measured either at fair value or based on the non-controlling interests' proportionate share of the acquiree's net identifiable assets for each business combination transaction.

Acquisition-related costs are expensed in the period they are incurred.

(ii) Subsidiaries

A subsidiary is an entity that is controlled by Sony FG. Control exists when Sony FG is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements of Sony FG from the date on which control is obtained until the date on which control is lost.

All intercompany transactions and balances are eliminated in the preparation of the consolidated financial statements.

If any accounting policies applied by a subsidiary differ from those applied by Sony FG, adjustments are made to the financial statements of the subsidiary as necessary.

Any changes in Sony FG's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration is directly recognized in equity and attributed to the owners of Sony FG. When control over a subsidiary is lost, the investment retained in the former subsidiary is remeasured at fair value as of the date when control is lost, and any gain or loss resulting from the loss of control is recognized in profit or loss.

(iii) Associates

An associate is an entity over which Sony FG has significant influence, but neither control nor joint control, over the financial and operating activities.

Investments in associates are accounted for using the equity method from the date on which significant influence is obtained until the date on which significant influence is lost. Under the equity method, investments in associates are recognized at cost, adjusted for Sony FG's share of the profit or loss and other comprehensive income of the associates from the date on which Sony FG obtains significant influence to the date on which Sony FG loses such significant influence.

Sony FG recognizes its share of profit or loss of the investees, net of income taxes after the elimination of unrealized intercompany profit or loss, in the consolidated share of profit or loss of investments accounted for using the equity method to the extent of Sony FG's interest in these entities.

For investments accounted for using the equity method, the carrying amount of each investment is assessed for impairment as a single asset when there is objective evidence that the investments may be impaired.

If any accounting policies applied by an associate differ from those applied by Sony FG, adjustments are made to the financial statements of the associate as necessary.

When an investment ceases to be an associate and the use of the equity method is discontinued, any gain or loss arising from discontinuation of the equity method is recognized in profit or loss.

(iv) Structured entities

A structured entity is an entity designed so that voting or similar rights are not the dominant factor in deciding control over the entity.

Sony FG has control and, therefore, consolidates a structured entity when Sony FG has exposure or rights to variable returns and has the ability to use its power over the structured entity to affect returns.

(2) Foreign currency translation

Foreign currency transactions are translated at the exchange rates prevailing at the transaction date or rates that approximate such rates. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency using the exchange rate at the end of the period. Foreign exchange gains and losses resulting from translation and settlement are generally recognized in profit or loss.

(3) Segment reporting

An operating segment is a component of Sony FG that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of Sony FG's other components, whose operating results are reviewed regularly by the Company's board of directors (Sony FG's chief operating decision body) to make decisions about resources allocation to the segment and assess its performance, and for which discrete financial information is available.

(4) Cash and cash equivalents

Cash and cash equivalents include all highly liquid investments, with original maturities of three months or less, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, with original maturities of three months or less from the date of acquisition.

(5) Financial instruments

Sony FG recognizes a financial asset or a financial liability when Sony FG becomes party to the contractual provisions of the instrument.

Loans, deposits, borrowings, and bonds are initially recognized on the date of the transaction involving the transfer of funds. However, purchases and sales of financial assets under regular way contracts are initially recognized on the transaction date.

Financial assets and financial liabilities are initially measured at fair value. Except for those measured at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities are added to the fair value of the financial assets or subtracted from the fair value of the financial liabilities at initial recognition.

(i) Non-derivative financial assets

a) Classification and measurement

Non-derivative financial assets held by Sony FG are classified as either financial assets measured at amortized cost, debt instruments measured at fair value through other comprehensive income, equity instruments measured at fair value through other comprehensive income or financial assets measured at fair value through profit or loss.

(a) Financial assets measured at amortized cost

Sony FG classifies a financial asset as measured at amortized cost if the financial asset is held within a business model whose objective is to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial asset is measured at amortized cost by using the effective interest method after initial recognition. Interest income, foreign exchange gains and losses, and impairment losses arising from the financial asset are recognized in profit or loss. On derecognition of a financial asset measured at amortized cost, the difference between the carrying amount and the consideration received or receivable is recognized in profit or loss.

(b) Debt instruments measured at fair value through other comprehensive income

A debt instrument is classified as a financial asset measured at fair value through other comprehensive income if the debt instrument is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial asset and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Changes in the fair value of the financial asset after initial recognition, except for impairment losses and foreign exchange gains or losses, are recognized in other comprehensive income. Interest income from the financial asset is recognized in profit or loss using the effective interest method. On derecognition of a debt instrument measured at fair value through other comprehensive income, the cumulative amount previously recognized in other comprehensive income is reclassified to profit or loss.

In the life insurance subsidiary, except for investments in variable insurance and variable individual annuity insurance, debt instruments are held mainly from the perspective of asset-liability management ("ALM"). The objective of holding these financial assets in the life insurance subsidiary is to match the interest rate sensitivity (duration) of financial assets and insurance contract liabilities as much as possible, in order to ensure sufficient cash flows are available to settle insurance claims when they become due.

Sony FG manages these assets as one portfolio, based on the overall objective of managing duration and liquidity needs in a capital-efficient manner. While some assets within the portfolio may be held until maturity, Sony FG considers, because of its overall objective for these assets, that all the financial assets are held within one business model whose objective is achieved by both collecting cash flows and selling financial assets.

(c) Equity instruments measured at fair value through other comprehensive income

For investments in equity instruments which are not held for trading, Sony FG may make an irrevocable election at initial recognition to present subsequent changes in fair value of the investments in other comprehensive income.

These financial assets are measured at fair value and subsequent changes in the fair value are recognized in other comprehensive income. Dividends from financial assets are recognized in profit or loss, and the cumulative amount recognized in other comprehensive income is transferred to retained earnings upon derecognition.

(d) Financial assets measured at fair value through profit or loss

Financial assets other than those measured at amortized cost or fair value through other comprehensive income are classified as financial assets measured at fair value through profit or loss. Financial assets measured at fair value through profit or loss include financial assets held for trading. The net gains and losses arising from the holding, sale, or redemption of such assets—including changes in fair value, interest income, dividend income, and foreign exchange differences—are recognized in profit or loss and presented under “Investment gains and losses” in the consolidated statements of income.

In the life insurance subsidiary, investments held for variable life insurance and individual variable annuity contracts mainly consist of equity securities, debt securities and investment funds, which are measured at fair value through profit or loss.

For certain financial assets that would not normally be measured at fair value through profit or loss, Sony FG may make an irrevocable election at initial recognition to measure such financial assets at fair value through profit or loss in order to eliminate or significantly reduce an accounting mismatch.

In the life insurance subsidiary, Sony FG mitigates accounting mismatches by designating certain debt securities to be measured at fair value through profit or loss, consistent with insurance finance income or expenses incurred from certain variable life insurance and individual variable annuity contracts.

In the banking subsidiary, in relation to some fixed-rate debt securities, Sony FG utilizes derivatives to hedge the risk arising from the changes in the fair value of the debt securities due to unfavorable fluctuations of interest rates, and mitigates accounting mismatches by designating the debt securities to be measured at fair value through profit or loss.

In assessing whether the contractual cash flows represent solely payments of principal and interest (SPPI), Sony FG considers the contractual terms of the instrument. This includes assessing whether the financial asset contains contractual terms that could change the timing or amount of contractual cash flows (i.e., the possibility that the cash flows may not meet the SPPI criterion).

In making the assessment, Sony FG considers:

- contingent events that would change the amount or timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit Sony FG’s claim to cash flows from specified assets (e.g., non-recourse loans); and
- features that modify consideration for the time value of money (e.g., periodic reset of interest rates).

b) Derecognition

Sony FG derecognizes a financial asset when any of the following conditions are met:

- the contractual rights to the cash flows from the financial asset expire;
- the contractual rights to receive the cash flows of the financial asset are transferred and substantially all the risks and rewards of the financial asset are transferred; or
- neither substantially all the risks and rewards of the financial asset are transferred nor retained, but control of the financial asset is not retained.

Loans are derecognized on the settlement date. However, for sales of financial assets under regular way contracts, derecognition occurs on the trade date.

Sony FG enters into transactions whereby it transfers assets recognized on its statement of financial position, but retains either all or substantially all of the risks and rewards of either all or part of the transferred asset or a portion of them. In such cases, the transferred assets are not derecognized.

Examples of transactions that do not result in derecognition include securities lending, repurchase agreements, and securitization of residential mortgage loans.

c) Impairment of financial assets

Sony FG estimates expected credit losses and recognizes loss allowances for financial assets measured at amortized cost and debt instruments measured at fair value through other comprehensive income. At each reporting date, Sony FG measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If, at the reporting date, the credit risk on a financial instrument has not increased significantly since initial recognition, Sony FG measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. In assessing whether the credit risk has increased significantly or not, Sony FG uses the change in the risk of a default occurring over the expected life of the financial instrument and estimates expected credit losses by using the method which reflects the past loss rate and other reasonable and supportable forward-looking information on macroeconomic factors affecting the ability of the counterparties to settle the receivables.

Sony FG measures the expected credit losses of a financial asset in a way that reflects an unbiased and probability-weighted amount incorporating the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

However, for trade and other receivables, Sony FG measures the loss allowance at an amount equal to lifetime expected credit losses irrespective of the change of credit risk on a collective basis or an individual basis incorporating factors such as the past-due status and the attributes of the counterparties.

Sony FG determines a financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. The criteria that Sony FG uses to determine that a financial asset is credit-impaired include a default or delinquency of more than 90 days past due in interest or principal payments.

Sony FG writes off the gross carrying amount of a financial asset when it cannot reasonably expect to recover all or part of the asset. Even after a write-off, Sony FG continues collection efforts, and any recoveries are recognized in profit or loss when received.

d) Modifications

If the terms of a financial asset are modified, Sony FG evaluates whether the cash flows of the modified asset are substantially different.

If the cash flows are substantially different, the original financial asset is derecognized (refer to b)) and a new financial asset is recognized at fair value plus any eligible transaction costs.

If the modification of a financial asset measured at amortized cost or at fair value through other comprehensive income does not result in derecognition of the financial asset, Sony FG recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognizes the resulting adjustment as a modification gain or loss in profit or loss.

(ii) Non-derivative financial liabilities

Sony FG classifies non-derivative financial liabilities as financial liabilities subsequently measured at amortized cost by using the effective interest method.

Net gains and losses arising from non-derivative financial liabilities, including interest expenses and foreign exchange differences, are recognized in profit or loss. Additionally, any gains or losses resulting from the derecognition of financial liabilities measured at amortized cost are also recognized in profit or loss.

Sony FG derecognizes a financial liability when it is extinguished, meaning when the obligation specified in the contract is discharged, cancelled or expires.

(iii) Derivative financial instruments and hedge accounting

All derivatives are recognized as either assets or liabilities in the consolidated statements of financial position at fair value. Changes in the fair value of derivative financial instruments are recognized immediately through profit or loss.

Derivative financial instruments held by Sony FG are accounted for as described below.

a) Fair value hedges

When a derivative is designated as a hedging instrument for changes in the fair value of a recognized asset or liability, or a firm commitment that may affect profit or loss, changes in the fair value of the derivative are immediately recognized in profit or loss. Changes in the fair value of the hedged item attributable to the hedged risk are also recognized in profit or loss. If the hedged item is measured at cost or amortized cost, its carrying amount is adjusted accordingly.

b) Derivatives not designated as hedges

Changes in the fair value of derivatives not designated as hedges are immediately recognized in profit or loss.

c) Assessment of hedge effectiveness

When applying hedge accounting, Sony FG formally documents all hedging relationships between the derivatives designated as hedges and the hedged items, as well as its risk management objectives and strategies for undertaking various hedging activities. Sony FG also assesses, both at the inception of the hedge and on an ongoing basis, whether the derivatives that are designated as hedges have an economic relationship with the hedged item in offsetting changes in fair value or cash flows of hedged items. With respect to the hedging transactions that Sony FG enters into, the effect of credit risk does not dominate the value changes that result from the underlying economic relationship. In addition, the hedge ratio of the hedging relationship is designed to be the same as that resulting from the quantity of the hedged item that Sony FG actually hedges and the quantity of the hedging instrument that Sony FG actually uses to hedge that quantity of the hedged item. When it is determined that a derivative no longer has an economic relationship with the hedged item, Sony FG discontinues hedge accounting.

d) Embedded derivatives

For financial assets that contain embedded derivatives, Sony FG does not separate the embedded derivative because the entire instruments are measured at fair value.

For financial liabilities that contain embedded derivatives, Sony FG accounts for the embedded derivative separately from the host contract and accounts for it as a standalone derivative if:

- the economic characteristics and risks of the embedded derivative are not closely related to those of the host contract;
- a separate instrument with the same terms would meet the definition of a derivative; and
- the entire hybrid instrument is not classified as a financial liability measured at fair value through profit or loss.

(iv) Offsetting a financial asset and a financial liability

Sony FG offsets a financial asset and a financial liability and presents the net amount in the consolidated statements of financial position when Sony FG currently has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

(6) Tangible fixed assets

Sony FG has adopted the cost model for the measurement of tangible fixed assets and presents an item of tangible fixed assets at its cost less any accumulated depreciation and any accumulated impairment losses. The cost of an item of tangible fixed assets includes any costs directly attributable to the acquisition of the asset as well as costs of its dismantlement, removal or restoration.

The carrying amount of an item of tangible fixed assets is derecognized on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal of an item of tangible fixed assets (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is recognized in profit or loss.

Tangible fixed assets are depreciated on a straight-line basis over their useful lives (depreciation period ranging from 3 to 50 years for buildings and from 2 to 20 years for other assets).

Sony FG reviews the depreciation methods, the residual values and the useful lives at each fiscal year-end, or sooner if circumstances require.

(7) Investment property

Sony FG has adopted the cost model to the measurement of investment properties and measures them at cost less any accumulated depreciation and any accumulated impairment losses. The cost of an investment property includes any costs directly attributable to the acquisition of the asset as well as costs of its dismantlement, removal or restoration.

The carrying amount of an investment property is derecognized on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from the disposal of an investment property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in profit or loss.

Investment properties are depreciated on a straight-line basis over their estimated useful lives, which range from 4 to 50 years.

Sony FG reviews the depreciation methods, the residual values and the useful lives at each fiscal year-end, or sooner if circumstances require.

(8) Leases

(i) Lessee

When entering into a contract, Sony FG determines whether an arrangement contains a lease at its inception. An arrangement contains a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Assets and liabilities recognized from leases are presented as right-of-use ("ROU") assets and lease liabilities in the consolidated statements of financial position.

ROU assets represent Sony FG's right to use an underlying asset for the lease term and lease liabilities represent Sony FG's obligation to make lease payments arising from the lease.

ROU assets and lease liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. ROU assets also include any lease payments and initial direct costs incurred on or before the commencement date and exclude lease incentives.

In determining the present value of lease payments, Sony FG uses its incremental borrowing rate, as the implicit rate is not available for most of its leases. Sony FG determines its incremental borrowing rate based on the estimated rate of interest for collateralized borrowings, taking into account the lease term and the economic conditions of each country or region at commencement date.

The lease terms may include options to extend or terminate the lease when it is reasonably certain that Sony FG will exercise that option. If the lease transfers ownership of the underlying asset to the lessee by the end of the lease term or the purchase option is reasonably certain to be exercised, Sony FG depreciates the ROU assets from the commencement date to the end of the useful life of the underlying assets. Otherwise, Sony FG depreciates the ROU assets from the commencement date to the earlier of the end of the useful life of the ROU assets or the end of the lease term. Sony FG accounts for the lease and non-lease components as a single lease component.

Sony FG has elected not to recognize ROU assets and lease liabilities for short-term leases, whose term is within twelve months, and leases of low-value assets. Sony FG recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) Lessor

At the inception of the contract, leases are classified as either finance leases or operating leases.

Finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of the underlying asset.

Operating lease is any lease other than a finance lease.

Lease payments from operating leases are recognized in profit or loss on a straight-line basis over the lease term.

(9) Intangible assets

(i) Recognition and measurement

Sony FG applies the cost model to the measurement of intangible assets and measures them at cost less accumulated amortization and accumulated impairment losses.

a) Software

Expenditure on software is recognized as an asset only if Sony FG can demonstrate the technical feasibility to complete the development of the software, its intention and the availability of resources to complete the development and to use the software, and its ability to use the software in a manner that will generate probable future economic benefits and to measure the expenditure reliably.

Subsequent expenditure on software is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as it is incurred.

b) Other intangible assets

Other intangible assets are primarily trademark rights.

(ii) Amortization

Amortization is calculated to write off the cost of intangible assets over their estimated useful lives, and is generally recognized in profit or loss. None of the intangible assets are assumed to have a residual value. Certain intangible assets with indefinite useful lives are not amortized. Intangible assets are regarded as having indefinite useful lives when there is no foreseeable limit to the period over which such assets are expected to generate net cash inflows for Sony FG.

The estimated useful lives of intangible assets and the amortization methods applied in the current and comparative periods are as follows.

- Software: 5–10 years using the straight-line method from the date the software is available for use.
- Other intangible assets: 5–15 years using the straight-line method from the acquisition date.

Amortization is recognized in ‘insurance service expenses’ in the consolidated statements of income if it is directly attributable to insurance acquisition activities or other fulfillment activities; otherwise, it is recognized in ‘selling, general and administrative expenses’.

Sony FG reviews the useful lives and amortization methods at each fiscal year-end, or sooner if circumstances require.

(10) Goodwill

Goodwill arising from the acquisition of subsidiaries is not amortized and is measured at cost (refer to (1)(i)) less accumulated impairment losses.

(11) Impairment of non-financial assets

Sony FG reviews the recoverability of its non-financial assets, except for deferred tax assets, whenever there is any indication that an asset or a cash-generating unit ("CGU") may be impaired. In addition, an annual impairment test for goodwill and, intangible assets with indefinite useful lives is performed during the fourth quarter of the fiscal year for each CGU or group of CGUs to which the carrying amount of these assets is allocated.

A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. Goodwill is allocated to each CGU or group of CGUs that is expected to benefit from the synergies of a business combination. A CGU or group of CGUs to which goodwill is allocated is not larger than an operating segment.

The recoverable amount of an asset, a CGU or group of CGUs is the higher of its value in use and fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the assets. This approach uses significant estimates and assumptions, including estimated future cash flows, the timing of such cash flows, discount rates reflecting the risk inherent in future cash flows, perpetual growth rates, the determination of appropriate comparable entities and the determination of whether a premium or discount should be applied to comparables.

The assumptions used for estimating future cash flows (including the timing of inflows and outflows) for such CGUs are primarily based on medium- to long-term plans, taking into account historical experience, market and industry data, and current and expected economic conditions.

The value in use of Sony Life Insurance Co., Ltd., which is assessed including goodwill, is determined as the total value, which comprises net assets excluding goodwill plus the contractual service margin (CSM), net of reinsurance and after tax, and the value of new business. In calculating the value in use, assumptions used to determine the value of new business, such as mortality rates and lapse and surrender rates, are considered key assumptions.

If the recoverable amount is determined to be less than the carrying amount of a CGU or group of CGUs, an impairment loss would be recognized equal to the amount by which the carrying amount exceeds the recoverable amount. Such impairment losses are recognized by first reducing the carrying amount of any allocated goodwill and then are allocated to the other assets of the CGU on a pro-rata basis of the carrying amount of each asset in the CGU. Impairment losses are included in other operating expenses in the consolidated statements of income.

Assets other than goodwill are reviewed to assess whether there is any indication that an impairment loss recognized in prior periods may no longer exist or may have decreased. If any such indication exists, the recoverable amount of the asset is determined and a reversal of an impairment loss is recognized when the recoverable amount of the asset exceeds the carrying amount. Any increase in the carrying amount of an asset attributable to the reversal of an impairment loss does not exceed the carrying amount of the asset, net of depreciation and amortization, which would have been determined if an impairment loss had never been recognized for the asset in prior periods.

(12) Insurance and reinsurance contracts

(i) Definition and classification of insurance and reinsurance contracts

Sony FG defines insurance contracts as the contracts under which Sony FG accepts significant insurance risk by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder. In addition, the contracts that transfer significant insurance risk related to the underlying insurance contracts are defined as reinsurance contracts. In making this assessment, all substantive rights and obligations, including those arising from laws and regulations, are considered on a contract-by-contract basis. Sony FG uses judgment in assessing whether there is a scenario with commercial substance in which there is the possibility of a loss on a present value basis and whether the accepted insurance risk is significant. In evaluating reinsurance contracts, Sony FG also assesses whether substantially all of the insurance risk related to the reinsured portion of the underlying insurance contract has been transferred to the reinsurer. Contracts that have a legal form of an insurance contract but do not transfer significant insurance risk to Sony FG are classified as investment contracts and the investment contract liabilities are accounted for as financial liabilities and included in other financial liabilities.

Insurance contracts are classified as direct participating contracts or contracts without direct participation features. Direct participating contracts are contracts for which, at inception:

- the contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items;
- Sony FG expects to pay to the policyholder an amount equal to a substantial share of the fair value returns on the underlying items; and
- Sony FG expects a substantial proportion of any change in the amounts to be paid to the policyholder to vary with the change in fair value of the underlying items.

All other insurance contracts and all reinsurance contracts are classified as contracts without direct participation features.

(ii) Aggregation, recognition and derecognition of insurance and reinsurance contracts

a) Insurance contracts

In measuring insurance contracts, Sony FG aggregates the insurance contracts into groups. Each group of insurance contracts is determined by identifying portfolios of insurance contracts, each comprising contracts that are subject to similar risks and are managed together, and Sony FG mainly divides each portfolio by the quarter to which the issue date of the insurance contracts belongs. The portfolios are then classified into one of the following three groups based on the profitability of contracts:

- any contracts that are onerous on initial recognition;
- any contracts that, on initial recognition, have no significant possibility of becoming onerous subsequently; and
- any remaining contracts.

A group of insurance contracts issued by Sony FG is recognized from the earliest of:

- the beginning of the coverage period of the group of insurance contracts;
- when the first payment from the policyholder in the group of insurance contracts becomes due; and
- when facts and circumstances indicate that the group of insurance contracts is onerous.

If there is no contractual due date, the due date is considered as the day when the first payment is received from the policyholder. In addition, only contracts that individually meet the recognition criteria by the end of the reporting period are included in the groups. When contracts individually meet the recognition criteria after the end of the reporting period, they are added to the groups in the reporting period in which they meet the recognition criteria. Composition of the groups is not reassessed in subsequent periods.

Insurance acquisition cash flows are allocated to groups of insurance contracts using a systematic and rational method and considering, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort. If insurance acquisition cash flows are directly attributable to a group of insurance contracts, they are allocated to that group. If insurance acquisition cash flows are directly attributable to a portfolio but not to a group of insurance contracts, then they are allocated to the groups in that portfolio using a systematic and rational method.

Sony FG derecognizes a contract when it is extinguished, i.e., when the specified obligations in the contract expire or are discharged or canceled.

On derecognition of a contract from within a group of contracts not measured under the premium allocation approach (“PAA”):

- adjusts the fulfillment cash flows allocated to the group of insurance contracts to eliminate those relating to the derecognized rights and obligations;
- adjusts the contractual service margin (“CSM”) of the group of insurance contracts for the change in the fulfillment cash flows, except where such changes are allocated to a loss component; and
- adjusts the number of coverage units expected for the remaining insurance contract services to reflect the number of coverage units derecognized from the group of insurance contracts.

b) Reinsurance contracts

For portfolios of reinsurance contracts, Sony FG separately aggregates the reinsurance contracts from the portfolios of insurance contracts issued. Sony FG applies the aggregation requirements to reinsurance contracts held and primarily divides them by the quarter in which the coverage period of the reinsurance contract group begins. The contracts are then classified into one of the following three groups:

- any contracts that result in a net gain at initial recognition;
- any contracts that are not expected to result in a net gain subsequently; and
- any remaining contracts.

Reinsurance contract groups held are recognized as follows:

- for reinsurance contracts held that provide proportionate coverage, recognition occurs at the later of:
 - the beginning of the coverage period of the reinsurance contract group; and
 - the initial recognition of the underlying insurance contract.
- all other reinsurance contract groups held are recognized at the beginning of the coverage period.

However, if an underlying onerous insurance contract group is recognized before the start of the coverage period of the reinsurance contract group, and Sony FG has entered into the reinsurance contract prior to that date, the reinsurance contract held is recognized at the same time as the underlying onerous insurance contract group.

(iii) Contract boundaries

In measuring groups of insurance contracts, Sony FG includes all of the future cash flows within the boundary of each contract in the group.

a) Insurance contracts

Cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the policyholder is obliged to pay premiums or Sony FG has a substantive obligation to provide services (including insurance coverage and any investment services).

A substantive obligation to provide services ends when Sony FG:

- has the practical ability to reassess the risks of the particular policyholder and can set a price or level of benefits that fully reflects those reassessed risks; or
- has the practical ability to reassess the risks of the portfolio that contains the contract and can set a price or level of benefits that fully reflects the risks of that portfolio, and the pricing of the premiums up to the reassessment date does not take into account risks that relate to periods after the reassessment date.

For cash flows arising during the period after the renewal of the insurance contract with automatic renewal clauses, Sony FG assesses the contract boundaries and determines that they are within the existing contract boundaries when Sony FG does not have the above practical ability to reassess the risks.

b) Reinsurance contracts

Cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which Sony FG is compelled to pay amounts to the reinsurer or has a substantive right to receive services from the reinsurer.

A substantive right to receive services from the reinsurer ends when the reinsurer:

- has the practical ability to reassess the risks transferred to it and can set a price or level of benefits that fully reflects those reassessed risks; or
- has a substantive right to terminate the coverage.

The contract boundary is reassessed at each reporting date to include the effect of changes in circumstances on Sony FG's substantive rights and obligations and, therefore, may change over time.

(iv) Initial measurement of insurance contracts not measured under the PAA

On initial recognition, Sony FG measures a group of insurance contracts as the total of the following:

a) Fulfillment cash flows

The fulfillment cash flows of the groups of insurance contracts consist of estimates of the future cash flows and risk adjustments for non-financial risk. The estimates of the future cash flows are adjusted to reflect the time value of money and the associated financial risks, and do not reflect Sony FG's non-performance risk. The discount rates reflect the characteristics of the cash flows arising from the groups of insurance contracts, including timing, currency and liquidity of cash flows. The determination of the discount rate that reflects the characteristics of the cash flows and liquidity characteristics of the insurance contracts involves significant estimation. The risk adjustment for non-financial risk, determined separately from the other estimates, is designed to reflect the compensation required for bearing uncertainty about the amount and timing of the cash flows that arise from non-financial risk.

b) CSM

The CSM of a group of insurance contracts represents the unearned profit that Sony FG will recognize as it provides insurance contract services under those contracts.

On initial recognition, if the sum of (a), (b) and (c) results in a net cash inflow, the group of insurance contracts is not considered onerous. In such cases, the CSM is measured as the equal and opposite amount of the net inflow, which results in no income or expenses arising on initial recognition.

Conversely, if the sum results in a net cash outflow, the group is considered onerous, and the net cash outflow is recognized as a loss in profit or loss. A loss component is created to depict the amount of the net cash outflow, which determines the amounts that are subsequently presented in profit or loss as reversals of losses on onerous contracts and are excluded from insurance revenue.

The amounts considered in this assessment are:

- (a) the fulfillment cash flows;
- (b) any cash flows arising at that date; and
- (c) any amount arising from the derecognition of any assets or liabilities previously recognized for cash flows related to the group.

(v) Subsequent measurement of insurance contracts not measured under the PAA

The carrying amount of a group of insurance contracts at each reporting date is the sum of the liability for incurred claims and the liability for remaining coverage. The liability for incurred claims comprises the fulfillment cash flows for incurred claims and expenses that have not yet been paid, including claims that have been incurred but not yet reported. The liability for remaining coverage comprises the items described below.

a) Fulfillment cash flows

The fulfillment cash flows of groups of insurance contracts are measured at the reporting date using current estimates of future cash flows, discount rates, and risk adjustment for non-financial risk. The mortality rates, morbidity rates, lapse and surrender rates, and discount rates, which are used to measure the estimates of the present value of future cash flows, are significant assumptions for measuring insurance contract liabilities not measured under the PAA.

b) CSM

The carrying amount of the CSM of contracts without direct participation features at each reporting date is the carrying amount at the beginning of the fiscal year, adjusted for the following items (items (b), (c)1, (c)2, and (c)4 below are measured using the discount rate determined at initial recognition (locked-in discount rate)):

- (a) the effect of any new contracts that are added to the group during the current period;
- (b) the interest accreted on the carrying amount of the CSM during the current period;
- (c) the changes in fulfillment cash flows relating to future service including the following items:
 - 1. experience adjustments arising from premiums received in the current period that relate to future services (including those for related cash flows such as insurance acquisition cash flows and premium-based taxes);
 - 2. changes in estimates of the present value of future cash flows in the liability for remaining coverage (excluding the effect of the time value of money, financial risk and changes therein);
 - 3. differences between any investment component expected to become payable in the current period and the actual investment component that becomes payable in the current period; and
 - 4. changes in the risk adjustment for non-financial risk that relate to future services;
- (d) the effect of any currency exchange differences; and
- (e) the amount recognized as insurance revenue for insurance contract services provided during the current period, which is determined after all other adjustments above.

The carrying amount of the CSM of contracts with direct participation features at each reporting date is the carrying amount at the beginning of the fiscal year, adjusted for the following items (items (c)2, (c)3, (c)4, and (c)5 below are measured using the current discount rate):

- (a) the effect of any new contracts that are added to the group during the current period;
- (b) the changes in Sony FG's share of the fair value of the underlying items;
- (c) the changes in the fulfillment cash flows that do not vary based on the returns of underlying items including the following items:
 - 1. changes in the effect of the time value of money and financial risks including the effect of financial guarantees;
 - 2. experience adjustments arising from premiums received in the current period that relate to future services (including those for related cash flows such as insurance acquisition cash flows and premium-based taxes);
 - 3. changes in estimates of the present value of future cash flows in the liability for remaining coverage (excluding the effect of the time value of money, financial risk and changes therein);
 - 4. differences between any investment component expected to become payable in the current period and the actual investment component that becomes payable in the current period; and
 - 5. changes in the risk adjustment for non-financial risk that relate to future services;
- (d) the effect of any currency exchange differences; and
- (e) the amount recognized as insurance revenue for insurance contract services provided during the current period, which is determined after all other adjustments above.

Sony FG has selected an accounting policy to update accounting estimates related to insurance contracts made in the previous interim consolidated financial statements in the subsequent annual and interim consolidated financial statements and to measure the annual results using the year-to-date approach.

Changes in the fulfillment cash flows that relate to current or past services are recognized as profit or loss. Changes in the fulfillment cash flows that relate to future services are adjusted as the CSM or loss component as follows:

- when an increase in the fulfillment cash flows exceeds the carrying amount of the CSM, the CSM is reduced to zero and the excess is recognized as insurance service expenses and such excess is recorded as a loss component of the liability for the remaining coverage;
- when the CSM is zero, changes in the fulfillment cash flows adjust the loss component within the liability for remaining coverage with correspondence to insurance service expenses; and
- the excess of any decrease in the fulfillment cash flows over the loss component reduces the loss component to zero and reinstates the CSM.

When a loss component exists, Sony FG allocates the following items between the loss component and the remaining component of the liability for the remaining coverage for the respective group of insurance contracts, based on the ratio of the loss component to the fulfillment cash flows relating to the expected future cash outflows:

- (a) expected incurred claims and other directly attributable expenses for the period;
- (b) changes in the risk adjustment for non-financial risk for the risk expired; and
- (c) finance income (expenses) from insurance contracts issued.

The amounts of loss component allocation in (a) and (b) above reduce the respective components of insurance revenue and are reflected in insurance service expenses.

(vi) Subsequent measurement of reinsurance contracts not measured under the PAA

To measure a group of reinsurance contracts, Sony FG applies the same accounting policies as are applied to insurance contracts without direct participation features, with the following modifications.

The carrying amount of a group of reinsurance contracts at each reporting date is the sum of the asset for remaining coverage and the asset for incurred claims.

The asset for remaining coverage comprises are:

- the fulfillment cash flows that relate to services that will be received under the contracts in future periods; and
- any remaining CSM at that date.

Sony FG measures the estimates of the present value of future cash flows using assumptions that are consistent with those used to measure the estimates of the present value of future cash flows for the underlying insurance contracts, with an adjustment for any risk of non-performance by the reinsurer. The effect of the non-performance risk of the reinsurer is assessed at each reporting date and the effect of changes in the non-performance risk is recognized in profit or loss.

The risk adjustment for non-financial risk is the amount of risk being transferred by Sony FG to the reinsurer.

On initial recognition, the CSM of a group of reinsurance contracts represents a net cost or net gain on purchasing reinsurance.

It is measured as the equal but opposite amount of the sum of the following items:

- the fulfillment cash flows;
- any amount arising from the derecognition of any assets or liabilities previously recognized for cash flows related to the group;
- any cash flows arising at that date; and
- any income recognized in profit or loss for the group of reinsurance contracts, because of the recognition of onerous underlying insurance contracts at that date.

However, if any net cost on purchasing reinsurance coverage relates to insured events that occurred before the purchase of the group, then Sony FG recognizes the cost immediately in profit or loss as an expense.

The carrying amount of the CSM at each reporting date is the carrying amount at the start of the year, adjusted for:

- the effect of any new contracts that are added to the group in the year;
- interest accreted on the carrying amount of the CSM during the year, measured at the discount rates on nominal cash flows that do not vary based on the returns on any underlying items determined on initial recognition;
- income recognized in profit or loss in the year for the group of reinsurance contracts, resulting from the initial recognition of onerous underlying contracts or the addition of such contracts to the group;
- reversals of a loss-recovery component (refer to (viii) c)) to the extent that they are not changes in the fulfillment cash flows of the group of reinsurance contracts;
- changes in fulfillment cash flows that relate to future services, measured at the discount rates determined on initial recognition, except for those arising from changes in fulfillment cash flows allocated to the underlying group of insurance contracts that do not adjust the CSM, in which case they are recognized in profit or loss and create or adjust a loss-recovery component;
- the effect of any currency exchange differences; and
- the amount recognized in profit or loss for services provided during the current period, which is determined after all other adjustments above.

If a reinsurance contract is entered into before or at the same time as the recognition of onerous underlying contracts, Sony FG adjusts the CSM of the group to which the reinsurance contract belongs. As a result, Sony FG establishes a loss-recovery component and recognizes the corresponding amount in profit or loss when a loss is recognized, either at initial recognition or when additional onerous contracts are added to the group. The adjustment to the CSM is determined by multiplying:

- the amount of the loss that relates to the underlying contracts; and
- the percentage of claims on the underlying contracts that Sony FG expects to recover from the reinsurance contracts.

If the reinsurance contract covers only some of the insurance contracts included in an onerous group of contracts, then Sony FG uses a systematic and rational method to determine the portion of losses recognized on the onerous group of contracts that relates to underlying contracts covered by the reinsurance contract.

(vii) Measurement of insurance and reinsurance contracts measured under the PAA

For certain insurance and reinsurance contracts with a coverage period of one year or less at initial recognition, Sony FG uses the PAA to simplify the measurement of the group of insurance contracts.

a) Insurance contracts

Under the PAA, on initial recognition of each group of insurance contracts, the carrying amount of the liability for remaining coverage is measured at the premiums received on initial recognition, minus any insurance acquisition cash flows allocated to the group at the date of the receipt of the premiums. Sony FG amortizes insurance acquisition cash flows over the coverage period of the group of insurance contracts.

Subsequently, the carrying amount of the liability for remaining coverage is increased by any premiums received and the amortization of insurance acquisition cash flows recognized as expenses, and decreased by the amount recognized as insurance revenue for services provided and any additional insurance acquisition cash flows allocated after initial recognition.

Sony FG has chosen not to adjust the liability for remaining coverage to reflect the time value of money and the effect of financial risk.

If at any time during the coverage period, facts and circumstances indicate that a group of contracts is onerous, then Sony FG recognizes a loss in profit or loss and increases the liability for remaining coverage to the extent that the current estimates of the fulfillment cash flows that relate to remaining coverage exceed the carrying amount of the liability for remaining coverage. Sony FG recognizes the liability for incurred claims of a group of insurance contracts at the amount of the fulfillment cash flows relating to incurred claims.

b) Reinsurance contracts

Sony FG applies the same accounting policies to measure a group of reinsurance contracts as those applied to insurance contracts, and adapts them where necessary to reflect features that differ from those of insurance contracts.

If a loss-recovery component (refer to (vi)) is created for a group of reinsurance contracts measured under the PAA, then Sony FG adjusts the carrying amount of the asset for remaining coverage instead of adjusting the CSM.

(viii) Presentation

Portfolios of insurance contracts that are assets and those that are liabilities, and portfolios of reinsurance contracts that are assets and those that are liabilities, are presented separately in the statement of financial position. Any assets or liabilities recognized for cash flows arising before the recognition of the related group of contracts are included in the carrying amount of the related portfolios.

In the consolidated statements of profit or loss and the consolidated statements of comprehensive income, Sony FG separates the amounts recognized into insurance revenue and insurance service expenses (collectively referred to as insurance service result), and insurance finance income or expenses.

Changes in the risk adjustment for non-financial risk are presented within both the insurance service result and insurance finance income or expenses.

Income and expenses from reinsurance contracts are presented separately from income and expenses from insurance contracts. Income and expenses from reinsurance contracts, other than insurance finance income or expenses, are presented on a net basis as 'net expenses from reinsurance contracts' in the insurance service result.

a) Insurance revenue

Insurance revenue excludes any investment components and is recognized as follows:

(a) Contracts not measured under the PAA

Sony FG recognizes insurance revenue as it provides insurance contract services. For contracts not measured under the PAA, the insurance revenue relating to services provided for each period represents the total of the changes in the liability for remaining coverage that relate to services for which Sony FG expects to receive consideration, and primarily comprises the following items:

- a release of the CSM, measured based on coverage units provided during the current period;
- changes in the risk adjustment for non-financial risk relating to current services;
- claims and other insurance service expenses incurred during the current period, measured at the amounts expected at the beginning of the current period; and
- allocation of the amount of insurance acquisition cash flows in a systematic way based on the passage of time.

The release amount of the CSM of a group of insurance contracts that is recognized as insurance revenue in each consolidated fiscal year is determined by identifying the coverage units in the group and recognizing in profit or loss the amount of the CSM allocated to the coverage units provided during the reporting period. The number of coverage units is the quantity of services provided based on the insurance contracts in the group, determined by considering the quantity of benefits to be provided by each insurance contract in the group and the expected coverage period.

Services provided based on insurance contracts include insurance coverage and, for all direct participating contracts, investment-related services for managing underlying items on behalf of policyholders. Insurance contracts other than direct participating contracts include investment return services for generating an investment return for the policyholder.

(b) Contracts measured under the PAA

For contracts measured under the PAA, the insurance revenue for each period is the amount of expected premium receipts for providing services during the period. Sony FG allocates the expected premium receipts to each period based mainly on the passage of time.

b) Insurance service expenses

Insurance service expenses comprise the following items:

- incurred claims and benefits excluding investment components and reduced by the loss component allocation;
- other incurred and directly attributable insurance service expenses (reduced by the loss component allocation);
- amortization of insurance acquisition cash flows;
- changes that relate to past services (e.g., changes in the fulfillment cash flows relating to the liability for incurred claims); and
- changes that relate to future services (e.g., losses on onerous insurance contracts and reversal of those losses arising from changes in the loss components).

For insurance contracts measured under the PAA, insurance acquisition cash flows are amortized on a systematic basis over time.

For insurance contracts not measured under the PAA, amortization of insurance acquisition cash flows is reflected in insurance service expenses in the same amount as insurance acquisition cash flows recovery reflected within insurance revenue as described above (refer to a)).

c) Net expenses from reinsurance contracts

Net expenses from reinsurance contracts comprise an allocation of reinsurance premiums paid less amounts recovered from reinsurers.

Sony FG recognizes an allocation of reinsurance premiums paid in profit or loss as it receives services under groups of reinsurance contracts. For contracts not measured under the PAA, the allocation of reinsurance premiums paid relating to services received for each period represents the total of the changes in the asset for remaining coverage that relate to services for which Sony FG expects to pay consideration. For contracts measured under the PAA, the allocation of reinsurance premiums paid for each period is the amount of expected premium payments for receiving services in the period.

For a group of reinsurance contracts covering onerous underlying contracts, Sony FG establishes a loss-recovery component of the asset for remaining coverage to depict the recovery of losses recognized:

- on recognition of onerous underlying contracts, if the reinsurance contract covering those contracts is entered into before or at the same time as those contracts are recognized; and
- for changes in fulfillment cash flows of the group of reinsurance contracts relating to future services that result from changes in fulfillment cash flows of the onerous underlying contracts.

The loss-recovery component determines the amounts that are subsequently presented in profit or loss as reversals of recoveries of losses from the reinsurance contracts and are excluded from the allocation of reinsurance premiums paid. It is adjusted to reflect changes in the loss component of the onerous group of underlying contracts, but it cannot exceed the portion of the loss component of the onerous group of underlying contracts that Sony FG expects to recover from the reinsurance contracts.

d) Insurance finance income or expenses (including reinsurance finance income or expenses)

Insurance finance income or expenses comprise changes in the carrying amounts of groups of insurance contracts and reinsurance contracts arising from the effects of the time value of money, financial risk and changes therein. Sony FG has chosen to disaggregate insurance finance income or expenses between profit or loss and other comprehensive income for contracts without direct participation features, excluding certain variable life insurance and individual variable annuity contracts. For certain variable life insurance and individual variable annuity contracts, insurance finance income or expenses are fully recognised in profit or loss.

When disaggregating insurance finance income or expenses between profit or loss and other comprehensive income, the amount included in profit or loss is determined by allocating the total expected insurance finance income or expenses over the coverage period of the groups of contracts on a systematic basis. The systematic allocation is determined using the discount rates determined at initial recognition of the groups of contracts, provided that changes in assumptions relating to financial risk do not have a significant effect on the amounts paid to policyholders. On the other hand, when changes in assumptions relating to financial risk have a significant effect on the amounts paid to policyholders, insurance finance income or expenses arising from changes in estimates of future cash flows are determined using a rate that allocates, on a systematic basis over the coverage period of the groups of contracts, the insurance finance income or expenses expected to remain in the revised estimates. As a result of this systematic allocation, the cumulative amount recognized in other comprehensive income over the coverage period of the groups of contracts is zero. At any point in time, the cumulative amount recognized in other comprehensive income represents the difference between the carrying amount of the groups of contracts and the amount at which the groups would be measured when applying the systematic allocation.

For contracts with direct participation features, the insurance finance income or expenses include changes in the value of underlying items (excluding additional premium payments and withdrawals), all of which are recognized in profit or loss.

(13) Investment contracts

Investment contracts primarily consist of financial liabilities related to pension transfer contracts and deposit reserves, and are measured at amortized cost.

Sony FG derecognizes a financial liability when the contractual obligation is discharged, canceled, or expires.

Cash outflows related to investment contracts are reflected as adjustments to the carrying amount of the financial liability.

(14) Provisions

Provisions are recognized when Sony FG has present legal or constructive obligations as a result of past events, it is probable that outflows of resources embodying economic benefits will be required to settle the obligations, and reliable estimates can be made of the amount of obligations.

(15) Employee benefits

(i) Post-employment benefits

Sony FG accounts for defined benefit plans and defined contribution plans as outlined below.

a) Defined benefit plans

Sony FG recognizes the net defined benefit liability or asset of defined benefit plans in the consolidated statements of financial position as the amount of the present value of defined benefit obligations less the fair value of plan assets.

The present value of defined benefit obligations is calculated by discounting the expected future benefit, and service costs are determined by using the projected unit credit method. If the fair value of plan assets is in excess of the present value of defined benefit obligations, the amount of any asset to be recognized is limited to the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan. The discount rate is determined by reference to market yields at each fiscal year-end on high-quality corporate bonds which have approximately the same term as the defined benefit obligations and are payable in the same currency as the benefit payments. Net interest on the net defined benefit liability or asset is calculated by multiplying the net defined benefit liability or asset by the discount rate.

Past service cost, which is the change in the present value of the defined benefit obligation resulting from a plan amendment or curtailment, is recognized in profit or loss.

Remeasurements of the net defined benefit liability or asset are recognized in other comprehensive income when they occur and transferred to retained earnings immediately.

b) Defined contribution plans

Sony FG recognizes contributions to defined contribution plans as expenses when employees have rendered related services.

(ii) Short-term employee benefits

Sony FG recognizes short-term employee benefits, such as salaries, bonuses and annual paid absences, as expenses at the amount expected to be paid in exchange for services when employees have rendered such services.

(16) Stock-based compensation

(i) Restricted share unit plan

For the portion of the restricted share unit plan that is classified as equity-settled share-based payment transactions, Sony FG estimates the fair value of restricted share units at the grant date and recognises the expense over the period from the grant date until vesting, with a corresponding increase in equity. For the portion that is classified as cash-settled share-based payment transactions, the services received are measured at the fair value of the liability incurred and recognised as an expense over the vesting period, with a corresponding increase in liabilities. The liability is remeasured at fair value at the end of each reporting period and at the settlement date, and any changes in fair value are recognised in profit or loss.

(ii) Performance-based share unit plan

For the portion of the performance-based share unit plan that is classified as equity-settled share-based payment transactions, Sony FG estimates the fair value of performance-based share units at the grant date and recognises the expense over the period from the grant date until vesting, with a corresponding increase in equity. For the portion that is classified as cash-settled share-based payment transactions, the services received are measured at the fair value of the liability incurred and recognised as an expense over the vesting period, with a corresponding increase in liabilities. The liability is remeasured at fair value at the end of each reporting period and at the settlement date, and any changes in fair value are recognised in profit or loss.

(iii) Stock option plan

Sony FG estimates the fair value of stock options at the grant date and recognises the expense over the period from the grant date until vesting, with a corresponding increase in equity.

(17) Share capital

Sony FG classifies capital instruments issued as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments. The Company's ordinary shares are presented as components of issued capital within equity, because they are not redeemable by holders and bear an entitlement to distributions that is non-cumulative and at the discretion of the board of directors. Distributions to shareholders are recognized in equity.

Incremental costs that are directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instrument.

(18) Fee and commission income and expense

Fee and commission income and expense that are an integral to the effective interest rate on a financial asset or financial liability are included in effective interest rate (refer to (19)).

Fee and commission income, primarily including fee and commission for deposit, lending, and debit card services, is recognized as the related services are provided.

Other fee and commission expense relate mainly to transaction and service fees, which are expensed as the services are received.

(19) Interest income and expense

Interest income and expense related to all interest-bearing financial instruments except for those classified as financial assets measured at fair value through profit or loss are recognized under "Interest income" and "Interest expense" in the consolidated statements of income using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial asset or liability and allocating the interest income or expense over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected remaining life of the financial instrument to the net carrying amount.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets, except for those that have become credit-impaired after initial recognition. For financial assets that become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the asset.

Interest expense related to liabilities arising solely from funding transactions is presented under "Interest expense" in the operating section of the consolidated statement of income.

(20) Income taxes

Income taxes consist of current and deferred taxes. Current and deferred taxes are recognized in profit or loss, except to the extent that the tax arises from a business combination, or a transaction or event which is recognized, in the same or a different period, outside profit or loss, either in other comprehensive income or directly in equity.

Current taxes are computed based on taxable profit or loss for the year, using the tax rates enacted or substantively enacted at the end of the reporting period.

Deferred tax assets and liabilities are recognized for temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of the reporting period.

Deferred income taxes are determined using tax rates and laws that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled. Deferred tax assets and liabilities are not recognized in respect of temporary differences that arise from the initial recognition of an asset or liability in a transaction which is not a business combination and which, at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the assets can be utilized. Accordingly, the valuation of the deferred tax assets is assessed periodically with available evidence related to the recoverability of the deferred tax assets. Management's judgment related to this assessment considers the nature, frequency and severity of current and cumulative losses on an individual tax jurisdiction basis, forecasts of future profitability after consideration of uncertain tax positions, excess of appreciated asset value over the tax basis of net assets, the duration of statutory carryforward periods, the past utilization of net operating loss carryforwards prior to expiration, as well as prudent and feasible tax planning strategies which would be employed by Sony FG to prevent net operating loss and tax credit carryforwards from expiring unutilized. Income taxes for interim consolidated reporting periods are calculated based on the estimated average annual effective tax rate.

(21) Application of Tax Sharing System

The Company and its domestic consolidated subsidiaries had applied Tax Sharing System with Sony Group Corporation as the parent entity under the system. However, as the Company ceased to be a wholly owned subsidiary of Sony Group Corporation as of October 1, 2025, it has withdrawn from Tax Sharing System with Sony Group Corporation as the parent entity. In addition, the Company and its domestic consolidated subsidiaries applied for approval to adopt a group tax consolidation system with the Company as the parent company for tax consolidation purposes during the current consolidated fiscal year, and as approval has been obtained, they will adopt the system from the following consolidated fiscal year. Accordingly, accounting treatment has been applied based on the assumption of the group tax consolidation system from the current consolidated fiscal year.

(22) Profit or loss attributable to owners of the parent per share ("EPS")

Basic EPS is computed based on the weighted-average number of shares of common stock outstanding during each period. Diluted EPS is calculated by adjusting for the effects of all potential ordinary shares that have a dilutive impact.

7. Risk management

(1) Risk management policies

Sony FG has implemented a group-wide enterprise risk management (“ERM”) framework. By achieving an appropriate balance and optimization of capital, risk and return, and by promoting greater capital efficiency across group-wide management, Sony FG aims to achieve sustainable growth and maximize corporate value over the medium to long term. Sony FG promotes the establishment of a PDCA cycle through ongoing monitoring activities, including the formulation and execution of management plans based on its risk appetite, as well as the implementation of stress testing.

Sony FG has established the “Basic Rules for Risk Management” and manage its risks in a manner commensurate with the size, characteristics and business activities of its subsidiaries.

The specific framework and organizational arrangements for risk management within Sony FG are set out in the “Risk Management Guidelines”, under which each subsidiary conducts autonomous risk management. Sony FG monitors the risk management status of its subsidiaries through activities such as oversight by the central risk management function and the holding of risk management committee meetings and regularly reports the results of such monitoring to the Board of Directors.

Each subsidiary conducts risk management activities that are tailored to its respective business characteristics based on the group-wide ERM framework described above.

At the life insurance subsidiaries, with the objective of achieving stable and sustainable improvement in corporate value, risk appetite is defined taking into account the interrelationship among risk, return and capital. Based on this framework, the life insurance subsidiaries work to maintain financial soundness, continuous profitability and enhance capital efficiency on an economic value basis. In addition, through stress testing and other measures, they endeavor to ensure adequate claims-paying capacity.

At the non-life insurance subsidiaries, with the objective of achieving stable and sustainable improvement in corporate value, risks are comprehensively identified, assessed and managed in an integrated manner. Through appropriate risk-taking, the non-life insurance subsidiaries work to maintain financial soundness, continuous profitability and enhance capital efficiency on an economic value basis. In addition, through stress testing and other measures, they endeavor to ensure adequate claims-paying capacity.

At the banking subsidiary, Sony FG aims to enhance profitability through appropriate risk management, with the objective of ensuring the soundness of its operations. In addition, it seeks to maintain financial soundness, generate sustainable earnings, and improve capital efficiency through the use of various risk indicators and stress testing.

The principal risks managed by Sony FG are as follows:

Type of risk	Definition
Insurance underwriting risk	The risk that Sony FG may incur losses as a result of changes in economic conditions or the frequency or severity of insured events differing from the assumptions used in setting insurance premiums.
Market risk	The risk that fluctuations in market risk factors, such as interest rates, prices of securities and foreign exchange rates, may cause the value of assets and liabilities held by Sony FG (including off-balance sheet items) to fluctuate, resulting in losses for Sony FG.
Credit risk	The risk that the value of assets and liabilities (including off-balance sheet items) may decrease or be lost as a result of the deterioration in the financial condition or creditworthiness of counterparties, including corporate and individual borrowers.
Liquidity risk	The risk that Sony FG may incur losses due to the circumstances described below. Funding liquidity risk : The risk that Sony FG may be unable to secure the necessary funds to meet its payment obligations when due, or may be forced to obtain funding at significantly higher interest rates than usual, resulting in losses. Market liquidity risk : The risk that, due to market disruptions or other factors, transactions may not be possible in the market, preventing Sony FG from unwinding its positions, or forcing Sony FG to transact at significantly unfavorable prices, resulting in losses.

(2) Insurance underwriting risk

Insurance underwriting risk management at Sony FG's principal subsidiaries is conducted as follows.

(i) Life insurance subsidiary

a) Management of insurance underwriting risk

With respect to insurance underwriting risk, the life insurance subsidiaries conduct appropriate portfolio management, including setting benefit limits by type of insurance as necessary, based on factors such as the status of insurance contract liabilities and capital levels. In addition, underwriting standards for each product, reinsurance guidelines, criteria for selecting reinsurance counterparties, and the criteria for revising or discontinuing such standards are clearly established as internal rules and are periodically reviewed.

In product development, the profitability of products is assessed using methodologies that are consistent with the evaluation approach for economic value-based net assets (market-consistent approaches). After the product launch, profitability is continuously monitored to confirm that appropriate premium rate levels are maintained.

b) Concentration of insurance underwriting risk

The insurance contract portfolio does not have any excessive concentration of insurance underwriting risk.

c) Sensitivity analysis

The following table shows the impacts on the CSM, profit (loss) before income taxes and equity resulting from changes in assumptions related to insurance contracts held.

(Millions of yen)

Assumption	Changes in assumptions	As of April 1, 2024					
		CSM		Profit (loss) before income taxes		Equity	
		Before reinsurance	After reinsurance	Before reinsurance	After reinsurance	Before reinsurance	After reinsurance
Maintenance expense rates	10% increase	(38,112)	(38,115)	(4,779)	(4,759)	(8,023)	(8,009)
	10% decrease	38,263	38,267	4,525	4,506	7,841	7,827
Lapse and surrender rates	10% increase	(96,321)	(96,356)	(13,350)	(13,502)	(13,139)	(13,213)
	10% decrease	106,060	106,247	12,481	13,279	13,659	14,167
Mortality rates (death protection)	5% increase	(78,675)	(78,686)	(4,892)	(4,786)	(5,500)	(5,424)
	5% decrease	80,674	80,686	4,603	4,499	5,427	5,352
Mortality rates (third sector / annuity products)	5% increase	7,348	7,347	1,382	1,377	2,053	2,050
	5% decrease	(7,701)	(7,700)	(1,722)	(1,717)	(2,361)	(2,358)
Morbidity rates	5% increase	(57,744)	(57,735)	(8,239)	(8,214)	(11,699)	(11,682)
	5% decrease	57,766	57,757	7,793	7,769	11,371	11,355

(Millions of yen)

Assumption	Changes in assumptions	As of March 31, 2025					
		CSM		Profit (loss) before income taxes		Equity	
		Before reinsurance	After reinsurance	Before reinsurance	After reinsurance	Before reinsurance	After reinsurance
Maintenance expense rates	10% increase	(36,886)	(36,889)	(4,312)	(4,304)	(5,390)	(5,384)
	10% decrease	36,996	37,000	4,162	4,154	5,284	5,278
Lapse and surrender rates	10% increase	(99,501)	(99,532)	(23,254)	(23,264)	(34,971)	(34,881)
	10% decrease	112,580	112,780	20,632	21,512	34,940	35,392
Mortality rates (death protection)	5% increase	(75,656)	(75,666)	(4,837)	(4,756)	(4,709)	(4,652)
	5% decrease	78,494	78,504	3,652	3,572	3,930	3,873
Mortality rates (third sector / annuity products)	5% increase	6,039	6,039	959	958	(466)	(467)
	5% decrease	(6,474)	(6,474)	(1,106)	(1,104)	442	443
Morbidity rates	5% increase	(52,691)	(52,687)	(7,191)	(7,183)	(4,639)	(4,633)
	5% decrease	53,607	53,602	6,151	6,144	3,887	3,881

(Millions of yen)

Assumption	Changes in assumptions	As of March 31, 2026					
		CSM		Profit (loss) before income taxes		Equity	
		Before reinsurance	After reinsurance	Before reinsurance	After reinsurance	Before reinsurance	After reinsurance
Maintenance expense rates	10% increase	(34,904)	(34,955)	(4,318)	(4,320)	(3,165)	(3,167)
	10% decrease	34,935	34,985	4,266	4,269	3,131	3,133
Lapse and surrender rates	10% increase	(101,165)	(96,535)	(34,868)	(33,226)	(60,303)	(58,793)
	10% decrease	118,429	113,258	30,362	29,524	59,212	58,132
Mortality rates (death protection)	5% increase	(75,265)	(75,124)	(3,013)	(2,346)	(1,768)	(1,290)
	5% decrease	78,191	78,051	1,700	1,023	760	276
Mortality rates (third sector / annuity products)	5% increase	6,020	6,030	514	530	(2,347)	(2,370)
	5% decrease	(6,452)	(6,463)	(618)	(635)	3,127	3,080
Morbidity rates	5% increase	(50,722)	(50,760)	(6,446)	(6,513)	2,153	2,105
	5% decrease	51,941	51,977	5,247	5,311	(3,023)	(2,977)

(ii) Non-life insurance subsidiary

a) Management of insurance underwriting risk

With respect to insurance underwriting risk, the non-life insurance subsidiaries of Sony FG have established various operational policies and procedures, including the Insurance Underwriting Risk Management Policy. These policies and procedures set standards that adequately reflect the underlying risk profile, provide for the use of appropriate reinsurance arrangements when necessary, and require the implementation of measures such as the introduction, modification or discontinuation of insurance products, as well as changes to premium rates and underwriting criteria.

As part of their underwriting risk management, the non-life insurance subsidiaries conduct regular monitoring of premium rates and underwriting criteria and confirm that appropriate premium rate levels are being maintained.

b) Concentration of insurance underwriting risk

The insurance contract portfolio does not have any excessive concentration of insurance underwriting risk.

c) Sensitivity analysis

The following table shows the impacts on profit (loss) before income taxes and equity resulting from changes in assumptions related to automobile insurance, which represents a major line of business among insurance contracts held by the non-life insurance subsidiaries, before reinsurance.

(Millions of yen)

Assumption	Changes in assumptions	As of April 1, 2024	
		Profit (loss) before income taxes	Equity
Incurred but unpaid claims	5% increase	(2,720)	(1,958)
	5% decrease	2,720	1,958

(Millions of yen)

Assumption	Changes in assumptions	As of March 31, 2025	
		Profit (loss) before income taxes	Equity
Incurred but unpaid claims	5% increase	(2,963)	(2,105)
	5% decrease	2,963	2,105

(Millions of yen)

Assumption	Changes in assumptions	As of March 31, 2026	
		Profit (loss) before income taxes	Equity
Incurred but unpaid claims	5% increase	(3,115)	(2,213)
	5% decrease	3,115	2,213

(3) Market risk

Market risk management at Sony FG's principal subsidiaries is conducted as follows.

(i) Life insurance subsidiary

a) Management of market risk

Market risks are managed for each type of risk as described below.

Interest rate risk

Interest rate risk arises mainly from debt securities and insurance contract liabilities held from an ALM perspective. In managing this risk, the life insurance subsidiary seeks, to the extent possible, to match the interest rate sensitivity (duration) of insurance contract liabilities with that of the corresponding bond portfolio, while utilizing funding through securities lending transactions as necessary. In addition, derivative transactions such as interest rate swaps are used, as appropriate, to manage interest rate risk.

Interest rate risk also arises from debt securities and insurance contract liabilities related to certain variable insurance and variable annuity contracts that provide minimum guarantees. To hedge such risks, derivative instruments such as bond futures are utilised. In addition, certain debt securities are designated as measured at fair value through profit or loss to reduce accounting mismatches (refer to Note 6(5)(i)a)(d)).

The risk management division specifies in detail the risk management methodologies and procedures for interest rate risk in internal regulations. Response measures are discussed at management meetings, and based on the ALM policies determined therein, the Board of Directors monitors and confirms the implementation status. Interest rate risk is also monitored through analyses such as the comprehensive assessment of interest rates and maturities of financial instruments and the use of value-at-risk (VaR) measures. Information on these matters is regularly reported to the Board of Directors and at the management meetings.

Foreign exchange risk

Foreign exchange risk arises mainly from investments and insurance contract liabilities related to certain variable insurance and variable annuity contracts that provide minimum guarantees, as well as from U.S. dollar- and Australian dollar-denominated bonds and insurance contract liabilities. To hedge such risks, derivative instruments such as foreign exchange forward contracts are utilised.

The risk management division specifies in detail the risk management methodologies and procedures for foreign exchange risk in internal regulations, and information on these matters is regularly reported to the Board of Directors and at the management meetings.

Market price risk

Equity price risk arises mainly from investments and insurance contract liabilities related to certain variable insurance and variable annuity contracts that provide minimum guarantees. To hedge such risks, derivative instruments such as equity index futures and equity swaps are utilized.

The risk management division specifies in detail the risk management methodologies and procedures for equity price risk in internal regulations, and information on these matters is regularly reported to the Board of Directors and at the management meetings.

Derivative transactions

The risk management division specifies in detail the risk management methodologies and procedures for derivative transactions in internal regulations, and information on these matters is regularly reported to the Board of Directors and at the management meetings.

b) Sensitivity analysis

The following table shows the impact on profit (loss) before income taxes and equity arising from changes in assumptions in respect of insurance contracts and financial instruments held.

(Millions of yen)

Assumption	Changes in assumptions	As of April 1, 2024					
		Insurance contracts		Financial instruments		Total	
		Profit (loss) before income taxes	Equity	Profit (loss) before income taxes	Equity	Profit (loss) before income taxes	Equity
Before reinsurance							
Japanese interest rates	50bp decrease	(143,917)	(591,024)	152,274	677,003	8,356	85,979
	50bp increase	105,182	492,482	(130,798)	(590,044)	(25,615)	(97,562)
U.S. interest rates	50bp decrease	(3,644)	(59,042)	5,688	124,231	2,044	65,188
	50bp increase	3,130	52,853	(5,411)	(110,059)	(2,281)	(57,206)
Foreign exchange rates	10% depreciation of the Yen	(475,489)	(320,136)	470,451	287,872	(5,037)	(32,264)
	10% appreciation of the Yen	468,850	315,356	(470,451)	(287,872)	(1,601)	27,484
Equity prices	10% increase	(344,920)	(248,342)	341,782	246,544	(3,138)	(1,798)
	10% decrease	339,420	244,382	(341,782)	(246,544)	(2,361)	(2,161)
After reinsurance							
Japanese interest rates	50bp decrease	(143,621)	(590,205)	152,274	677,003	8,652	86,798
	50bp increase	105,031	491,801	(130,798)	(590,044)	(25,767)	(98,243)
U.S. interest rates	50bp decrease	(3,632)	(59,033)	5,688	124,231	2,056	65,197
	50bp increase	3,121	52,846	(5,411)	(110,059)	(2,290)	(57,213)
Foreign exchange rates	10% depreciation of the Yen	(475,510)	(320,151)	470,451	287,872	(5,058)	(32,279)
	10% appreciation of the Yen	468,875	315,374	(470,451)	(287,872)	(1,576)	27,502
Equity prices	10% increase	(344,935)	(248,353)	341,782	246,544	(3,153)	(1,809)
	10% decrease	339,438	244,395	(341,782)	(246,544)	(2,344)	(2,148)

(Millions of yen)

Assumption	Changes in assumptions	As of March 31, 2025					
		Insurance contracts		Financial instruments		Total	
		Profit (loss) before income taxes	Equity	Profit (loss) before income taxes	Equity	Profit (loss) before income taxes	Equity
Before reinsurance							
Japanese interest rates	50bp decrease	(88,405)	(430,448)	85,716	511,657	(2,689)	81,209
	50bp increase	61,859	360,633	(75,073)	(449,904)	(13,214)	(89,270)
U.S. interest rates	50bp decrease	(3,345)	(55,274)	6,089	103,362	2,743	48,088
	50bp increase	3,202	50,084	(5,796)	(91,864)	(2,593)	(41,780)
Foreign exchange rates	10% depreciation of the Yen	(543,155)	(369,450)	546,899	339,178	3,744	(30,272)
	10% appreciation of the Yen	539,518	366,831	(546,899)	(339,178)	(7,381)	27,653
Equity prices	10% increase	(407,812)	(293,624)	412,231	297,160	4,419	3,535
	10% decrease	404,019	290,894	(412,231)	(297,160)	(8,211)	(6,266)
After reinsurance							
Japanese interest rates	50bp decrease	(88,341)	(429,903)	85,716	511,657	(2,624)	81,754
	50bp increase	61,865	360,165	(75,073)	(449,904)	(13,208)	(89,738)
U.S. interest rates	50bp decrease	(3,343)	(55,088)	6,089	103,362	2,745	48,274
	50bp increase	3,201	49,925	(5,796)	(91,864)	(2,595)	(41,938)
Foreign exchange rates	10% depreciation of the Yen	(543,138)	(369,445)	546,899	339,178	3,761	(30,267)
	10% appreciation of the Yen	539,502	366,827	(546,899)	(339,178)	(7,397)	27,649
Equity prices	10% increase	(407,818)	(293,629)	412,231	297,160	4,413	3,531
	10% decrease	404,026	290,899	(412,231)	(297,160)	(8,204)	(6,261)

(Millions of yen)

Assumption	Changes in assumptions	As of March 31, 2026					
		Insurance contracts		Financial instruments		Total	
		Profit (loss) before income taxes	Equity	Profit (loss) before income taxes	Equity	Profit (loss) before income taxes	Equity
Before reinsurance							
Japanese interest rates	50bp decrease	(38,165)	(287,896)	26,070	347,398	(12,094)	59,501
	50bp increase	23,258	243,998	(23,787)	(308,581)	(528)	(64,582)
U.S. interest rates	50bp decrease	(3,810)	(59,858)	5,422	100,907	1,611	41,048
	50bp increase	3,812	54,493	(5,233)	(89,975)	(1,421)	(35,481)
Foreign exchange rates	10% depreciation of the Yen	(606,480)	(411,274)	611,830	380,600	5,349	(30,674)
	10% appreciation of the Yen	603,229	408,933	(611,830)	(380,600)	(8,600)	28,333
Equity prices	10% increase	(466,972)	(336,220)	466,317	336,292	(655)	72
	10% decrease	463,794	333,932	(466,317)	(336,292)	(2,522)	(2,360)
After reinsurance							
Japanese interest rates	50bp decrease	(38,494)	(286,750)	26,070	347,398	(12,423)	60,647
	50bp increase	23,491	242,873	(23,787)	(308,581)	(295)	(65,707)
U.S. interest rates	50bp decrease	(4,674)	(46,625)	5,422	100,907	747	54,282
	50bp increase	4,522	42,310	(5,233)	(89,975)	(711)	(47,664)
Foreign exchange rates	10% depreciation of the Yen	(581,207)	(393,493)	611,830	380,600	30,622	(12,893)
	10% appreciation of the Yen	577,952	391,149	(611,830)	(380,600)	(33,878)	10,549
Equity prices	10% increase	(466,971)	(336,219)	466,317	336,292	(654)	73
	10% decrease	463,789	333,928	(466,317)	(336,292)	(2,527)	(2,364)

(ii) Non-life insurance subsidiary

a) Management of market risk

Market risks are managed for each type of risk as described below.

Interest rate risk

Interest rate risk arises mainly from debt securities held for investment purposes, as well as from debt securities and insurance contract liabilities held from an ALM perspective. The non-life insurance subsidiary seeks, to the extent possible, to match the interest rate sensitivity (duration) of insurance contract liabilities with that of the corresponding bond portfolio.

Based on the risk management policies determined by the Board of Directors, various internal rules relating to investment risk have been established, setting out in detail the risk management methodologies and procedures. In accordance with these rules, the risk management division conducts monitoring and regularly reports the status of risk management to the Board of Directors and at the management meetings.

Foreign exchange risk

The non-life insurance subsidiary does not hold financial instruments that are exposed to foreign exchange risk.

Market price risk

The non-life insurance subsidiary does not hold financial instruments that are exposed to significant market price risk.

b) Sensitivity analysis

The following table shows the impacts on profit (loss) before income taxes and equity resulting from changes in assumptions related to insurance contracts and financial instruments held.

(Millions of yen)

Assumption	Changes in assumptions	As of April 1, 2024					
		Insurance contracts		Financial instruments		Total	
		Profit (loss) before income taxes	Equity	Profit (loss) before income taxes	Equity	Profit (loss) before income taxes	Equity
Japanese interest rates	50bp decrease	—	(7,733)	—	8,572	—	838
	50bp increase	—	6,496	—	(7,543)	—	(1,047)

(Millions of yen)

Assumption	Changes in assumptions	As of March 31, 2025					
		Insurance contracts		Financial instruments		Total	
		Profit (loss) before income taxes	Equity	Profit (loss) before income taxes	Equity	Profit (loss) before income taxes	Equity
Japanese interest rates	50bp decrease	—	(6,252)	—	7,427	—	1,174
	50bp increase	—	5,263	—	(6,592)	—	(1,328)

(Millions of yen)

Assumption	Changes in assumptions	As of March 31, 2026					
		Insurance contracts		Financial instruments		Total	
		Profit (loss) before income taxes	Equity	Profit (loss) before income taxes	Equity	Profit (loss) before income taxes	Equity
Japanese interest rates	50bp decrease	—	(4,628)	—	6,670	—	2,042
	50bp increase	—	3,977	—	(6,009)	—	(2,032)

(iii) Banking subsidiary

a) Management of market risk

Market risks are managed for each type of risk as described below. Market risk management is conducted by the risk management division, and the status of market risk management is regularly reported to the Board of Directors and at the management meetings. In addition, audits are conducted by the internal audit division.

Interest rate and foreign exchange risk

The banking subsidiary manages interest rate and foreign exchange risk in accordance with internal rules relating to market risk management. These rules specify in detail the risk management methodologies and procedures. Based on the ALM and risk management policies determined by the Board of Directors, the ALM Committee and the Risk Management Committee, which are held in principle on a monthly basis, assess the current risk profile, review and confirm the implementation status and discuss future actions.

On a daily basis, the risk management division comprehensively monitors interest rates, foreign exchange rates and maturities of financial assets and financial liabilities, and manages compliance with internal rules through monitoring analyses such as VaR and interest rate sensitivity analyses. In addition, derivative transactions, including interest rate swaps, currency swaps and foreign exchange transactions, are conducted to hedge interest rate and foreign exchange risk.

Market price risk

Holdings of investment products, including securities, are managed in accordance with internal rules relating to market risk and market credit risk. The investment management division purchases securities from external counterparties, and market price risk is managed through prior reviews by the credit review division, the establishment and monitoring of investment limits by the risk management division, and continuous monitoring by the relevant departments.

Derivative transactions

Derivative transactions are conducted in accordance with internal rules relating to market risk management. In addition, the functions of trade execution, hedge effectiveness assessment and operational processing are segregated to establish appropriate internal control systems.

b) Sensitivity analysis

The following table shows the impacts on profit (loss) before income taxes and equity resulting from changes in assumptions of financial instruments held.

(Millions of yen)

Assumption	Changes in assumptions	April 1, 2024		March 31, 2025		March 31, 2026	
		Profit (loss) before income taxes	Equity	Profit (loss) before income taxes	Equity	Profit (loss) before income taxes	Equity
Interest rate risk							
Japanese	1 bp increase	(13)	(105)	(7)	(88)	(4)	(119)
U.S.	1 bp increase	(3)	(47)	(12)	(35)	(8)	(22)
Foreign exchange risk							
USD	1% appreciation of the Yen	(7)	(11)	(3)	(31)	(6)	(38)
EUR	1% appreciation of the Yen	(2)	(2)	(0)	(0)	(2)	(2)
AUD	1% appreciation of the Yen	(1)	(5)	(0)	(4)	(1)	(5)

c) VaR

An overview of VaR is set out below. In calculating VaR, the historical simulation method (observation period: 750 days; confidence level: 99%) is applied, and market risk exposures including interest rate risk, foreign exchange risk and market price risk are measured.

(Millions of yen)

	April 1, 2024
	End of period
Interest rate risk	4,990
Foreign exchange risk	150
Diversification effects from correlations	(298)
VaR total	4,842

(Millions of yen)

	March 31, 2025			
	End of period	Period average	Period high	Period low
Interest rate risk	6,246	6,434	7,630	4,824
Foreign exchange risk	103	157	323	100
Diversification effects from correlations	(139)	(190)	(376)	(140)
VaR total	6,209	6,402	7,577	4,783

(Millions of yen)

	March 31, 2026			
	End of period	Period average	Period high	Period low
Interest rate risk	10,002	8,593	10,002	7,874
Foreign exchange risk	414	464	414	609
Diversification effects from correlations	(445)	(490)	(445)	(722)
VaR total	9,971	8,568	9,971	7,761

VaR represents a statistical estimate of the maximum potential loss that may be incurred over a certain future period, based on historical market fluctuations over a specified period. Accordingly, VaR may not fully capture risks arising under extreme market conditions that are not considered normal.

(4) Credit risk

(i) Management of credit risk

Credit risk management at Sony FG's principal subsidiaries is conducted as follows.

At the life insurance subsidiary, the risk management division specifies in detail the risk management methodologies and procedures relating to credit risk of securities issuers and counterparty risk in internal regulations. The status of such credit risk management is regularly reported to the Board of Directors and at the management meetings.

At the non-life insurance subsidiary, in accordance with internal rules relating to investment risk management, credit information on securities issuers and the fair value of securities are monitored. The risk management division regularly reports the status of such monitoring to the Board of Directors and at the management meetings.

At the banking subsidiary, internal rules relating to credit risk management have been established, and credit risk is managed in accordance with the characteristics of each financial asset.

For loans to individual customers, a credit risk management framework for individual credit exposures has been established, including case-by-case credit assessments, credit information management, the use of collateral, and responses to non-performing loans.

For loans to corporate customers and corporate bonds, a framework for corporate and market credit risk management has been established, including case-by-case credit assessments, credit limits, credit information management, credit ratings, the use of guarantees and collateral, and responses to non-performing loans.

In addition, with respect to market credit risk management, including credit risk of securities issuers and counterparty risk associated with derivative transactions, fair values and credit spreads are regularly monitored.

Such credit risk management and credit exposure management are conducted by the risk management division and the credit review division, and the status of management is regularly reported to the Board of Directors and at the management meetings. In addition, audits are conducted by the internal audit division.

(ii) Analysis of credit quality

The following tables provide information on the credit quality of investments in financial assets measured at amortised cost and debt financial instruments measured at fair value through other comprehensive income. This information does not take into account collateral and other credit enhancements. Unless otherwise stated, the amounts presented in the tables relating to financial assets represent the gross carrying amounts. The amounts presented in the tables relating to loan commitments represent the undrawn portion of the committed amounts.

Securities to which the impairment requirements of IFRS 9 "Financial Instruments" ("IFRS 9") do not apply, together with the gross carrying amounts of financial assets before consideration of collateral and other credit enhancements as described above, represent Sony FG's maximum exposure to credit risk with respect to those financial assets.

a) Debt securities

With respect to debt securities held by Sony FG, almost all of such securities are of investment-grade counterparties for risk management purposes. Accordingly, 12-month expected credit losses are recognised for these debt securities as financial instruments subject to the impairment requirements of IFRS 9.

The following table shows the total carrying amounts, of debt securities measured at amortised cost or at fair value through other comprehensive income, classified based primarily on external credit ratings.

(Millions of yen)

		As of April 1,2024	As of March 31,2025	As of March 31,2026
		12-month expected credit losses	12-month expected credit losses	12-month expected credit losses
Debt securities measured at amortised cost				
AAA	Gross carrying amount	379,522	440,069	480,630
	Loss allowance	—	—	—
AA	Gross carrying amount	6,778	6,780	11,445
	Loss allowance	—	—	—
A	Gross carrying amount	5,770	19,955	55,889
	Loss allowance	—	—	—
BBB	Gross carrying amount	—	—	—
	Loss allowance	—	—	—
Other	Gross carrying amount	3,003	22,790	40,581
	Loss allowance	—	—	—
Debt securities measured at fair value through other comprehensive income				
AAA	Gross carrying amount	279,693	455,322	553,161
	Loss allowance	—	(0)	(0)
AA	Gross carrying amount	3,105,187	3,238,225	3,633,703
	Loss allowance	(18)	(19)	(21)
A	Gross carrying amount	7,116,538	7,002,915	6,859,925
	Loss allowance	(38)	(43)	(38)
BBB	Gross carrying amount	15,667	27,660	38,552
	Loss allowance	(0)	(10)	(15)
Other	Gross carrying amount	—	23,058	98,664
	Loss allowance	—	(1)	(1)

b) Loans

The following tables show the total carrying amounts, of loans measured at amortised cost, analysed based on the credit quality of borrowers.

(Millions of yen)

	As of April 1, 2024			
	12-month expected credit losses	Lifetime expected credit losses		Total
		Not credit-impaired	Credit-impaired	
Housing loans				
Normal*				
Gross carrying amount	3,570,142	246	—	3,570,389
Loss allowance	(261)	(8)	—	(270)
Carrying amount	3,569,880	238	—	3,570,119
Other than Normal*				
Gross carrying amount	1,997	357	2,348	4,703
Loss allowance	(0)	(12)	(340)	(354)
Carrying amount	1,997	344	2,007	4,349
Other				
Normal*				
Gross carrying amount	16,372	378	—	16,751
Loss allowance	(14)	(6)	—	(21)
Carrying amount	16,358	371	—	16,729
Other than Normal*				
Gross carrying amount	5	53	125	184
Loss allowance	(0)	(2)	(85)	(87)
Carrying amount	5	50	40	96

* Normal is defined as borrowers who have strong results and no particular problems with their financial position.

(Millions of yen)

	As of March 31,2025			
	12-month expected credit losses	Lifetime expected credit losses		Total
		Not credit-impaired	Credit-impaired	
Housing loans				
Normal*				
Gross carrying amount	3,758,168	525	—	3,758,693
Loss allowance	(219)	(15)	—	(235)
Carrying amount	3,757,948	509	—	3,758,457
Other than Normal*				
Gross carrying amount	2,392	819	1,841	5,053
Loss allowance	(0)	(17)	(232)	(250)
Carrying amount	2,392	802	1,608	4,802
Other				
Normal*				
Gross carrying amount	21,487	321	—	21,809
Loss allowance	(12)	(4)	—	(16)
Carrying amount	21,475	317	—	21,792
Other than Normal*				
Gross carrying amount	7	45	124	177
Loss allowance	(0)	(0)	(86)	(87)
Carrying amount	7	45	38	90

* Normal is defined as borrowers who have strong results and no particular problems with their financial position.

(Millions of yen)

	As of March 31,2026			
	12-month expected credit losses	Lifetime expected credit losses		Total
		Not credit-impaired	Credit-impaired	
Housing loans				
Normal*				
Gross carrying amount	3,644,278	473	—	3,644,752
Loss allowance	(199)	(7)	—	(206)
Carrying amount	3,644,079	466	—	3,644,546
Other than Normal*				
Gross carrying amount	2,179	1,564	2,630	6,374
Loss allowance	(0)	(16)	(308)	(325)
Carrying amount	2,179	1,547	2,322	6,049
Other				
Normal*				
Gross carrying amount	44,720	387	—	45,107
Loss allowance	(15)	(4)	—	(20)
Carrying amount	44,704	382	—	45,086
Other than Normal*				
Gross carrying amount	16	31	127	175
Loss allowance	(0)	(1)	(90)	(91)
Carrying amount	15	30	37	83

* Normal is defined as borrowers who have strong results and no particular problems with their financial position.

The following tables show the past-due status of loans.

(Millions of yen)

	As of April 1,2024			
	12-month expected credit losses	Lifetime expected credit losses		Total
		Not credit-impaired	Credit-impaired	
Housing loans				
Not past due	3,565,786	—	2,101	3,567,888
Past due up to 20 days	6,353	277	97	6,727
Past due more than 20 days	—	326	149	476
Total	3,572,139	604	2,348	3,575,092
Other				
Not past due	16,378	—	8	16,387
Past due up to 20 days	—	380	32	412
Past due more than 20 days	—	51	84	135
Total	16,378	431	125	16,935

(Millions of yen)

	As of March 31,2025			
	12-month expected credit losses	Lifetime expected credit losses		Total
		Not credit-impaired	Credit-impaired	
Housing loans				
Not past due	3,750,801	—	1,560	3,752,362
Past due up to 20 days	9,759	525	68	10,353
Past due more than 20 days	—	819	211	1,031
Total	3,760,560	1,345	1,841	3,763,747
Other				
Not past due	21,495	—	6	21,501
Past due up to 20 days	—	323	29	352
Past due more than 20 days	—	43	89	132
Total	21,495	366	124	21,987

(Millions of yen)

	As of March 31,2026			
	12-month expected credit losses	Lifetime expected credit losses		Total
		Not credit-impaired	Credit-impaired	
Housing loans				
Not past due	3,631,648	—	2,256	3,633,904
Past due up to 20 days	14,809	508	104	15,423
Past due more than 20 days	—	1,530	269	1,799
Total	3,646,458	2,038	2,630	3,651,127
Other				
Not past due	44,736	—	9	44,746
Past due up to 20 days	—	387	8	395
Past due more than 20 days	—	31	110	141
Total	44,736	418	127	45,283

c) Loan commitments

The banking subsidiary has committed credit facilities under loan agreements with customers. The following tables show an analysis of the amounts of undrawn loan commitments, based on the credit quality of borrowers, for committed amounts.

(Millions of yen)

	As of April 1,2024			
	12-month expected credit losses	Lifetime expected credit losses		Total
		Not credit-impaired	Credit-impaired	
Normal				
Undrawn loan commitments	50,965	—	—	50,965
Loss allowance	—	—	—	—
Other than Normal				
Undrawn loan commitments	—	—	—	—
Loss allowance	—	—	—	—

(Millions of yen)

	As of March 31,2025			
	12-month expected credit losses	Lifetime expected credit losses		Total
		Not credit-impaired	Credit-impaired	
Normal				
Undrawn loan commitments	27,563	—	—	27,563
Loss allowance	—	—	—	—
Other than Normal				
Undrawn loan commitments	—	—	—	—
Loss allowance	—	—	—	—

(Millions of yen)

	As of March 31,2026			
	12-month expected credit losses	Lifetime expected credit losses		Total
		Not credit-impaired	Credit-impaired	
Normal				
Undrawn loan commitments	31,164	—	—	31,164
Loss allowance	—	—	—	—
Other than Normal				
Undrawn loan commitments	—	—	—	—
Loss allowance	—	—	—	—

d) Reinsurance contract assets

Sony FG is exposed to credit risk arising from reinsurance contracts it holds. Such credit risk relates to reinsurance recoverables due from reinsurers under these contracts and is managed by assessing the financial soundness of the reinsurers.

In conducting such assessments, the life insurance and non-life insurance subsidiaries primarily use credit ratings published by external rating agencies to evaluate the creditworthiness of reinsurers. In addition, the Group has a policy of entering into reinsurance contracts only with highly rated reinsurers.

(Millions of yen)

	As of April 1,2024	As of March 31,2025	As of March 31,2026
Reinsurance contract assets			
AAA	—	—	—
AA	30,777	28,104	60,595
A	1,868	2,848	214,296
BBB	—	—	—

(iii) Credit risk relating to debt securities designated as measured at fair value through profit or loss

The exposure to credit risk relating to debt securities designated as measured at fair value through profit or loss as of April 1, 2024, March 31, 2025 and March 31, 2026 amounted to 1,243,109 million yen, 893,971 million yen and 4,732 million yen, respectively. For these financial assets, the change in fair value attributable to changes in credit risk for fiscal years 2025 and 2026 were a decrease of 208 million yen and a decrease of 570 million yen, respectively. The cumulative amounts of such changes as of April 1, 2024, March 31, 2025 and March 31, 2026 were 1,565 million yen, 1,357 million yen and 786 million yen, respectively.

(iv) Collateral and credit enhancements

a) Description of collateral and other credit enhancements

Sony FG assesses the creditworthiness of each customer on a case-by-case basis. Collateral is obtained in amounts determined based on management's assessment of the customer's creditworthiness. While the collateral held may fluctuate, it mainly includes the following:

- Floating charges over all assets and businesses
- Specific or related guarantees
- Guarantees of customers' obligations and loan agreements, including favourable and unfavourable covenants

With respect to residential mortgage loans, sufficient collateral has been obtained and no significant loss allowance has been recognised.

Sony FG did not hold any securities received as collateral in securities lending transactions that it had the right to sell or repledge, as of April 1, 2024, March 31, 2025 and March 31, 2026.

The following table presents an analysis of collateral and other credit enhancements related to loans.

(Millions of yen)

	As of April 1,2024			
	12-month expected credit losses	Lifetime expected credit losses		Total
		Not credit-impaired	Credit-impaired	
Housing loans				
Gross carrying amount	3,572,139	604	2,348	3,575,092
Collateral and other credit enhancements	3,106,093	493	1,847	3,108,433
Net	466,046	110	501	466,658
Other				
Gross carrying amount	16,378	431	125	16,935
Collateral and other credit enhancements	12,429	408	38	12,875
Net	3,949	22	87	4,060

(Millions of yen)

	As of March 31,2025			
	12-month expected credit losses	Lifetime expected credit losses		Total
		Not credit-impaired	Credit-impaired	
Housing loans				
Gross carrying amount	3,760,560	1,345	1,841	3,763,747
Collateral and other credit enhancements	3,275,094	1,100	1,473	3,277,668
Net	485,465	244	367	486,078
Other				
Gross carrying amount	21,495	366	124	21,987
Collateral and other credit enhancements	13,292	355	38	13,686
Net	8,203	11	85	8,300

(Millions of yen)

	As of March 31,2026			
	12-month expected credit losses	Lifetime expected credit losses		Total
		Not credit-impaired	Credit-impaired	
Housing loans				
Gross carrying amount	3,646,458	2,038	2,630	3,651,127
Collateral and other credit enhancements	3,207,360	1,799	2,027	3,211,186
Net	439,097	239	603	439,940
Other				
Gross carrying amount	44,736	418	127	45,283
Collateral and other credit enhancements	17,321	407	38	17,767
Net	27,415	11	89	27,515

(v) Amounts arising from expected credit losses

a) Inputs, assumptions and techniques used to estimate impairment

Expected credit losses relating to debt securities and loans are calculated by applying the probability of default (“PD”) and loss given default (“LGD”) estimated by Sony FG to the exposure at default (“EAD”), using the foundation internal ratings-based approach adopted under the Basel III regulatory framework, together with external information published by major credit rating agencies. In estimating PD, forward-looking economic information is incorporated.

Significant increases in credit risk are assessed by comparing the probability of default at initial recognition with the probability of default as of the reporting date. Sony FG recognises and measures expected credit losses on either a collective basis or on an individual issuer basis using reasonable and supportable information that is available without undue cost or effort, taking into account factors such as asset type, credit ratings, recoverability of collateral, past-due status and other relevant characteristics of the financial instruments.

For certain debt securities that are considered investment grade by major credit rating agencies as of the reporting date, Sony FG applies the low credit risk exemption. For such financial instruments, Sony FG assumes that credit risk has not increased significantly since initial recognition.

When the contractual terms of loans are modified, the gross carrying amount is remeasured using the original effective interest rate, and any resulting gains or losses arising from such modifications are recognised in profit or loss.

b) Changes in loss allowance

The following tables present a reconciliation of the loss allowance from the opening balance to the closing balance, by class of financial instruments.

Debt securities

Debt securities measured at fair value through other comprehensive income

(Millions of yen)

	12-month expected credit losses	Lifetime expected credit losses		Total
		Not credit-impaired	Credit-impaired	
Balance as of April 1, 2024	58	—	—	58
Changes in financial assets recognised as of April 1, 2024:				
Transfers to lifetime expected credit losses	—	—	—	—
Transfers to 12-month expected credit losses	—	—	—	—
Financial assets that were derecognised	(6)	—	—	(6)
New financial assets originated or purchased	16	—	—	16
Changes in models / risk parameters	6	—	—	6
Other	(0)	—	—	(0)
Balance as of March 31, 2025	74	—	—	74
Changes in financial assets recognised as of April 1, 2025:				
Transfers to lifetime expected credit losses	—	—	—	—
Transfers to 12-month expected credit losses	—	—	—	—
Financial assets that were derecognised	(8)	—	—	(8)
New financial assets originated or purchased	15	—	—	15
Changes in models / risk parameters	(5)	—	—	(5)
Other	0	—	—	0
Balance as of March 31, 2026	76	—	—	76

Note: As the carrying amounts of debt securities measured at fair value through other comprehensive income represent their fair values, no loss allowance for such debt securities is recognised in the consolidated statement of financial position.

Loans

Housing loans

(Millions of yen)

	12-month expected credit losses	Lifetime expected credit losses		Total
		Not credit-impaired	Credit-impaired	
Balance as of April 1, 2024	262	21	340	624
Changes in financial assets recognised as of April 1, 2024:				
Transfers to lifetime expected credit losses	(1)	(2)	4	—
Transfers to 12-month expected credit losses	149	(35)	(114)	—
Financial assets that were derecognised	(18)	(6)	(107)	(132)
New financial assets originated or purchased	28	—	—	28
Changes in models / risk parameters	(200)	56	110	(34)
Other	—	—	—	—
Balance as of March 31, 2025	220	33	232	486
Changes in financial assets recognised as of April 1, 2025:				
Transfers to lifetime expected credit losses	(239)	10	229	—
Transfers to 12-month expected credit losses	70	(47)	(22)	—
Financial assets that were derecognised	(14)	(3)	(53)	(71)
New financial assets originated or purchased	438	—	—	438
Changes in models / risk parameters	(275)	31	(77)	(321)
Other	—	—	—	—
Balance as of March 31, 2026	199	23	308	531

Other

(Millions of yen)

	12-month expected credit losses	Lifetime expected credit losses		Total
		Not credit-impaired	Credit-impaired	
Balance as of April 1, 2024	14	8	85	109
Changes in financial assets recognised as of April 1, 2024:				
Transfers to lifetime expected credit losses	(0)	(3)	3	—
Transfers to 12-month expected credit losses	16	(15)	(0)	—
Financial assets that were derecognised	(4)	(2)	(14)	(21)
New financial assets originated or purchased	3	0	5	10
Changes in models / risk parameters	(17)	16	7	6
Other	—	—	—	—
Balance as of March 31, 2025	12	4	86	103
Changes in financial assets recognised as of April 1, 2025:				
Transfers to lifetime expected credit losses	(4)	1	3	—
Transfers to 12-month expected credit losses	11	(11)	—	—
Financial assets that were derecognised	(3)	(1)	(14)	(19)
New financial assets originated or purchased	23	0	2	26
Changes in models / risk parameters	(21)	11	11	2
Other	—	—	—	—
Balance as of March 31, 2026	16	5	90	112

The following tables show a reconciliation between the opening and closing balances of the loss allowance and a reconciliation between the loss allowance and impairment losses on financial instruments recognized in profit or loss.

(Millions of yen)

	Fiscal year ended March 31, 2025		
	Debt securities measured at fair value through other comprehensive income	Loans	Total
Financial assets that were derecognised	(6)	(154)	(161)
New financial assets originated or purchased	16	38	55
Changes in models / risk parameters	6	(27)	(20)
Other	(0)	52	52
Impairment losses on financial instruments recognised in profit or loss	16	(91)	(74)

(Millions of yen)

	Fiscal year ended March 31, 2026		
	Debt securities measured at fair value through other comprehensive income	Loans	Total
Financial assets that were derecognised	(8)	(90)	(99)
New financial assets originated or purchased	15	464	479
Changes in models / risk parameters	(5)	(319)	(324)
Other	0	57	58
Impairment losses on financial instruments recognised in profit or loss	1	112	114

(vi) Concentration of credit risk

At the life insurance subsidiaries and the banking subsidiaries, counterparties and geographical regions are well diversified, and there is no significant concentration of credit risk. In addition, while reinsurance is utilised at the insurance subsidiaries, there is no significant concentration of credit risk with respect to any single reinsurer.

(vii) Offsetting of financial assets and financial liabilities

The gross amounts of financial assets and financial liabilities, the amounts offset, the net amounts presented in the consolidated statement of financial position, and the financial assets and financial liabilities subject to legally enforceable master netting arrangements or similar agreements with counterparties are as follows.

(Millions of yen)

	As of April 1, 2024							
	Financial instruments subject to legally enforceable master netting arrangements or similar agreements						(f)	(g)=(c)+(f)
	(a) Gross amounts of recognised financial assets and financial liabilities	(b) Amounts offset in the consolidated statement of financial position	(c)=(a)-(b) Net amounts presented in the consolidated statement of financial position	(d) Amounts not offset in the consolidated statement of financial position		(e)=(c)-(d) Net amounts	Financial instruments not subject to legally enforceable master netting arrangements or similar agreements	Consolidated statement of financial position balance
				Financial instruments	Cash collateral			
Derivative assets*	24,464	—	24,464	6,018	17,878	567	3,100	27,564
Total assets	24,464	—	24,464	6,018	17,878	567	3,100	27,564
Derivative liabilities*	17,005	—	17,005	7,073	6,522	3,409	0	17,005
Repurchase agreements	938,854	—	938,854	938,854	—	—	—	938,854
Cash collateral received for securities lending transactions	566,039	—	566,039	564,419	—	1,619	—	566,039
Total liabilities	1,521,898	—	1,521,898	1,510,346	6,522	5,029	0	1,521,899

* Certain subsidiaries have entered into master netting agreements or other similar agreements, which are mainly International Swaps and Derivatives Association (“ISDA”) Master Agreements. An ISDA Master Agreement is an agreement between two counterparties that may have multiple derivative contracts with each other, and such ISDA Master Agreement may provide for the net settlement of all or a specified group of these derivative contracts, through a single payment, in a single currency, in the event of a default on or affecting any one derivative contract, or a termination event affecting all or a specified group of derivative contracts. Master netting agreements create a right of set off, but the master netting agreements do not automatically provide for such set off.

(Millions of yen)

	As of March 31, 2025							
	Financial instruments subject to legally enforceable master netting arrangements or similar agreements						(f)	(g)=(c)+(f)
	(a)	(b)	(c)=(a)-(b)	(d)		(e)=(c)-(d)	Financial instruments not subject to legally enforceable master netting arrangements or similar agreements	Consolidated statement of financial position balance
	Gross amounts of recognised financial assets and financial liabilities	Amounts offset in the consolidated statement of financial position	Net amounts presented in the consolidated statement of financial position	Financial instruments	Cash collateral	Net amounts		
Derivative assets*	45,169	—	45,169	17,338	12,402	15,429	6,186	51,356
Total assets	45,169	—	45,169	17,338	12,402	15,429	6,186	51,356
Derivative liabilities*	22,704	—	22,704	17,338	3,546	1,820	39	22,744
Repurchase agreements	1,230,050	—	1,230,050	1,230,050	—	—	—	1,230,050
Cash collateral received for securities lending transactions	290,988	—	290,988	284,220	—	6,768	—	290,988
Total liabilities	1,543,744	—	1,543,744	1,531,608	3,546	8,589	39	1,543,783

* Certain subsidiaries have entered into master netting agreements or other similar agreements, which are mainly ISDA Master Agreements. An ISDA Master Agreement is an agreement between two counterparties that may have multiple derivative contracts with each other, and such ISDA Master Agreement may provide for the net settlement of all or a specified group of these derivative contracts, through a single payment, in a single currency, in the event of a default on or affecting any one derivative contract, or a termination event affecting all or a specified group of derivative contracts. Master netting agreements create a right of set off, but the master netting agreements do not automatically provide for such set off.

(Millions of yen)

	As of March 31, 2026							
	Financial instruments subject to legally enforceable master netting arrangements or similar agreements						(f)	(g)=(c)+(f)
	(a)	(b)	(c)=(a)-(b)	(d)		(e)=(c)-(d)	Financial instruments not subject to legally enforceable master netting arrangements or similar agreements	Consolidated statement of financial position balance
	Gross amounts of recognised financial assets and financial liabilities	Amounts offset in the consolidated statement of financial position	Net amounts presented in the consolidated statement of financial position	Financial instruments	Cash collateral	Net amounts		
Derivative assets*	216,783	—	216,783	42,534	65,719	108,529	14,249	231,032
Total assets	216,783	—	216,783	42,534	65,719	108,529	14,249	231,032
Derivative liabilities*	50,227	—	50,227	43,068	2,737	4,421	3	50,231
Repurchase agreements	395,306	—	395,306	395,306	—	—	—	395,306
Cash collateral received for securities lending transactions	654,797	—	654,797	648,036	—	6,760	—	654,797
Total liabilities	1,100,331	—	1,100,331	1,086,411	2,737	11,181	3	1,100,334

* Certain subsidiaries have entered into master netting agreements or other similar agreements, which are mainly ISDA Master Agreements. An ISDA Master Agreement is an agreement between two counterparties that may have multiple derivative contracts with each other, and such ISDA Master Agreement may provide for the net settlement of all or a specified group of these derivative contracts, through a single payment, in a single currency, in the event of a default on or affecting any one derivative contract, or a termination event affecting all or a specified group of derivative contracts. Master netting agreements create a right of set off, but the master netting agreements do not automatically provide for such set off.

(5) Liquidity risk

Liquidity risk management at Sony FG's principal subsidiaries is performed as described below.

(i) Life insurance subsidiary

a) Management of liquidity risk

In accordance with the "Liquidity Risk Management Rules", the accounting division prepares and updates funding plans on a timely basis based on reports from each department and manages funding positions, while the risk management division manages liquidity risk. The accounting division and the risk management division regularly, or as necessary, report relevant information to the Board of Directors and at the management meetings.

In managing liquidity risk, Sony FG ensures that sufficient liquidity resources are maintained to cover immediately expected cash outflows under stressed scenarios. In addition, Sony FG confirms that it is able to withstand cash outflows arising from a sustained deterioration in lapse rates over the medium to long term.

b) Maturity analysis

The estimated timing of the remaining undiscounted net cash flows arising from insurance contract liabilities, reinsurance contract liabilities and investment contract liabilities, and the contractual timing of the remaining undiscounted cash flows arising from securities, derivative assets, financial liabilities and lease liabilities are as follows.

The cash flows relating to insurance contract liabilities and reinsurance contract liabilities are based on assumptions regarding, among others, morbidity rates, mortality rates and lapse rates that are consistent with the estimates of the carrying amounts of insurance liabilities.

Insurance contract liabilities, Reinsurance contract liabilities, Investment contract liabilities and Securities

(Millions of yen)

	April 1, 2024							
	Total	Indefinite Terms	Within 1 year	1 year to 2 years	2 years to 3 years	3 years to 4 years	4 years to 5 years	More than 5 years
Insurance contract liabilities	18,932,363	—	8,198	67,494	116,956	167,632	242,091	18,329,990
Liabilities for remaining coverage	18,848,598	—	(51,609)	63,294	114,159	165,141	239,908	18,317,703
Liabilities for incurred claims	83,764	—	59,807	4,199	2,797	2,490	2,183	12,286
Reinsurance contract liabilities	—	—	—	—	—	—	—	—
Investment contract liabilities	60,968	—	16,502	8,160	6,265	5,410	4,814	19,815
Total	18,993,331	—	24,700	75,654	123,222	173,042	246,906	18,349,805
Securities	20,582,618	3,686,773	767,702	320,574	337,910	349,599	280,016	14,840,040

Note: Securities with no stated maturity mainly include domestic investment trusts.

(Millions of yen)

	March 31, 2025							
	Total	Indefinite Terms	Within 1 year	1 year to 2 years	2 years to 3 years	3 years to 4 years	4 years to 5 years	More than 5 years
Insurance contract liabilities	22,518,754	—	9,635	74,483	143,750	236,951	281,896	21,772,037
Liabilities for remaining coverage	22,438,173	—	(48,576)	70,409	141,076	234,608	279,833	21,760,822
Liabilities for incurred claims	80,580	—	58,212	4,073	2,674	2,343	2,062	11,214
Reinsurance contract liabilities	—	—	—	—	—	—	—	—
Investment contract liabilities	63,340	—	20,864	8,504	6,334	5,627	4,540	17,469
Total	22,582,095	—	30,500	82,987	150,084	242,579	286,437	21,789,506
Securities	20,478,172	4,296,196	602,270	341,368	372,929	286,778	264,896	14,313,730

Note: Securities with no stated maturity mainly include domestic investment trusts.

(Millions of yen)

	March 31, 2026							
	Total	Indefinite Terms	Within 1 year	1 year to 2 years	2 years to 3 years	3 years to 4 years	4 years to 5 years	More than 5 years
Insurance contract liabilities	29,670,688	—	34,205	142,089	260,408	324,649	322,841	28,586,495
Liabilities for remaining coverage	29,588,308	—	(26,837)	138,105	257,859	322,395	320,883	28,575,901
Liabilities for incurred claims	82,380	—	61,042	3,984	2,549	2,253	1,957	10,593
Reinsurance contract liabilities	(69)	—	(5)	(7)	(6)	(8)	(5)	(36)
Investment contract liabilities	59,484	—	20,856	7,889	6,302	5,074	4,182	15,178
Total	29,730,103	—	55,056	149,971	266,704	329,715	327,018	28,601,637
Securities	20,838,836	4,896,174	799,672	398,532	303,816	314,074	241,178	13,885,387

Note: Securities with no stated maturity mainly include domestic investment trusts.

As the above amounts are presented on an undiscounted basis, the total exceeds the aggregate amounts of insurance contract liabilities, reinsurance contract liabilities, investment contract liabilities and securities of the life insurance subsidiaries included in the consolidated statement of financial position.

Derivative assets, financial liabilities and lease liabilities

(Millions of yen)

	April 1, 2024							
	Carrying amount	Total	Within 1 year	1 year to 2 years	2 years to 3 years	3 years to 4 years	4 years to 5 years	More than 5 years
Derivative assets*	—	—	—	—	—	—	—	—
Payables under repurchase agreements	712,973	712,973	712,973	—	—	—	—	—
Collateral for securities lending transactions	566,039	566,039	566,039	—	—	—	—	—
Derivative liabilities*	6,914	6,914	6,914	—	—	—	—	—
Lease liabilities	31,203	31,536	7,523	7,140	5,878	3,603	2,626	4,765

* The breakdown of derivative liabilities settled on a net basis and on a gross basis is as follows:

(Millions of yen)

	April 1, 2024						
	Total	Within 1 year	1 year to 2 years	2 years to 3 years	3 years to 4 years	4 years to 5 years	More than 5 years
Derivative liabilities (net settlement)							
Outflow	(6,914)	(6,914)	—	—	—	—	—
Derivative liabilities (gross settlement)							
Inflow	—	—	—	—	—	—	—
Outflow	—	—	—	—	—	—	—

(Millions of yen)

	March 31, 2025							
	Carrying amount	Total	Within 1 year	1 year to 2 years	2 years to 3 years	3 years to 4 years	4 years to 5 years	More than 5 years
Derivative assets*	9,267	16,547	1,706	(973)	(769)	(694)	(634)	17,912
Payables under repurchase agreements	633,816	633,816	633,816	—	—	—	—	—
Collateral for securities lending transactions	290,988	290,988	290,988	—	—	—	—	—
Derivative liabilities*	4,746	4,746	4,746	—	—	—	—	—
Lease liabilities	26,994	27,307	7,552	6,728	5,074	3,081	2,337	2,533

* The breakdown of derivative assets and derivative liabilities settled on a net basis and on a gross basis is as follows:

(Millions of yen)

	March 31, 2025						
	Total	Within 1 year	1 year to 2 years	2 years to 3 years	3 years to 4 years	4 years to 5 years	More than 5 years
Derivative assets (net settlement)							
Inflow	16,547	1,706	(973)	(769)	(694)	(634)	17,912
Derivative assets (gross settlement)							
Inflow	—	—	—	—	—	—	—
Outflow	—	—	—	—	—	—	—
Derivative liabilities (net settlement)							
Outflow	(4,746)	(4,746)	—	—	—	—	—
Derivative liabilities (gross settlement)							
Inflow	—	—	—	—	—	—	—
Outflow	—	—	—	—	—	—	—

(Millions of yen)

	March 31, 2026							
	Carrying amount	Total	Within 1 year	1 year to 2 years	2 years to 3 years	3 years to 4 years	4 years to 5 years	More than 5 years
Derivative assets*	144,819	241,041	10,318	(1,346)	241	1,005	1,673	229,148
Payables under repurchase agreements	220,447	220,447	220,447	—	—	—	—	—
Collateral for securities lending transactions	654,797	654,797	654,797	—	—	—	—	—
Derivative liabilities*	1,491	11,696	4,287	3,259	4,148	—	—	—
Lease liabilities	25,967	26,499	7,333	6,860	5,750	3,519	2,569	464

* The breakdown of derivative assets and derivative liabilities settled on a net basis and on a gross basis is as follows:

(Millions of yen)

	March 31, 2026						
	Total	Within 1 year	1 year to 2 years	2 years to 3 years	3 years to 4 years	4 years to 5 years	More than 5 years
Derivative assets (net settlement)							
Inflow	241,041	10,318	(1,346)	241	1,005	1,673	229,148
Derivative assets (gross settlement)							
Inflow	—	—	—	—	—	—	—
Outflow	—	—	—	—	—	—	—
Derivative liabilities (net settlement)							
Outflow	(146)	(146)	—	—	—	—	—
Derivative liabilities (gross settlement)							
Inflow	156,398	1,488	2,344	152,564	—	—	—
Outflow	(167,948)	(5,630)	(5,604)	(156,713)	—	—	—

c) Demand amounts

The following table shows the demand amounts of insurance contracts issued and the carrying amounts of the related portfolios of insurance contracts. The demand amount represents the surrender value payable if the contracts were surrendered at the reporting date.

(Millions of yen)

	April 1, 2024	March 31, 2025	March 31, 2026
Insurance contracts			
Demand amounts	12,580,009	13,201,411	13,962,364
Carrying amounts	12,859,835	12,626,325	12,503,417

(ii) Non-life insurance subsidiary

a) Management of liquidity risk

In accordance with internal rules relating to liquidity risk management, the funding management division prepares and updates funding plans, while the risk management division conducts monitoring. The status of liquidity risk management is regularly reported to the Board of Directors and at the management meetings.

In managing liquidity risk, Sony FG ensures that sufficient liquid assets are maintained to cover estimated cash outflows based on stress scenario analyses that assume the payment of insurance claims in the event of large-scale disasters.

b) Maturity analysis

The estimated timing of the remaining undiscounted net cash flows arising from insurance contract liabilities and reinsurance contract liabilities, and the contractual timing of the remaining undiscounted cash flows arising from securities and lease liabilities are as follows.

The cash flows relating to insurance contract liabilities are based on assumptions regarding, among others, loss ratios and expense ratios that are consistent with the estimates of the carrying amounts of insurance liabilities.

Insurance contract liabilities, Reinsurance contract liabilities and Securities

(Millions of yen)

	April 1, 2024							
	Total	Indefinite Terms	Within 1 year	1 year to 2 years	2 years to 3 years	3 years to 4 years	4 years to 5 years	More than 5 years
Insurance contract liabilities	145,197	—	27,607	10,673	5,814	3,354	1,591	96,155
Liabilities for remaining coverage	88,881	—	(1,269)	(1,057)	(912)	(764)	(758)	93,643
Liabilities for incurred claims	56,316	—	28,876	11,730	6,726	4,118	2,350	2,511
Reinsurance contract liabilities	—	—	—	—	—	—	—	—
Total	145,197	—	27,607	10,673	5,814	3,354	1,591	96,155
Securities	226,011	601	13,095	20,702	17,152	24,754	25,595	124,109

(Millions of yen)

	March 31, 2025							
	Total	Indefinite Terms	Within 1 year	1 year to 2 years	2 years to 3 years	3 years to 4 years	4 years to 5 years	More than 5 years
Insurance contract liabilities	162,947	—	35,227	12,175	6,970	4,220	2,247	102,107
Liabilities for remaining coverage	100,965	—	400	213	300	249	(21)	99,823
Liabilities for incurred claims	61,981	—	34,826	11,961	6,669	3,970	2,268	2,284
Reinsurance contract liabilities	—	—	—	—	—	—	—	—
Total	162,947	—	35,227	12,175	6,970	4,220	2,247	102,107
Securities	246,428	553	20,942	17,392	25,292	27,531	18,402	136,313

(Millions of yen)

	March 31, 2026							
	Total	Indefinite Terms	Within 1 year	1 year to 2 years	2 years to 3 years	3 years to 4 years	4 years to 5 years	More than 5 years
Insurance contract liabilities	170,397	—	38,918	13,698	7,941	4,822	2,504	102,510
Liabilities for remaining coverage	104,374	—	1,603	898	769	631	234	100,236
Liabilities for incurred claims	66,022	—	37,315	12,800	7,172	4,190	2,270	2,273
Reinsurance contract liabilities	—	—	—	—	—	—	—	—
Total	170,397	—	38,918	13,698	7,941	4,822	2,504	102,510
Securities	304,810	1,432	28,241	36,083	30,200	23,746	31,299	153,806

As the above amounts are presented on an undiscounted basis, the total exceeds the aggregate amounts of insurance contract liabilities, reinsurance contract liabilities and securities of the non-life insurance subsidiaries included in the consolidated statement of financial position.

Lease liabilities

(Millions of yen)

	April 1, 2024							
	Total	Indefinite Terms	Within 1 year	1 year to 2 years	2 years to 3 years	3 years to 4 years	4 years to 5 years	More than 5 years
Lease liabilities	2,572	2,595	933	924	702	34	—	—

(Millions of yen)

	March 31, 2025							
	Total	Indefinite Terms	Within 1 year	1 year to 2 years	2 years to 3 years	3 years to 4 years	4 years to 5 years	More than 5 years
Lease liabilities	2,448	2,494	945	800	536	212	—	—

(Millions of yen)

	March 31, 2026							
	Total	Indefinite Terms	Within 1 year	1 year to 2 years	2 years to 3 years	3 years to 4 years	4 years to 5 years	More than 5 years
Lease liabilities	3,747	3,897	986	1,026	961	364	324	234

c) Demand amounts

The following table shows the demand amounts of insurance contracts issued and the carrying amounts of the related portfolios of insurance contracts. The demand amount represents the unearned premium refundable if the contracts were cancelled at the reporting date.

(Millions of yen)

	April 1, 2024	March 31, 2025	March 31, 2026
Insurance contracts			
Demand amounts	57,247	63,971	72,774
Carrying amounts	128,058	132,026	132,596

(iii) Banking subsidiary

a) Management of liquidity risk

The banking subsidiary has established internal rules relating to liquidity risk management and manages liquidity risk in accordance with these rules. With respect to funding liquidity risk, the subsidiary classifies its funding position into phases based on the degree of funding stress, and defines the management approaches and reporting procedures applicable to each phase. In addition, guidelines are established and reviewed as necessary.

With respect to market liquidity risk, the subsidiary monitors the market liquidity conditions of each product handled and establishes and reviews product-specific guidelines as necessary. Liquidity risk management is conducted by the risk management division, and the status of liquidity risk management is regularly reported to the Board of Directors and at the management meetings. In addition, audits are conducted by the internal audit division.

In addition, when managing liquidity risk, Sony FG adopts the liquidity coverage ratio in line with the Basel regulatory framework as a key metric. The liquidity coverage ratio is an indicator of whether sufficient high-quality liquid assets that can be readily converted into cash in a short period (numerator) are held to cover the expected cash outflows over a 30-day stress period (denominator).

b) Maturity analysis

The contractual timing of the remaining undiscounted cash flows arising from derivative assets, financial liabilities and lease liabilities held by the banking subsidiary is as follows.

(Millions of yen)

	April 1, 2024							
	Carrying amount	Total	Within 1 year	1 year to 2 years	2 years to 3 years	3 years to 4 years	4 years to 5 years	More than 5 years
Derivative assets* ²	27,564	26,777	16,246	5,193	1,939	917	877	1,602
Deposits in the banking business* ¹	3,845,606	3,870,348	3,687,050	22,042	11,421	2,727	3,069	144,036
Call money	209,410	209,420	209,420	—	—	—	—	—
Payables under repurchase agreements	225,880	227,392	227,392	—	—	—	—	—
Derivative liabilities* ²	10,091	10,361	4,269	1,179	1,177	1,144	952	1,636
Bonds payable	49,914	50,822	204	30,193	141	141	20,141	—
Borrowed money	629,923	640,680	63,016	33,570	242,942	177,454	11,773	111,922
Lease liabilities	1,894	1,905	577	573	573	180	—	—

*1 Demand deposits are included in amounts due within one year.

*2 A breakdown of derivative assets and liabilities settled on a net basis and a gross basis is shown below.

(Millions of yen)

	April 1, 2024						
	Total	Within 1 year	1 year to 2 years	2 years to 3 years	3 years to 4 years	4 years to 5 years	More than 5 years
Derivative assets (net settlement)							
Inflow	21,691	13,017	3,337	1,939	917	877	1,602
Derivative assets (gross settlement)							
Inflow	30,172	16,195	13,977	—	—	—	—
Outflow	(25,086)	(12,966)	(12,120)	—	—	—	—
Derivative liabilities (net settlement)							
Outflow	(9,023)	(2,932)	(1,179)	(1,177)	(1,144)	(952)	(1,636)
Derivative liabilities (gross settlement)							
Inflow	49,186	49,186	—	—	—	—	—
Outflow	(50,524)	(50,524)	—	—	—	—	—

(Millions of yen)

	March 31, 2025							
	Carrying amount	Total	Within 1 year	1 year to 2 years	2 years to 3 years	3 years to 4 years	4 years to 5 years	More than 5 years
Derivative assets* ²	42,088	40,444	10,893	2,662	2,330	2,503	2,185	19,868
Deposits in the banking business* ¹	4,243,962	4,281,914	4,006,600	96,833	11,141	2,691	10,595	154,051
Call money	192,278	192,339	192,339	—	—	—	—	—
Payables under repurchase agreements	596,234	597,774	597,774	—	—	—	—	—
Derivative liabilities* ²	17,997	18,566	3,556	3,004	3,172	2,693	2,340	3,799
Bonds payable	100,319	103,858	30,761	710	710	30,710	40,964	—
Borrowed money	647,287	659,334	113,807	243,236	177,589	11,897	11,295	101,508
Lease liabilities	1,834	1,847	747	747	273	52	26	—

*1 Demand deposits are included in amounts due within one year.

*2 A breakdown of derivative assets and liabilities settled on a net basis and a gross basis is shown below.

(Millions of yen)

	March 31, 2025						
	Total	Within 1 year	1 year to 2 years	2 years to 3 years	3 years to 4 years	4 years to 5 years	More than 5 years
Derivative assets (net settlement)							
Inflow	38,302	8,752	2,662	2,330	2,503	2,185	19,868
Derivative assets (gross settlement)							
Inflow	104,459	104,459	—	—	—	—	—
Outflow	(102,317)	(102,317)	—	—	—	—	—
Derivative liabilities (net settlement)							
Outflow	(18,566)	(3,556)	(3,004)	(3,172)	(2,693)	(2,340)	(3,799)
Derivative liabilities (gross settlement)							
Inflow	—	—	—	—	—	—	—
Outflow	—	—	—	—	—	—	—

(Millions of yen)

	March 31, 2026							
	Carrying amount	Total	Within 1 year	1 year to 2 years	2 years to 3 years	3 years to 4 years	4 years to 5 years	More than 5 years
Derivative assets* ²	86,212	82,206	12,204	6,177	7,980	8,187	6,725	40,930
Deposits in the banking business* ¹	4,600,113	4,634,021	4,407,215	19,715	15,652	10,422	19,767	161,247
Call money	175,094	175,172	175,172	—	—	—	—	—
Payables under repurchase agreements	174,859	176,017	176,017	—	—	—	—	—
Derivative liabilities* ²	48,739	52,143	8,731	6,632	8,357	8,114	6,670	13,636
Bonds payable	70,367	73,096	710	710	30,710	40,964	—	—
Borrowed money	657,547	671,248	369,529	178,031	12,288	11,639	10,988	88,770
Lease liabilities	1,094	1,094	743	272	52	26	—	—

*1 Demand deposits are included in amounts due within one year.

*2 A breakdown of derivative assets and liabilities settled on a net basis and a gross basis is shown below.

(Millions of yen)

	March 31, 2026						
	Total	Within 1 year	1 year to 2 years	2 years to 3 years	3 years to 4 years	4 years to 5 years	More than 5 years
Derivative assets (net settlement)							
Inflow	80,671	10,668	6,177	7,980	8,187	6,725	40,930
Derivative assets (gross settlement)							
Inflow	45,452	45,452	—	—	—	—	—
Outflow	(43,917)	(43,917)	—	—	—	—	—
Derivative liabilities (net settlement)							
Outflow	(49,518)	(6,107)	(6,632)	(8,357)	(8,114)	(6,670)	(13,636)
Derivative liabilities (gross settlement)							
Inflow	110,013	110,013	—	—	—	—	—
Outflow	(112,637)	(112,637)	—	—	—	—	—

c) Liquidity Coverage Ratio

The liquidity coverage ratio (LCR) is set out below.

	April 1, 2024	March 31, 2025	March 31, 2026
Total eligible high-quality liquid assets (millions of yen)	889,114	1,193,469	1,344,585
Total net cash outflows (millions of yen)	465,872	696,041	639,597
Liquidity coverage ratio (%)	190.9	171.5	210.2

Eligible high-quality liquid assets included in the calculation consist of assets that can be easily converted into cash even under stressed conditions and are subject to limited value fluctuation. These assets include cash, deposits with the Bank of Japan, and highly liquid marketable securities such as Japanese government bonds.

Cash outflows represent reasonable estimates of funds that may flow out of the banking subsidiary under stressed conditions, and include deposit outflows, additional outflows arising from the provision of collateral, and contractually scheduled payments.

(iv) The Company and subsidiaries in other businesses

a) Liquidity risk management

At the Company and its subsidiaries engaging in other businesses, each company prepares and updates its funding plans through its treasury or cash management department, and regularly reports the status of such plans to the Board of Directors or management meetings, to manage liquidity risk.

b) Maturity analysis

The contractual timing of the remaining undiscounted cash flows arising from financial liabilities held by the Company and its subsidiaries engaging in other businesses is as follows.

(Millions of yen)

	April 1, 2024							
	Carrying amount	Total	Within 1 year	1 year to 2 years	2 years to 3 years	3 years to 4 years	4 years to 5 years	More than 5 years
Bonds payable	19,978	20,155	10,060	38	38	10,019	—	—
Borrowed money	3,816	3,819	3,819	—	—	—	—	—
Lease liabilities	51,835	65,736	3,340	3,314	3,265	3,191	3,167	49,457

(Millions of yen)

	March 31, 2025							
	Carrying amount	Total	Within 1 year	1 year to 2 years	2 years to 3 years	3 years to 4 years	4 years to 5 years	More than 5 years
Bonds payable	9,984	10,095	38	38	10,019	—	—	—
Borrowed money	3,779	3,784	3,784	—	—	—	—	—
Lease liabilities	56,768	73,468	3,816	3,761	3,687	3,663	3,601	54,938

(Millions of yen)

	March 31, 2026							
	Carrying amount	Total	Within 1 year	1 year to 2 years	2 years to 3 years	3 years to 4 years	4 years to 5 years	More than 5 years
Bonds payable	109,380	212,312	2,469	12,450	2,431	2,431	2,431	190,100
Borrowed money	—	—	—	—	—	—	—	—
Lease liabilities	55,382	72,097	3,824	3,750	3,724	3,662	3,603	53,531

(6) Capital Management

Sony FG uses adjusted ROE^{*1} as an indicator for managing capital, reflecting capital efficiency. The details of the management methods and procedures for this metric are prescribed in internal policies, and related information is regularly reported to the Board of Directors.

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Adjusted ROE ^{*1}	5.6%	10.6%

*1 Adjusted ROE = adjusted net income^{*2} / average equity (average equity is calculated as (opening equity + closing equity) / 2)

*2 For details of adjusted net income used as the numerator, please refer to Note 10.

In addition, the key indicators that Sony FG is required to comply with in order to maintain financial soundness are as follows.

Sony FG is required to maintain the solvency margin ratio and the capital adequacy ratio above certain levels under the Insurance Business Act and the Banking Act respectively, and is subject to monitoring by the Financial Services Agency (“FSA”), the regulatory authority.

Solvency Margin Ratio

Insurance businesses are required to maintain sufficient solvency to cover risks exceeding normal expectations, such as a sudden increase in insurance claims due to large-scale disasters or deterioration in the investment environment.

The solvency margin ratio is one indicator of financial soundness that measures the extent to which an insurance company has the ability, on an economic value-basis, to meet such risks beyond normal expectations. From a regulatory perspective, a ratio of at least 100% is required as a threshold for ensuring financial soundness.

Capital Adequacy Ratio

Banking businesses are required to manage their capital base and maintain a sufficient financial foundation commensurate with various risks, such as deterioration in the creditworthiness of borrowers and sudden changes in financial markets.

The capital adequacy ratio is one indicator of financial soundness that measures the adequacy of a bank’s capital to withstand risks. From a regulatory perspective, a ratio of at least 4% (domestic standard) is required as a benchmark for assessing whether the level of regulatory capital is appropriate relative to the risk-weighted assets held.

Under Sony FG’s Enterprise Risk Management (“ERM”), the Group has established internal policies and procedures governing the management of the solvency margin and capital adequacy ratios. In accordance with these policies, the risk management function performs periodic monitoring of these ratios and other appropriate risk management activities, to maintain sufficient levels to ensure financial soundness.

8. Fair Value Measurement

Many of Sony FG's accounting policies require the measurement of fair value for both financial and non-financial assets and liabilities.

(1) Fair value measurement framework

Sony FG measures fair value as an exit price, or the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as of the measurement date.

Sony FG determines a hierarchy of inputs to valuation techniques based on the extent to which inputs used in measuring fair value are observable in the market. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect assumptions which Sony FG develops using the information that market participants would use in pricing the asset or liability. Observable market data is utilized when available, provided it can be obtained without undue cost or effort. Each fair value measurement is reported in one of three levels which are determined by the lowest level input that is significant to the fair value measurement in its entirety.

Fair value measurements are categorized into the following three levels based on the inputs used in the valuation techniques:

Level 1: Inputs are unadjusted quoted prices for identical assets and liabilities in active markets.

Level 2: Inputs are based on observable inputs other than Level 1 prices, such as quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model-derived valuations, in which all significant inputs are observable in active markets.

Level 3: One or more significant inputs are unobservable.

When available, Sony FG uses unadjusted quoted market prices in active markets to measure fair value and classifies such items within Level 1. If quoted market prices are not available, fair value is based upon internally developed valuation techniques that use, where possible, current market-based or independently sourced market parameters, such as interest rates, currency rates and option volatilities. Items valued using internally developed models are classified according to the lowest level input that is significant to the valuation. For certain financial assets and liabilities, Sony FG determines fair value using third-party information such as indicative quotes from dealers and quantitative input from investment advisors following Sony FG's established valuation procedures including validation against internally developed prices. Additionally, Sony FG considers both counterparty credit risk and Sony's own creditworthiness in determining fair value. Sony FG attempts to mitigate credit risk to third parties by entering into netting agreements, exchanging collaterals and actively monitoring the creditworthiness of counterparties and its exposure to credit risk through the use of credit limits and by selecting major international banks and financial institutions as counterparties.

Transfers between levels are deemed to have occurred at the beginning of the reporting period in which the transfer occurred.

(2) Description of the fair value measurement process

Sony FG has established policies and procedures for fair value measurement within its risk management department, and fair value is measured in accordance with these policies. The measured fair values are validated by an independent valuation department, which assesses the appropriateness of the valuation techniques and inputs used, as well as the classification within the fair value hierarchy. The results of this validation are reported to the risk management department each reporting period to ensure the integrity of the fair value measurement policies and procedures.

In measuring fair value, Sony FG uses valuation models that best reflect the nature, characteristics, and risks of each individual asset. Even when market prices obtained from third parties are used, Sony FG verifies the reasonableness of such prices through appropriate methods, including reviewing the valuation techniques and inputs used, and comparing them with the fair values of similar financial instruments.

9. Financial Instruments - Classifications and Fair Value

The following table shows the carrying amounts of financial assets and liabilities.

(Millions of yen)

	April 1, 2024				
	Mandatory at fair value through profit or loss ("FVPL")	Designated as at FVPL	Fair value through other comprehensive income ("FVOCI")	Amortized cost ("AC")	Total carrying amounts
Securities					
Debt securities					
Japanese national government bonds	423,128	1,021,308	7,057,395	—	8,501,833
Japanese local government bonds	1,845	13,944	48,712	—	64,502
Japanese corporate bonds	27,295	3,302	882,651	9,950	923,200
Foreign government bonds	231,688	39,472	1,221,067	—	1,492,228
Foreign corporate bonds	11,980	165,081	301,119	3,385	481,567
Securitized products	—	—	82,573	378,736	461,309
Other Securities	461,754	—	—	3,003	464,757
Equity securities					
Japanese equities	370,438	—	1,364	—	371,802
Foreign equities	2,839,827	—	5,940	—	2,845,768
Loans					
Housing loans	—	—	—	3,574,468	3,574,468
Other	—	—	—	16,826	16,826
Derivative assets	27,564	—	—	—	27,564
Total financial assets	4,395,524	1,243,109	9,600,825	3,986,370	19,225,830
Deposits in the banking business	—	—	—	3,845,606	3,845,606
Derivative liabilities	17,005	—	—	—	17,005
Investment contract liabilities	—	—	—	60,392	60,392
Bonds payable	—	—	—	69,893	69,893
Borrowed money	—	—	—	633,740	633,740
Total financial liabilities	17,005	—	—	4,609,632	4,626,638

(Millions of yen)

	March 31, 2025				
	Mandatory at FVPL	Designated as at FVPL	FVOCI	AC	Total carrying amounts
Securities					
Debt securities					
Japanese national government bonds	411,764	757,357	6,134,141	—	7,303,262
Japanese local government bonds	1,225	8,596	71,752	11,626	93,200
Japanese corporate bonds	19,827	—	804,808	24,916	849,552
Foreign government bonds	221,212	50,568	1,314,919	—	1,586,700
Foreign corporate bonds	24,657	77,450	414,929	935	517,972
Securitized products	—	—	108,579	439,281	547,861
Other Securities	594,049	—	—	12,836	606,886
Equity securities					
Japanese equities	416,472	—	1,360	—	417,832
Foreign equities	3,323,668	—	4,519	—	3,328,188
Loans					
Housing loans	—	—	—	3,763,260	3,763,260
Other	—	—	—	21,883	21,883
Derivative assets	51,356	—	—	—	51,356
Total financial assets	5,064,235	893,971	8,855,010	4,274,740	19,087,958
Deposits in the banking business	—	—	—	4,243,962	4,243,962
Derivative liabilities	22,744	—	—	—	22,744
Investment contract liabilities	—	—	—	62,771	62,771
Bonds payable	—	—	—	110,304	110,304
Borrowed money	—	—	—	651,066	651,066
Total financial liabilities	22,744	—	—	5,068,104	5,090,848

(Millions of yen)

	March 31, 2026				
	Mandatory at FVPL	Designated as at FVPL	FVOCI	AC	Total carrying amounts
Securities					
Debt securities					
Japanese national government bonds	370,325	578,025	5,254,944	—	6,203,295
Japanese local government bonds	3,749	—	167,029	29,711	200,491
Japanese corporate bonds	43,958	—	748,680	52,485	845,124
Foreign government bonds	215,865	50,378	1,401,972	—	1,668,215
Foreign corporate bonds	42,096	56,879	492,863	—	591,839
Securitized products	—	—	223,853	479,841	703,694
Other Securities	993,535	—	—	26,508	1,020,044
Equity securities					
Japanese equities	571,991	—	2,300	—	574,292
Foreign equities	3,368,736	—	8,412	—	3,377,149
Loans					
Housing loans	—	—	—	3,650,595	3,650,595
Other	—	—	—	45,170	45,170
Derivative assets	231,032	—	—	—	231,032
Total financial assets	5,841,291	685,283	8,300,057	4,284,313	19,110,946
Deposits in the banking business	—	—	—	4,600,113	4,600,113
Derivative liabilities	50,231	—	—	—	50,231
Investment contract liabilities	—	—	—	58,847	58,847
Bonds payable	—	—	—	179,748	179,748
Borrowed money	—	—	—	657,547	657,547
Total financial liabilities	50,231	—	—	5,496,256	5,546,487

(1) Valuation techniques and inputs used for fair value measurement

The following section describes the valuation techniques used by Sony FG to measure financial instruments at fair value, and the fair value hierarchy levels in which these instruments are generally classified.

(i) Debt and equity securities:

Where quoted prices of financial instruments are available in an active market, these instruments are classified in Level 1 of the fair value hierarchy. Level 1 financial instruments include exchange-traded equity instruments. If quoted market prices are not available for the specific financial instruments or the market is inactive, then fair values are estimated by using pricing models, quoted prices of financial instruments with similar characteristics or discounted cash flow method and mainly classified in Level 2 of the fair value hierarchy. Level 2 financial instruments include debt instruments with quoted prices that are not traded as actively as exchange-traded instruments, such as the majority of government bonds and corporate bonds. In certain cases where there is limited activity or less transparency around inputs to the valuation, these instruments are classified within Level 3 of the fair value hierarchy. Level 3 financial instruments primarily include investment funds, securitized products which are not classified within Level 1 or Level 2 and domestic and foreign corporate bonds for which quoted prices are not available in a market and where there is less transparency around inputs. Sony FG estimates the fair value for certain investment funds by using the net asset value. Sony FG estimates the fair value for securitized products and domestic and foreign corporate bonds for which quoted prices are not available in a market and where there is less transparency around inputs by using third-party information such as indicative quotes from dealers without adjustment or discounted cash flow method. For validating the fair values of Level 3 financial instruments, Sony FG primarily uses internal models which include management judgment or estimation of assumptions that market participants would use in pricing the asset.

(ii) Loans

For each maturity category, the fair value of loans is determined by estimating future cash flows and discounting them at market interest rates as of the valuation date, adjusted as appropriate. These loans are classified as Level 3 in the fair value hierarchy.

(iii) Derivatives

Exchange-traded derivatives valued using quoted prices are classified within Level 1 of the fair value hierarchy. However, few classes of derivative contracts are listed on an exchange; thus, the majority of Sony FG's derivative positions are valued using internally developed models that use as their basis readily observable market parameters, meaning parameters that are actively quoted and can be validated to external sources, including pricing services.

In determining the fair value of Sony FG's interest rate swap derivatives and currency swaps, Sony FG uses the present value of expected cash flows based on market observable interest rate yield curves commensurate with the term of each instrument. For foreign currency derivatives, Sony FG's approach is to use forward contract valuation models employing market observable inputs, such as spot currency rates and time value. These derivatives are classified within Level 2 since Sony FG primarily uses observable inputs in its valuation of its derivative assets and liabilities.

Depending on the types and contractual terms of derivatives, fair value can be modeled using a series of techniques, such as the Black-Scholes model, which are consistently applied. For derivative products that have been established for some time, Sony FG uses models that are widely accepted in the financial services industry. These models reflect the contractual terms of the derivatives, including the period to maturity, and market-based parameters such as interest rates, volatility, and the credit rating of the counterparty. Further, many of these models do not contain a high level of subjectivity as the techniques used in the models do not require significant judgment, and inputs to the model are readily observable from actively quoted markets. Such instruments are generally classified within Level 2 of the fair value hierarchy.

(iv) Investment contract liabilities

The present value of the estimated future cash flows of investment contracts, discounted at the market interest rate on the valuation date, is used as the fair value, and is classified as Level 2.

(v) Deposits in the banking business

For demand deposits, the amount payable (carrying amounts) if the demand is made at the reporting date is deemed to be the fair value. The fair value of time deposits is the present value of future cash flows discounted at the market interest rate on the valuation date. These transactions are classified as Level 2.

(vi) Bonds payable

Corporate bonds with market prices are valued at market prices and classified as Level 2. Corporate bonds without market prices are valued at the present value of future cash flows discounted using the rate that combines the market interest rate on the valuation date with Sony FG's equity premium, and are classified as Level 3.

(vii) Borrowed money

The present value of the estimated future cash flows of principal and interest, discounted at the market interest rate on the valuation date, is used as the fair value, and is classified as Level 2.

(2) Financial instruments measured at fair value

(i) The fair value hierarchy

The following table shows an analysis of financial instruments measured at fair value at the reporting date by the level of the fair value hierarchy into which the fair value measurement is categorized.

(Millions of yen)

	April 1, 2024			
	Level 1	Level 2	Level 3	Total
Securities				
Debt securities				
Japanese national government bonds	—	8,501,833	—	8,501,833
Japanese local government bonds	—	64,502	—	64,502
Japanese corporate bonds	—	774,401	138,847	913,249
Foreign government bonds	39,363	1,452,864	—	1,492,228
Foreign corporate bonds	—	437,501	40,680	478,182
Securitized products	—	60,565	22,007	82,573
Other Securities	—	413,834	47,920	461,754
Equity securities				
Japanese equities	367,820	—	3,982	371,802
Foreign equities	2,845,768	—	—	2,845,768
Derivative assets	—	27,564	—	27,564
Total financial assets	3,252,952	11,733,068	253,438	15,239,459
Derivative liabilities	3,428	13,577	—	17,005
Total financial liabilities	3,428	13,577	—	17,005

(Millions of yen)

	March 31, 2025			
	Level 1	Level 2	Level 3	Total
Securities				
Debt securities				
Japanese national government bonds	—	7,303,262	—	7,303,262
Japanese local government bonds	—	81,574	—	81,574
Japanese corporate bonds	—	712,843	111,792	824,635
Foreign government bonds	41,867	1,544,833	—	1,586,700
Foreign corporate bonds	—	449,926	67,110	517,037
Securitized products	—	59,701	48,877	108,579
Other Securities	—	544,860	49,189	594,049
Equity securities				
Japanese equities	415,171	—	2,660	417,832
Foreign equities	3,328,188	—	—	3,328,188
Derivative assets	2,196	49,159	—	51,356
Total financial assets	3,787,423	10,746,162	279,631	14,813,217
Derivative liabilities	4,306	18,438	—	22,744
Total financial liabilities	4,306	18,438	—	22,744

(Millions of yen)

	March 31, 2026			
	Level 1	Level 2	Level 3	Total
Securities				
Debt securities				
Japanese national government bonds	—	6,203,295	—	6,203,295
Japanese local government bonds	—	170,779	—	170,779
Japanese corporate bonds	—	705,888	86,750	792,639
Foreign government bonds	—	1,668,215	—	1,668,215
Foreign corporate bonds	—	514,947	76,891	591,839
Securitized products	—	103,526	120,326	223,853
Other Securities	—	939,218	54,317	993,535
Equity securities				
Japanese equities	571,678	—	2,613	574,292
Foreign equities	3,375,732	—	1,416	3,377,149
Derivative assets	9,740	221,291	—	231,032
Total financial assets	3,957,152	10,527,163	342,316	14,826,632
Derivative liabilities	3	50,227	—	50,231
Total financial liabilities	3	50,227	—	50,231

Transfers between Level 1 and Level 2

Certain debt securities were transferred from Level 2 to Level 1 as quoted prices in active markets became available. The amount of such transfers totaled 2,588 million yen in the fiscal year ended March 31, 2025, and no such transfers occurred in the fiscal year ended March 31, 2026. In addition, certain debt securities were transferred from Level 1 to Level 2 as quoted prices in active markets became unavailable. The amount of such transfers totaled 2,096 million yen in the fiscal year ended March 31, 2025, and no such transfers occurred in the fiscal year ended March 31, 2026.

(ii) Level 3 fair value measurement

The following table presents a reconciliation of the opening and closing balances for Level 3 fair value measurements, together with an analysis of the total gains (losses) recognized in profit or loss or other comprehensive income during the period.

(Millions of yen)

	Fiscal year ended March 31, 2025		Fiscal year ended March 31, 2026	
	Debt securities	Equity securities	Debt securities	Equity securities
Opening balance	249,456	3,982	276,970	2,660
Total gains (losses)	(25,325)	(1,212)	(18,287)	(42)
Net income	2,153	(1,212)	6,983	94
Other comprehensive income	(27,478)	—	(25,270)	(137)
Purchases (issues)	122,642	312	159,795	2,097
Settlements	(67,110)	(420)	(44,322)	(685)
Transfers to Level 3	—	—	—	—
Transfers out of Level 3*	(2,692)	—	(35,870)	—
Closing balance	276,970	2,660	338,286	4,029
Gains (losses) recognized in profit or loss on assets and liabilities held at the reporting date	(2,232)	(328)	7,387	(1)

* Transfers from Level 3 to other levels were made as observable data became available.

Unobservable inputs used in fair value measurement

The following table provides information on significant unobservable inputs used in the measurement of financial instruments classified as Level 3.

	Valuation technique	Significant unobservable inputs	Range of estimates		
			April 1, 2024	March 31, 2025	March 31, 2026
Debt securities	Discounted cash flow	Credit spread	27–550bp	53–360bp	50–350bp

A credit spread represents an adjustment to the benchmark market interest rate and primarily consists of a risk premium that market participants require as compensation for the uncertainty in cash flows of financial instruments arising mainly from credit risk. In general, a significant increase (decrease) in the credit spread results in a significant decrease (increase) in fair value. If the credit spread were to increase by 30 basis points, the estimated decrease in the fair value of debt securities would be 12,471 million yen, 9,284 million yen, and 6,495 million yen as of April 1, 2024, March 31, 2025, and March 31, 2026, respectively.

(3) Financial instruments not measured at fair value

The following table shows a comparison of the carrying amounts and fair values of financial instruments that are not measured at fair value. Other financial assets, call money, payables under repurchase agreements, collateral for securities lending transactions, and other financial liabilities are classified as financial instruments measured at amortized cost; however, as these are primarily short-term transactions and their carrying amounts approximate fair value, they are not included in the table below.

(Millions of yen)

	April 1, 2024				
	Fair value				Carrying amount
	Level 1	Level 2	Level 3	Total	
Securities					
Debt securities					
Japanese national government bonds	—	—	—	—	—
Japanese local government bonds	—	—	—	—	—
Japanese corporate bonds	—	9,957	—	9,957	9,950
Foreign government bonds	—	—	—	—	—
Foreign corporate bonds	—	3,412	—	3,412	3,385
Securitized products	—	—	378,388	378,388	378,736
Other Securities	—	40	2,962	3,003	3,003
Loans					
Housing loans	—	—	3,634,010	3,634,010	3,574,468
Other	—	—	19,476	19,476	16,826
Total financial assets	—	13,410	4,034,839	4,048,250	3,986,370
Deposits in the banking business	—	3,841,812	—	3,841,812	3,845,606
Investment contract liabilities	—	59,577	—	59,577	60,392
Bonds payable	—	9,931	59,897	69,828	69,893
Borrowed money	—	629,097	—	629,097	633,740
Total financial liabilities	—	4,540,418	59,897	4,600,315	4,609,632

(Millions of yen)

	March 31, 2025				
	Fair value				Carrying amount
	Level 1	Level 2	Level 3	Total	
Securities					
Debt securities					
Japanese national government bonds	—	—	—	—	—
Japanese local government bonds	—	11,696	—	11,696	11,626
Japanese corporate bonds	—	24,273	—	24,273	24,916
Foreign government bonds	—	—	—	—	—
Foreign corporate bonds	—	937	—	937	935
Securitized products	—	—	439,132	439,132	439,281
Other Securities	—	40	12,683	12,724	12,836
Loans					
Housing loans	—	—	3,709,148	3,709,148	3,763,260
Other	—	—	24,237	24,237	21,883
Total financial assets	—	36,947	4,185,201	4,222,148	4,274,740
Deposits in the banking business	—	4,239,252	—	4,239,252	4,243,962
Investment contract liabilities	—	60,557	—	60,557	62,771
Bonds payable	—	9,832	99,285	109,117	110,304
Borrowed money	—	639,066	—	639,066	651,066
Total financial liabilities	—	4,948,708	99,285	5,047,993	5,068,104

(Millions of yen)

	March 31, 2026				
	Fair value				Carrying amount
	Level 1	Level 2	Level 3	Total	
Securities					
Debt securities					
Japanese national government bonds	—	—	—	—	—
Japanese local government bonds	—	27,234	—	27,234	29,711
Japanese corporate bonds	—	45,547	—	45,547	52,485
Foreign government bonds	—	—	—	—	—
Foreign corporate bonds	—	—	—	—	—
Securitized products	—	—	479,995	479,995	479,841
Other Securities	—	40	25,491	25,532	26,508
Loans					
Housing loans	—	—	3,671,469	3,671,469	3,650,595
Other	—	—	44,817	44,817	45,170
Total financial assets	—	72,822	4,221,773	4,294,595	4,284,313
Deposits in the banking business	—	4,589,708	—	4,589,708	4,600,113
Investment contract liabilities	—	55,590	—	55,590	58,847
Bonds payable	—	108,450	68,485	176,935	179,748
Borrowed money	—	649,529	—	649,529	657,547
Total financial liabilities	—	5,403,278	68,485	5,471,763	5,496,256

10. Management-defined Performance Measure

(1) Overview of management-defined performance measure

Sony FG has adopted “Adjusted Net Income,” a management-defined performance measure, as a key management indicator, and uses it in business briefings and other investor presentations.

“Adjusted Net Income” is calculated by adjusting net income for the year as defined under IFRS Accounting Standards to exclude the effects of market fluctuations and other non-recurring or temporary factors, in order to enable management to assess Sony FG’s sustainable earning power and operating performance and to provide investors with management’s perspective.

Management believes that “Adjusted Net Income” appropriately represents Sony FG’s underlying period earnings and is suitable for measuring base profit growth, and therefore has adopted it as a management performance measure. Accordingly, management considers that the disclosure of “Adjusted Net Income” provides useful information to users of the financial statements.

Specifically, in calculating “Adjusted Net Income,” Sony FG adjusts net income for the year as defined under IFRS Accounting Standards for the following income and expense items.

(i) Gains and losses recognized by the life insurance subsidiary

The following items recognized by the life insurance subsidiary are adjusted:

- Variable insurance-related gains and losses recognized in investment income, arising from financial assets measured at fair value through profit or loss held to back variable insurance contracts and variable annuity contracts.
- Foreign exchange gains and losses recognized in investment income, excluding amounts equivalent to hedge costs (including transaction fees and margin costs necessary to maintain hedge positions), arising from bonds designated as measured at fair value through profit or loss, including accrued interest for the current period based on the interest rate at the beginning of the period.
- Variable insurance-related gains and losses included in insurance finance income or expenses, arising from changes in underlying items related to variable insurance contracts and variable annuity contracts, as well as the effects of changes in interest rates and other financial risks.
- Foreign exchange gains and losses included in insurance finance income or expenses.
- Gains and losses on the sale of securities recognized in investment income.

Management of Sony FG considers that variable insurance-related gains and losses, which ultimately accrue to policyholders, as well as gains and losses arising from market risk adjustments in the insurance business, temporary gains and losses on the sale of securities resulting from market fluctuations, and gains and losses related to foreign exchange risk hedging, do not reflect Sony FG’s sustainable earning power or operating performance.

(ii) Non-recurring gains and losses recognized by entities within Sony FG

Non-recurring gains and losses arising from temporary factors that are not expected to occur over multiple consolidated fiscal years and are not directly related to Sony FG’s medium- to long-term business plans are considered not to reflect Sony FG’s sustainable earning power or operating performance. Management also believes that such items have limited predictive value for users of the financial statements in assessing Sony FG’s future performance.

It should be noted that “Adjusted Net Income” does not correspond to any subtotal of income or expenses defined under IFRS Accounting Standards and is a performance measure unique to Sony FG. Accordingly, it may not be comparable to similarly titled performance measures used or disclosed by other companies.

(2) Reconciliation to management-defined performance measure

The reconciliation from profit for the period as defined under IFRS to management-defined performance measures is as follows.

(Millions of yen)

	Line items in the consolidated statements of income	Fiscal year ended March 31, 2025		
		Before income taxes	Income taxes* ¹	After income taxes
Profit (loss)		130,526	(56,354)	74,172
(i) Adjustment items related to the life insurance subsidiary				
Variable insurance-related gains and losses and foreign exchange gains and losses	Investment income	12,470	(3,491)	8,978
Gains and losses on the sale of securities	Investment income	3,928	(1,099)	2,828
Variable insurance-related gains and losses and foreign exchange gains and losses	Insurance finance income or expenses (net)	(27,535)	7,710	(19,825)
(ii) Non-recurring gains and losses recognized by entities within Sony FG				
Bond futures gains and losses – life insurance subsidiary* ²	Investment income	(6,689)	1,873	(4,816)
Total adjustments		(17,826)	4,991	(12,834)
Adjusted Net Income		112,700	(51,363)	61,337

*1 Corporate income taxes related to adjustment items are calculated based on the effective tax rates applicable to each entity within Sony FG in which the relevant gains or losses subject to adjustment were recognized.

*2 This represents non-recurring gains and losses on bond futures recorded at the life insurance subsidiary prior to the application of hedge accounting.

(Millions of yen)

	Line items in the consolidated statements of income	Fiscal year ended March 31, 2026		
		Before income taxes	Income taxes*	After income taxes
Profit (loss)		(11,450)	2,758	(8,690)
(i) Adjustment items related to the life insurance subsidiary				
Variable insurance-related gains and losses and foreign exchange gains and losses	Investment income	(193,208)	55,895	(137,313)
Gains and losses on the sale of securities	Investment income	182,799	(51,183)	131,615
Variable insurance-related gains and losses and foreign exchange gains and losses	Insurance finance income or expenses (net)	168,168	(48,651)	119,517
(ii) Non-recurring gains and losses recognized by entities within Sony FG		—	—	—
Total adjustments		157,759	(43,939)	113,819
Adjusted Net Income		146,308	(41,180)	105,128

* Corporate income taxes related to adjustment items are calculated based on the effective tax rates applicable to each entity within Sony FG in which the relevant gains or losses subject to adjustment were recognized.

11. Business Segments

(1) Overview of reportable segments

Sony FG's reportable segments are components with separate financial information available, which are regularly reviewed by the Board of Directors to make decisions about the allocation of resources and to assess performance.

The Company is a financial holding company that directly owns Sony Life Insurance Co., Ltd., Sony Assurance Inc., Sony Bank Inc., Sony Lifecare Inc., and Sony Financial Ventures Inc., and is responsible for managing these subsidiaries. The subsidiaries operate under industry-specific regulatory environments such as the Insurance Business Act and Banking Act, and each subsidiary develops its own business strategies and operates accordingly.

As a result, the Company's segments are organized by service of its subsidiaries, and the three reportable segments are "life insurance business", "non-life insurance business", and "banking business."

- (i) The life insurance business engages in life insurance operations and consists of Sony Life Insurance Co., Ltd. and its subsidiary Sony Life Communications Co., Ltd.
- (ii) The non-life insurance business engages in non-life insurance operations and consists of Sony Assurance Inc.
- (iii) The banking business engages in banking and related operations and consists of Sony Bank Inc. and three equity-method affiliates, totaling four companies.

(2) Basis of measurement for segment revenue, profit, assets, liabilities and other items

The accounting policies applied to the reportable segments are generally consistent with those described in "Note 6: Material Accounting Policies."

Intersegment revenues are recognized based on prices used in transactions with third parties.

(3) Information on revenues, profit or loss and assets by each reportable segment

(Millions of yen)

	Fiscal year ended March 31, 2025						
	Reportable Segments				Other*1	Adjustments	Amounts in consolidated financial statements
	Life insurance business	Non-life insurance business	Banking business	Total			
Segment revenues							
External customers							
Insurance revenue	466,451	156,459	—	622,911	—	—	622,911
Fee and commission income	—	—	6,268	6,268	—	—	6,268
Interest income	181,523	1,659	79,380	262,563	—	—	262,563
Other operating revenue*2	16,979	139	383	17,502	16,064	—	33,567
Total	664,954	158,259	86,032	909,246	16,064	—	925,311
Intersegment	5,368	40	30	5,439	—	(5,439)	—
Total segment revenues	670,323	158,299	86,062	914,685	16,064	(5,439)	925,311
Segment profit	112,169	4,435	16,397	133,002	212	(2,688)	130,526
Segment assets	14,522,615	290,365	6,198,019	21,011,000	66,971	(5,102)	21,072,869
Other items							
Depreciation and amortization	17,563	5,421	1,775	24,760	2,180	458	27,399
Impairment losses	1,461	—	—	1,461	183	—	1,644
Share of profit or loss of investments accounted for using the equity method	—	—	63	63	—	—	63
Investments in associates accounted for using the equity method	90	—	2,989	3,079	—	—	3,079
Increase in non-current assets*3	17,507	6,216	7,372	31,096	6,839	1,236	39,172

*1 “Other” represents the nursing care business and the venture capital business, which are business segments not included in reportable segments.

*2 Of “other operating revenue” presented in the consolidated statements of profit or loss, revenue that does not constitute segment revenue is excluded.

*3 “Non-current assets” consist of investment property, property, plant and equipment, right-of-use assets, goodwill and intangible assets.

(Millions of yen)

	Fiscal year ended March 31, 2026						
	Reportable Segments				Other*1	Adjustments	Amounts in consolidated financial statements
	Life insurance business	Non-life insurance business	Banking business	Total			
Segment revenues							
External customers							
Insurance revenue	498,626	180,104	—	678,731	—	—	678,731
Fee and commission income	—	—	6,609	6,609	—	—	6,609
Interest income	183,061	2,304	109,888	295,254	10	—	295,265
Other operating revenue*2	19,061	223	457	19,742	17,206	—	36,949
Total	700,750	182,632	116,954	1,000,337	17,217	—	1,017,555
Intersegment	5,064	21	51	5,137	4	(5,141)	—
Total segment revenues	705,814	182,654	117,006	1,005,474	17,222	(5,141)	1,017,555
Segment profit	(41,822)	14,881	18,350	(8,590)	373	(3,233)	(11,450)
Segment assets	14,362,576	302,600	6,039,059	20,704,236	67,332	3,935	20,775,505
Other items							
Depreciation and amortization	17,663	5,975	3,398	27,037	2,303	625	29,966
Impairment losses	25	93	—	118	21	—	140
Share of profit or loss of investments accounted for using the equity method	(54)	—	18	(35)	—	—	(35)
Investments in associates accounted for using the equity method	233	—	3,008	3,242	—	—	3,242
Increase in non-current assets*3	22,907	9,276	4,784	36,968	2,350	669	39,989

*1 “Other” represents the nursing care business and the venture capital business, which are business segments not included in reportable segments.

*2 Of “other operating revenue” presented in the consolidated statements of profit or loss, revenue that does not constitute segment revenue is excluded.

*3 “Non-current assets” consist of investment property, property, plant and equipment, right-of-use assets, goodwill and intangible assets.

(4) Differences between the total of reportable segments total and the amount in the consolidated financial statements, and the main components of such differences (matters related to reconciliation)

(i) Total income of reportable segments and profit before income taxes in the consolidated statements of income

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Totals of reportable segments	133,002	(8,590)
Other	212	373
Adjustments for intersegment transactions	(27)	(1,231)
Amount not allocated to reportable segments*	(2,661)	(2,001)
Profit or loss before income taxes in the consolidated financial statements of income	130,526	(11,450)

* Mainly holding company profit or loss.

(ii) Total assets of reportable segments and the amount of assets in the consolidated balance sheet

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Totals of reportable segments	21,011,000	20,704,236
Other	66,971	67,332
Adjustments for intersegment transactions	(184,160)	(222,915)
Amount not allocated to reportable segments*	179,057	226,851
Assets in the consolidated financial statements of financial position	21,072,869	20,775,505

* Mainly holding company assets.

(5) Information by service

(Millions of yen)

	Fiscal year ended March 31, 2025				
	Life insurance business	Non-life insurance business	Banking business	Other	Total
Revenues from external customers	664,954	158,259	86,032	16,064	925,311

(Millions of yen)

	Fiscal year ended March 31, 2026				
	Life insurance business	Non-life insurance business	Banking business	Other	Total
Revenues from external customers	700,750	182,632	116,954	17,217	1,017,555

(6) Information by geographic area

Since revenue from external customers in Japan exceeds 90% of the total revenue presented in the consolidated statement of income, disclosure of revenue by geographic area has been omitted.

In addition, since the amount of non-current assets located in Japan exceeds 90% of the total non-current assets presented in the consolidated statement of financial position, disclosure of non-current assets by geographic area has been omitted.

(7) Information about Major Customers

Disclosure has been omitted as there are no revenues from any single external customer that account for 10% or more of the total revenue presented in the consolidated statement of income.

12. Insurance Revenue

The following table shows the breakdown of insurance revenue.

(Millions of yen)

	Fiscal year ended March 31, 2025		
	Life insurance business	Non-life insurance business	Total
Insurance contracts not measured under the PAA Amounts relating to the changes in the liability for remaining coverage			
CSM recognized in profit or loss for services provided	150,138	831	150,969
Changes in risk adjustments for non-financial risk due to risk expired	28,053	632	28,686
Expected incurred claims and other insurance service expenses	169,944	7,958	177,902
Other	—	306	306
Recovery of insurance acquisition cash flows	118,314	1,175	119,490
Total insurance revenue for the insurance contracts not measured under the PAA	466,451	10,904	477,355
Insurance contracts measured under the PAA	—	145,555	145,555
Total insurance revenue	466,451	156,459	622,911

(Millions of yen)

	Fiscal year ended March 31, 2026		
	Life insurance business	Non-life insurance business	Total
Insurance contracts not measured under the PAA Amounts relating to the changes in the liability for remaining coverage			
CSM recognized in profit or loss for services provided	157,728	1,047	158,776
Changes in risk adjustments for non-financial risk due to risk expired	32,286	446	32,732
Expected incurred claims and other insurance service expenses	181,225	10,701	191,926
Other	—	406	406
Recovery of insurance acquisition cash flows	127,385	3,703	131,089
Total insurance revenue for the insurance contracts not measured under the PAA	498,626	16,304	514,931
Insurance contracts measured under the PAA	—	163,799	163,799
Total insurance revenue	498,626	180,104	678,731

13. Net Fee and Commission Income

The following table shows the breakdown of fee and commission income by major service lines and fee and commission expenses.

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Fee and commission income		
Deposit and lending operations	1,094	762
Foreign exchange transactions	467	519
Securities-related services	1,120	1,249
Debit card services	3,568	4,058
Other	17	18
Total fee and commission income	6,268	6,609
Fee and commission expenses	9,821	11,157
Net fee and commission income	(3,553)	(4,547)

The fees presented include income of 762 million yen (previous consolidated fiscal year: 1,094 million yen) and expenses of 6,910 million yen (previous consolidated fiscal year: 6,645 million yen) relating to financial assets and financial liabilities not measured at fair value through profit or loss. These amounts do not include amounts incorporated in the calculation of the effective interest rate for the respective financial assets and financial liabilities.

14. Net Interest Income

The following table shows the breakdown of net interest income.

(Millions of yen)

	Fiscal year ended March 31, 2025		
	AC	FVOCI	Total
Interest income			
Cash and cash equivalents	2,124	—	2,124
Securities	23,366	202,902	226,269
Loans	33,291	—	33,291
Other interest income	737	141	879
Total interest income	59,519	203,044	262,563
Interest expenses			
Deposits in the banking business	34,853	—	34,853
Call money	1,204	—	1,204
Payables under repurchase agreements	40,555	—	40,555
Bonds payable	396	—	396
Borrowed money	1,458	—	1,458
Other interest expenses	930	—	930
Total interest expenses	79,399	—	79,399
Net interest income	(19,880)	203,044	183,163

(Millions of yen)

	Fiscal year ended March 31, 2026		
	AC	FVOCI	Total
Interest income			
Cash and cash equivalents	5,402	—	5,402
Securities	24,582	210,924	235,506
Loans	49,389	—	49,389
Other Interest Income	2,170	2,796	4,966
Total Interest Income	81,544	213,720	295,265
Interest expenses			
Deposits in the banking business	42,852	—	42,852
Call money	2,189	—	2,189
Payables under repurchase agreements	26,938	—	26,938
Bonds payable	1,552	—	1,552
Borrowed money	2,059	—	2,059
Other interest expenses	3,817	—	3,817
Total interest expenses	79,408	—	79,408
Net interest income	2,136	213,720	215,857

15. Investment Gains and Losses

The following table shows the breakdown of investment gains and losses.

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Net gains (losses) on financial instruments mandatory measured at FVPL*		
Securities		
Debt securities		
Japanese national government bonds	(5,338)	14,692
Japanese local government bonds	(17)	3
Japanese corporate bonds	(326)	50
Foreign government bonds	6,612	21,211
Foreign corporate bonds	548	3,899
Securitized products	—	—
Other Securities	16,857	149,559
Equity securities		
Japanese equities	(28,991)	126,109
Foreign equities	161,831	(157,515)
Derivatives	(1,083)	44,501
Other	379	688
Total	150,470	203,200
Net gains (losses) on financial assets Designated at FVPL		
Securities		
Debt securities		
Japanese national government bonds	(132,023)	(120,379)
Japanese local government bonds	3	18
Japanese corporate bonds	1	—
Foreign government bonds	2,862	3,452
Foreign corporate bonds	5,280	2,955
Securitized products	—	—
Other Securities	—	—
Other	—	—
Total	(123,875)	(113,952)
Foreign exchange gains (losses) on financial instruments not measured at FVPL	(16,303)	116,189
Net gains on derecognition of debt instruments measured at FVOCI	(4,532)	(189,327)
Dividends on equity instruments measured at FVOCI	185	12
Gains (losses) on derecognition of financial instruments measured at AC	—	—
Total investment gains and losses	5,944	16,122

* Includes changes in fair value attributable to the hedged risk of debt instruments measured at fair value through other comprehensive income that have been designated as hedged items in fair value hedges.

16. Financial Result of the Insurance Business

The following table shows the financial result in profit or loss and other comprehensive income by the life insurance and non-life insurance subsidiaries.

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Amounts recognized in profit or loss		
Investment returns, net ^{*1}		
Interest income from debt instruments required to be measured at FVOCI ^{*2}	182,435	182,869
Financial assets measured at FVPL ^{*3}	10,103	75,642
Foreign exchange gains and losses arising from financial instruments that are not measured at FVPL	(16,411)	120,171
Other	(36,450)	(203,408)
Total	139,677	175,275
Insurance finance gains and losses, net		
Interest accreted	(193,523)	(196,316)
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	6,581	(62,203)
Foreign exchange gains and losses	20,958	(122,338)
Other	13,319	13,989
Total	(152,663)	(366,869)
Reinsurance finance gains and losses, net		
Interest accreted	66	4,444
Foreign exchange gains and losses	(4)	16,373
Other	1	1
Total	62	20,819
Total amounts recognized in profit or loss	(12,922)	(170,774)
Amounts recognized in other comprehensive income		
Investment returns, net	(969,331)	(960,494)
Total	(969,331)	(960,494)
Insurance finance gains and losses, net		
Effect of changes in interest rates and other financial risks	787,916	852,079
Total	787,916	852,079
Reinsurance finance gains and losses, net		
Effect of changes in interest rates and other financial risks	(1,005)	(7,408)
Total	(1,005)	(7,408)
Total amounts recognized in other comprehensive income	(182,420)	(115,822)
Total financial result	(195,343)	(286,596)

*1 Total of net fee and commission income, investment gains and losses and impairment loss on financial assets in the consolidated statements of income.

*2 Included in interest income in the consolidated statements of income.

*3 Includes changes in fair value attributable to the hedged risk of debt financial instruments measured at fair value through other comprehensive income, which are designated as hedged items in fair value hedges.

17. Expenses

The following table shows the breakdown of expenses.

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Insurance claims and benefits	209,791	215,000
Commissions and fees	60,747	66,034
Losses on onerous insurance contracts	14,125	21,431
Employee benefits	149,480	159,610
Depreciation	13,313	13,576
Amortization	15,181	17,554
Impairment losses	1,645	140
Taxes and public charges	24,757	25,517
Advertising and promotion expenses	14,711	15,566
Outsourcing expenses	24,143	27,720
System-related expenses	12,738	14,167
Other	52,723	54,736
Total	593,359	631,059
Amortization of insurance acquisition cash flows	134,818	147,324
Amounts attributable to insurance acquisition cash flows incurred during the period	(167,298)	(173,195)
Total	560,878	605,188
Breakdown:		
Insurance service expenses	453,342	489,581
Selling, general and administrative expenses	99,994	106,821
Other operating expenses	5,653	6,518
Financing expenses	1,888	2,267
Total	560,878	605,188

(1) Expenses by nature

The following table shows the breakdown of expenses by nature.

(Millions of yen)

	Fiscal year ended March 31, 2025			
	Employee benefits	Depreciation	Amortization	Impairment losses
Amounts recognized during the period	149,480	13,313	15,181	1,645
Breakdown				
Amounts attributable to insurance acquisition cash flows* ¹	75,381	3,911	5,111	—
Amounts recognized in the operating category				
Insurance service expenses* ²	28,119	3,296	6,441	—
Selling, general and administrative expenses	45,501	5,010	3,628	—
Other operating expenses	—	1,095	—	1,645
Total amounts recognized in the operating category	73,621	9,402	10,069	1,645
Amounts recognized outside the operating category				
Financing expenses	477	—	—	—

(Millions of yen)

	Fiscal year ended March 31, 2026			
	Employee benefits	Depreciation	Amortization	Impairment losses
Amounts recognized during the period	159,610	13,576	17,554	140
Breakdown				
Amounts attributable to insurance acquisition cash flows* ¹	78,092	4,402	4,522	—
Amounts recognized in the operating category				
Insurance service expenses* ²	30,301	2,483	8,197	—
Selling, general and administrative expenses	50,499	5,526	4,835	—
Other operating expenses	—	1,164	—	140
Total amounts recognized in the operating category	80,801	9,174	13,032	140
Amounts recognized outside the operating category				
Financing expenses	716	—	—	—

*1 Amounts attributable to insurance acquisition cash flows are recognized in insurance contract assets and insurance contract liabilities.

*2 Amortization of insurance acquisition cash flows recognized in insurance contract assets and insurance contract liabilities is not included.

(2) Employee benefit expenses

The following table shows the breakdown of employee benefit expenses.

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Salaries and bonuses	127,514	135,981
Statutory welfare costs	15,383	16,431
Employee welfare expenses	588	663
Retirement benefit expenses	5,443	5,785
Other	549	748
Total	149,480	159,610

18. Other Revenue and Expenses

The following table shows the breakdown of other operating revenue.

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Revenue from nursing care services	16,056	17,192
Fee income from insurance operations	7,398	9,481
Rental income from investment property	9,237	9,354
Other	928	1,364
Total	33,620	37,392

The following table shows the breakdown of other operating expenses.

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Depreciation of investment property	1,095	1,164
Other expenses related to investment property	2,350	2,492
Impairment losses	1,644	140
Losses on disposal of assets	177	560
Other	386	2,160
Total	5,653	6,518

The following table shows the breakdown of financing expenses.

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Interest on lease liabilities	1,331	1,550
Net interest on net defined benefit liability (asset)	477	716
Other	79	—
Total	1,888	2,267

19. Post-employment Benefits

An overview of retirement benefit plans is as follows:

The life insurance subsidiary provides a lump-sum retirement benefit plan for sales employees and both a defined benefit corporate pension plan and a defined contribution pension plan for administrative staff. The Company and the non-life insurance subsidiary provide a lump-sum retirement benefit plan and a defined contribution pension plan. The banking subsidiary and the nursing care subsidiary primarily provide a lump-sum retirement benefit plan. The amount of benefits under these plans is generally determined based on years of service, employee salary levels, and other conditions.

These plans are subject to minimum funding requirements. If there is a shortfall in plan assets, additional contributions must be made within a prescribed period to meet the minimum funding requirements.

Through the lump-sum retirement benefit plan and the defined benefit corporate pension plan, Sony FG is exposed to actuarial risks such as market risk, inflation risk, and interest rate risk.

(1) Net defined benefit liability (asset) recognized in the consolidated statements of financial position

The following table shows the amounts recognized in the consolidated statements of financial position.

(Millions of yen)

	April 1, 2024	March 31, 2025	March 31, 2026
Present value of defined benefit obligations	53,427	52,593	50,830
Fair value of plan assets	(24,861)	(24,721)	(26,538)
The impact of minimum funding requirement and asset ceiling	9,836	10,146	12,755
Net amount	38,402	38,018	37,047
Amount recognized in the consolidated statements of financial position			
Net defined benefit asset	—	—	—
Net defined benefit liability	38,402	38,018	37,047
Net amount	38,402	38,018	37,047

(2) Present value of defined benefit obligations

The following table shows the changes in the defined benefit obligations.

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Opening balance	53,427	52,593
Current service cost	4,458	4,544
Interest cost	689	1,013
Remeasurements		
Change in demographic assumptions	272	205
Change in financial assumptions	(2,067)	(2,886)
Other	1,537	1,256
Benefits paid	(5,743)	(5,944)
Other	17	48
Closing balance	52,593	50,830

(i) Actuarial Assumptions

The following table shows the significant actuarial assumptions used in calculating the present value of defined benefit obligations.

	April 1, 2024	March 31, 2025	March 31, 2026
Discount rate	0.9 - 1.39 %	1.5 - 2.04 %	1.5 - 2.98%

The following table shows the weighted average duration of defined benefit obligations.

	April 1, 2024	March 31, 2025	March 31, 2026
Weighted average duration	7 - 8 years	7 - 8 years	6 - 7 years

(ii) Sensitivity Analysis

The following table shows the sensitivity analysis of defined benefit obligations to changes in significant actuarial assumptions.

(Millions of yen)

	April 1, 2024	March 31, 2025	March 31, 2026
Discount rate			
0.25% decrease	860	815	755
0.25% increase	(830)	(788)	(731)

The sensitivity analysis has been calculated using the same method applied in measuring the defined benefit liability recognized in the consolidated statement of financial position, assuming that all other variables remain constant.

Although this analysis does not take into account the full distribution of expected cash flows under the plan, it provides an overview of the sensitivity to the assumptions presented.

(3) Plan Assets

Funding Policy

Sony FG's pension funding is carried out taking into account various factors such as the funded status of plan assets and actuarial calculations, with the objective of securing resources for future pension benefits. Under the defined benefit corporate pension plan, contributions are recalculated every 5 years based on the fiscal year-end as the reference date to maintain long-term financial stability. However, if there are significant changes in the pension funding environment, the policy may be reviewed as necessary.

Investment Policy for Pension Assets

Sony FG's investment policy for pension assets is designed to ensure the ability to meet pension benefit payments in the future. The long-term investment objective is to secure comprehensive returns necessary to maintain sound pension funding. To achieve this objective, Sony FG selects investment targets, determines the strategic asset allocation for pension assets, and endeavors to maintain it. If there are significant changes in the investment environment, the strategic asset allocation may be reviewed as necessary.

The following table shows the changes in plan assets.

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Opening balance	24,861	24,721
Interest income	350	504
Remeasurements:		
Return on plan assets excluding interest income	(816)	1,254
Employer contributions	1,448	1,531
Benefits paid	(1,121)	(1,473)
Closing balance	24,721	26,538

Sony FG makes contributions to defined benefit pension plans when considered appropriate by management, taking into account the fair value of plan assets, the expected return on plan assets, and the present value of defined benefit obligations. The estimated amount of contributions for the following consolidated fiscal year is approximately 1,600 million yen.

The following table shows the fair value of plan assets.

(Millions of yen)

	April 1, 2024	Market price in active market	
		Quoted	Unquoted
Cash and cash equivalents	691	691	—
Equity securities	7,465	7,465	0
Domestic equities	3,943	3,943	0
Foreign equities	3,522	3,522	0
Bonds	16,391	0	16,391
Domestic bonds	13,204	0	13,204
Government bonds	8,120	0	8,120
Municipal bonds	289	—	289
Corporate bonds	4,794	—	4,794
Foreign bonds	3,187	0	3,186
Government bonds	2,518	0	2,517
Municipal bonds	22	—	22
Corporate bonds	646	—	646
Other	312	0	311
Total	24,861	8,158	16,703

(Millions of yen)

	March 31, 2025	Market price in active market	
		Quoted	Unquoted
Cash and cash equivalents	663	663	—
Equity securities	7,140	7,140	0
Domestic equities	3,792	3,792	0
Foreign equities	3,348	3,348	—
Bonds	15,799	399	15,400
Domestic bonds	12,607	—	12,607
Government bonds	7,775	—	7,775
Municipal bonds	257	—	257
Corporate bonds	4,575	—	4,575
Foreign bonds	3,191	399	2,792
Government bonds	2,500	381	2,119
Municipal bonds	25	—	25
Corporate bonds	665	17	647
Other	1,117	0	1,117
Total	24,721	8,204	16,517

(Millions of yen)

	March 31, 2026	Market price in active market	
		Quoted	Unquoted
Cash and cash equivalents	892	892	—
Equity securities	7,377	7,377	0
Domestic equities	3,644	3,644	0
Foreign equities	3,733	3,733	0
Bonds	17,603	558	17,045
Domestic bonds	14,279	1	14,278
Government bonds	8,782	1	8,781
Municipal bonds	195	—	195
Corporate bonds	5,302	—	5,302
Foreign bonds	3,323	557	2,766
Government bonds	2,679	541	2,137
Municipal bonds	25	—	25
Corporate bonds	619	15	603
Other	664	0	664
Total	26,538	8,828	17,709

(4) The impact of minimum funding requirements and asset ceilings

The following table shows the impact of the minimum funding requirements and the asset ceilings.

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Opening balance	9,836	10,146
Interest income	138	206
Remeasurements:		
Change in asset ceiling excluding interest income	171	2,401
Closing balance	10,146	12,755

(5) Defined contribution plans

The defined contribution pension expenses for fiscal years 2025 and 2026 are 470 million yen and 494 million yen, respectively.

20. Share-based compensation

The Company operates share-based compensation plans including restricted share unit (“RSU”) plans and performance-based share unit (“PSU”) plans, as well as a stock option plan using share acquisition rights. The restricted share unit plans and performance-based share unit plans were introduced in the current consolidated fiscal year, no stock options have been granted under the stock option plan since the first and second grants in the previous consolidated fiscal year

In addition to the above, restricted share units of Sony Group Corporation, the Company’s former parent company, have been granted to the Company’s directors and executive officers, as well as to the directors and executive officers of the Company’s subsidiaries. Sony FG recognises, as compensation expense, the portion of the cost borne by Sony FG that has been incurred up to the end of the current consolidated fiscal year.

(1) The RSU plan

The RSU plan applies to the Company’s executive officers, outside directors, executive directors of the Company’s subsidiaries, and certain employees of the Company and its subsidiaries. RSUs granted to the Company’s executive officers, outside directors and executive directors of its subsidiaries vest upon retirement, while RSUs granted to certain employees of the Company and its subsidiaries vest proportionately over a three-year period from the grant date. Upon vesting, the Company promptly delivers shares of its common stock corresponding to the number of vested RSUs, together with cash equivalent to the market value of the Company’s common stock. With respect to RSUs granted to certain employees of the Company and its subsidiaries, the Company has introduced an employee stock ownership plan (“ESOP”) trust. Shares of the Company’s common stock acquired by the ESOP trust, together with cash, are delivered to the eligible employees upon vesting.

The following table shows the status of the RSU plan during the period.

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
	Number of rights (units)	Number of rights (units)
Outstanding balance at beginning of the period	—	—
Granted	—	2,689,300
Vested	—	—
Forfeited	—	—
Outstanding balance at end of the period	—	2,689,300

In recognising compensation expense for the current consolidated fiscal year, the fair value of RSUs are measured based on the closing price of the Company’s common stock at the grant date for the equity-settled portion, and at the end of the period for the cash-settled portion. Such closing prices are adjusted to reflect expected dividends over the vesting period.

The following table shows the weighted-average fair value per share of RSUs granted during the current consolidated fiscal year, as of the grant date.

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Grant date	—	March 2, 2026
Weighted-average fair value per share (yen)	—	158

(2) The PSU plan

The PSU plan applies to the Company's executive officers and executive employees. PSUs granted under the PSU plan vest subject to the completion of three years of service from the grant date and the achievement of pre-established performance conditions over such period. Depending on the level of achievement of the performance conditions, the Company delivers shares of its common stock and cash equivalent to the market value of the Company's common stock.

The payout ratio under the PSU plan ranges from 50% to 150%, depending on the achievement levels of relative total shareholder return ("TSR") and adjusted return on equity ("ROE"). With respect to PSUs granted to the Company's executive employees, the Company has introduced an ESOP trust. Shares of the Company's common stock acquired by the ESOP trust, together with cash, are delivered upon vesting.

The following table shows the status of the PSU plan during the period.

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
	Number of rights (units)	Number of rights (units)
Outstanding balance at beginning of the period	—	—
Granted	—	2,423,100
Vested	—	—
Forfeited	—	—
Outstanding balance at end of the period	—	2,423,100

In recognising compensation expense for the current consolidated fiscal year, the fair value of PSUs is measured based on the closing price of the Company's common stock at the grant date for the equity-settled portion, and at the end of the period for the cash-settled portion. Such closing prices are adjusted to reflect expected dividends over the vesting period.

The following table shows the weighted-average fair value per share of PSUs granted during the current consolidated fiscal year, as of the grant date.

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Grant date	—	March 2, 2026
Weighted-average fair value per share (yen)	—	159

(3) Stock option plan

The stock option plan applies to the Company's executive officers, outside directors and employees, as well as executive directors and employees of the Company's subsidiaries. The stock options granted under the plan may be exercised only if the Company's common stock is listed on a financial instruments exchange in Japan, and are exercisable up to ten years from the grant date. The stock options are settled in shares.

The following table shows the fair value of stock options and the assumptions used in the valuation. No stock options were granted during the current consolidated fiscal year.

	Fiscal year ended March 31, 2025	
	1st series of share subscription rights	2nd series of share subscription rights
Valuation technique used	Binomial model	Black-Scholes model
Key inputs and estimation methods		
Fair value	36 yen	48 yen
Share price at the grant date ^{*2}	162 yen	178 yen
Expected volatility ^{*3}	29.93%	33.86%
Expected remaining life	10.00 years	10.00 years
Dividend yield	4.34%	2.96%
Risk-free interest rate	0.61%	1.23%

*1 The Company conducted a stock split whereby 7,149,358,214 shares of common stock were issued for 435,100,266 shares of common stock on effective August 8, 2025. The figures presented above have been adjusted to reflect this stock split.

*2 As the underlying shares of the stock options were unlisted shares at the grant date, the fair value was determined based on an evaluation using the discounted cash flow (DCF) method and the comparable company method, which are based on the Group's business plan.

*3 As the Company was unlisted at the grant date and sufficient historical share price data was not available to calculate expected volatility, the average volatility of comparable companies was used instead.

The status of the stock option plan during the period is as follows.

	Fiscal year ended March 31, 2025		Fiscal year ended March 31, 2026	
	Number of shares	Weighted-average exercise price (yen)	Number of shares	Weighted-average exercise price (yen)
Outstanding balance at beginning of the period	—	—	11,335,057	177
Granted	11,413,921	177	—	—
Exercised	—	—	—	—
Forfeited or expired	78,864	178	274,381	178
Outstanding balance at end of the period	11,335,057	177	10,060,676	177
Exercisable balance at end of the period	—	—	—	—

Note: The Company conducted a stock split whereby 7,149,358,214 shares of common stock were issued for 435,100,266 shares of common stock on effective August 8, 2025. The figures presented above have been adjusted to reflect this stock split.

The following table shows the status of outstanding stock options.

Series	Grant date	Exercise period	Exercise price (yen)	Outstanding balance at end of the period (shares)	
				Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
1st	July 1, 2024	From July 1, 2024 to June 30, 2034	162	16,430	16,430
2nd	March 14, 2025	From March 14, 2025 to March 13, 2035	178	11,318,627	11,044,246

(4) Share-based compensation expenses

The following table shows the amounts of share-based compensation expenses recognized in “Selling, general and administrative expenses” in the consolidated statement of profit or loss.

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Equity-settled	481	515
Cash-settled	—	8
Total	481	523

(5) Liabilities related to share-based compensation

The following table shows the carrying amounts of liabilities related to share-based compensation recognized in “Other liabilities” in the consolidated statement of financial position.

(Millions of yen)

	April 1, 2024	March 31, 2025	March 31, 2026
Carrying amount of liabilities	—	—	8

21. Income Taxes

(1) Amounts recognised in profit or loss

The following table shows the breakdown of income tax expense.

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Current tax	16,911	28,066
Deferred tax	39,442	(30,825)
Total income tax	56,354	(2,758)

(2) Income tax recognized in other comprehensive income

The following table shows the breakdown of income tax recognized in other comprehensive income.

(Millions of yen)

	Fiscal year ended March 31, 2025			Fiscal year ended March 31, 2026		
	Before tax	Income taxes	Net of tax	Before tax	Income taxes	Net of tax
Items that will not be reclassified to profit or loss						
Defined benefit liability/asset – remeasurement	(731)	287	(443)	277	(82)	194
Equity investments at FVOCI – net change in fair value	(1,475)	477	(997)	3,236	(978)	2,257
Total	(2,207)	765	(1,441)	3,513	(1,060)	2,452
Items that are or may be reclassified subsequently to profit or loss						
Debt investments at FVOCI						
Net change in fair value	(975,676)	290,910	(684,765)	(1,155,703)	332,883	(822,820)
Reclassified to profit or loss	4,537	(1,286)	3,250	183,589	(51,432)	132,156
Insurance finance gains and losses, net	787,916	(219,819)	568,096	852,079	(246,506)	605,573
Reinsurance finance gains and losses, net	(1,005)	291	(713)	(7,408)	2,143	(5,264)
Total	(184,228)	70,096	(114,132)	(127,442)	37,087	(90,355)
Total	(186,435)	70,862	(115,573)	(123,929)	36,026	(87,903)

(3) Reconciliation of effective tax rate

The following table shows a reconciliation of the differences between the Japanese statutory tax rate and the effective tax rate.

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Statutory tax rate	30.62%	30.62%
Differences in tax rates with subsidiaries	(2.24)(%)	(7.23)(%)
Impact of tax rate changes	14.80(%)	13.53(%)
Changes in unrecognized deferred tax assets	(0.81)(%)	(7.71)(%)
Other	0.81(%)	(5.11)(%)
Average effective tax rate	43.17%	24.09%

(4) Movement in deferred tax balances

The following table shows the breakdown and movements of deferred tax assets and deferred tax liabilities by major source.

(Millions of yen)

	Fiscal year ended March 31, 2025			
	Opening balance	Recognised in profit or loss	Recognised in OCI	Closing balance
Deferred tax assets				
Securities	343,096	25,356	289,899	658,352
Investment contract liabilities	16,909	925	—	17,835
Difference between carrying amount and measurement of loans	11,421	1,161	—	12,583
Depreciation	3,542	(12)	—	3,529
Lease liabilities	16,699	(189)	—	16,509
Employee benefits	13,440	163	287	13,891
Accrued expenses	5,400	778	—	6,178
Business taxes	1,534	(447)	—	1,086
Other	2,742	1,040	—	3,782
Total deferred tax assets	414,786	28,775	290,187	733,749
Deferred tax liabilities				
Insurance and reinsurance contracts	(432,668)	(67,974)	(219,528)	(720,171)
Derivatives	(451)	268	—	(183)
Right-of-use assets	(16,882)	43	—	(16,839)
Other	(1,562)	(555)	202	(1,915)
Total deferred tax liabilities	(451,564)	(68,218)	(219,325)	(739,109)

(Millions of yen)

	Fiscal year ended March 31, 2026			
	Opening balance	Recognised in profit or loss	Recognised in OCI	Closing balance
Deferred tax assets				
Securities	658,352	35,292	280,728	974,373
Investment contract liabilities	17,835	(810)	—	17,024
Difference between carrying amount and measurement of loans	12,583	(1,082)	—	11,501
Depreciation	3,529	(229)	—	3,299
Lease liabilities	16,509	(189)	—	16,320
Employee benefits	13,891	289	(82)	14,097
Accrued expenses	6,178	248	—	6,427
Business taxes	1,086	223	—	1,309
Other	3,782	(158)	—	3,623
Total deferred tax assets	733,749	33,582	280,646	1,047,978
Deferred tax liabilities				
Insurance and reinsurance contracts	(720,171)	14,550	(244,363)	(949,984)
Derivatives	(183)	(17,158)	—	(17,342)
Right-of-use assets	(16,839)	438	—	(16,400)
Other	(1,915)	(587)	(256)	(2,759)
Total deferred tax liabilities	(739,109)	(2,756)	(244,620)	(986,486)

(5) Unrecognised deferred tax assets

Sony FG recognizes deferred tax assets for temporary differences, tax loss carryforwards and tax credit carryforwards to the extent that it is probable that future taxable profits will be available against which such temporary differences, tax losses and tax credits can be utilized. The recoverability of deferred tax assets is determined based on the generation of future taxable income in the relevant tax jurisdictions. Deferred tax assets have not been recognized for the following items, as it is not probable that sufficient future taxable income will be generated to enable Sony FG to utilize the related benefits.

(Millions of yen)

	April 1, 2024	March 31, 2025	March 31, 2026
Deductible temporary differences	(35,027)	(38,954)	(37,632)
Operating loss carryforwards	(13,720)	(15,891)	(19,208)
Tax credit carryforwards	(2,297)	(1,094)	—

(6) Tax losses carried forward

The following table shows the expiry schedule of tax loss carryforwards for which no deferred tax assets have been recognized (on a tax basis).

(Millions of yen)

	April 1, 2024	March 31, 2025	March 31, 2026
Within 5 years	(3,831)	(4,481)	(5,403)
Over 5 years to 10 years	(9,889)	(11,409)	(13,804)
Over 10 years	—	—	—

As of April 1, 2024 and March 31, 2025, tax credit carryforwards for which no deferred tax assets have been recognized will expire within 5 years.

22. Earnings Per Share

The following table shows the calculation of basic earnings per share and diluted earnings per share.

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Profit (loss) attributable to owners of the parent (millions of yen)	74,172	(8,690)
Basic weighted average number of ordinary shares (thousands of shares)	7,149,358	6,970,461
Effect of dilution:		
Restricted stock units (thousands of shares)	—	—
Grant performance share units (thousands of shares)	—	—
Stock options (thousands of shares)	—	—
Diluted weighted average number of ordinary shares (thousands of shares)	7,149,358	6,970,461
Basic earnings per share (yen)	10.37	(1.25)
Diluted earnings per share (yen)	10.37	(1.25)

- Notes: 1. On August 8, 2025, the Company conducted a 7,149,358,214-for-435,100,266 stock split of its common stock. Basic earnings per share and diluted earnings per share are calculated on the assumption that the stock split occurred at the beginning of the prior consolidated fiscal year.
2. The basic weighted average number of ordinary shares used in the calculation of basic earnings per share and diluted earnings per share has been calculated after deducting the Company's shares held by the share-granting ESOP trust (the average number of shares during the period was 2,631,084 shares).
3. In the previous consolidated fiscal year, although potential ordinary shares existed, the Company's shares were unlisted and the average market price during the period was not available; accordingly, they were not included in the calculation of diluted earnings per share.
4. In the current fiscal year, restricted stock units of 267,330 thousand shares and grant performance share units of 239,925 thousand shares were antidilutive. In addition, stock options issued by the Company had no dilutive effect. Accordingly, these potential ordinary shares were excluded from the calculation of diluted earnings per share (loss).

23. Cash and Cash Equivalents

The following table shows the breakdown of cash and cash equivalents.

(Millions of yen)

	April 1, 2024	March 31, 2025	March 31, 2026
Cash and demand deposits	823,905	955,268	362,173
Time deposits with original maturities of three months or less	1,000	1,000	—
Call loans with original maturities of three months or less	88,909	260,008	121,289
Total	913,814	1,216,277	483,463

24. Securities, Loans, Other Financial Assets, Derivatives and Hedge Accounting

The following table shows the breakdown of securities, loans, other financial assets, derivatives and hedge accounting.

(Millions of yen)

	April 1, 2024	March 31, 2025	March 31, 2026
Securities*	15,606,970	15,251,457	15,184,147
Loans	3,591,295	3,785,144	3,695,766
Derivative assets	27,564	51,356	231,032
Other financial assets			
Short-term investments held by investment trusts	138,182	151,580	250,884
Accounts receivable	86,694	81,398	107,249
Accrued income	38,255	42,426	47,364
Guarantee deposits and margin deposits	47,981	95,232	72,932
Other	38,240	35,839	45,931
Total other financial assets	349,354	406,476	524,361
Derivative liabilities	17,005	22,744	50,231

* As of April 1, 2024, March 31, 2025, and March 31, 2026, securities that counterparties are permitted to sell or re-pledge amount to 1,597,033 million yen, 1,962,882 million yen, and 2,338,359 million yen, respectively.

The following table shows the carrying amounts of financial investments and derivatives expected to be recovered or settled after 12 months from the reporting date.

(Millions of yen)

	April 1, 2024	March 31, 2025	March 31, 2026
Securities	15,494,060	15,115,932	14,854,128
Loans	3,338,944	3,509,286	3,396,372
Derivative assets	17,163	41,234	207,170
Other financial assets	37,231	21,055	18,143
Derivative liabilities	7,240	14,819	44,939

(1) Derivatives

Sony FG's life insurance subsidiary and banking subsidiary primarily use derivatives for the purpose of hedging market risks associated with financial assets and liabilities. The following table presents an analysis of derivatives by type of financial instrument within Sony FG.

(Millions of yen)

	April 1, 2024		March 31, 2025		March 31, 2026	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Designated as hedging instruments in fair value hedges						
Interest rate contracts						
Interest rate swaps	—	—	15,029	1,567	38,455	3,029
Bond contracts						
Short positions in bond futures	—	—	—	2,509	4,250	—
Total	—	—	15,029	4,076	42,706	3,029
Not designated as hedging instruments						
Interest rate contracts						
Interest rate swaps	16,249	3,875	24,905	11,106	167,555	34,848
Interest rate swaptions	272	2,573	358	3,161	1,021	5,236
Foreign exchange contracts						
Forward exchange contracts	157	25	92	46	336	1
Swap contracts	3,686	1,195	2,241	—	1,603	3,555
Purchased currency options	4	—	5	—	4	—
Written currency options	—	3	—	2	—	4
Currency forwards	1,238	2,442	1,076	1,143	2,823	1,623
Foreign exchange margin transactions	5,955	1,544	4,539	1,409	4,757	1,929
Equity contracts						
Equity futures contracts	—	3,428	910	514	3,805	—
Equity Swaps	—	1,916	911	—	4,734	—
Bond contracts						
Short positions in bond futures	—	—	1,286	1,282	1,685	3
Total	27,564	17,005	36,327	18,667	188,326	47,201
Total derivatives	27,564	17,005	51,356	22,744	231,032	50,231

(2) Hedge accounting

Fair value hedges of interest rate risk

Sony FG's life insurance subsidiary and banking subsidiary use bond futures and interest rate swaps to hedge the risk of changes in the fair value of fixed-rate bonds arising from fluctuations in market interest rates. The terms of the bond futures and interest rate swaps either match or closely align with the key terms of the fixed-rate bonds.

Sony FG's approach to managing market risk, including interest rate risk, and its exposure to interest rate risk are disclosed in Note 7(3)(i) and Note 7(3)(iii), respectively. Interest rate risk hedged under hedge accounting arises from fixed-rate bonds, whose fair value changes when market interest rates fluctuate. Sony FG hedges this risk because changes in the fair value of fixed-rate bonds are significantly affected by movements in market interest rates. Hedge accounting is applied when the economic hedging relationship meets the hedge accounting requirements.

By using derivative financial instruments to hedge exposure to interest rate fluctuations, Sony FG's life insurance subsidiary and banking subsidiary are also exposed to the credit risk of counterparties to the derivatives, which is not offset by the hedged items. However, as all transactions are conducted with highly rated financial institutions or clearing organizations, such credit risk is limited.

Before applying fair value hedge accounting, Sony FG assesses whether an economic relationship exists between the hedged item and the hedging instrument based on an evaluation of the hedged risk supported by qualitative assessment of the hedged item and hedging instrument. This evaluation considers whether the key terms of the hedged item and the hedging instrument match or are closely aligned.

For bond futures, the hedge ratio is set so that the interest rate sensitivity of the fixed-rate bonds matches that of the designated bond futures. For interest rate swaps, the hedge ratio is set by matching the notional amount of the designated interest rate swap with the face amount of the fixed-rate bonds.

The impact of hedge ineffectiveness recognized in profit or loss for the previous and current consolidated fiscal years was not material and has therefore been omitted.

Sony FG's life insurance subsidiary and banking subsidiary hold the following bond futures and interest rate swaps designated as hedging instruments in fair value hedges of interest rate risk:

Risk Category: Interest rate risk	March 31, 2025			March 31, 2026		
	Less than 1 year	1-5 years	Over 5 years	Less than 1 year	1-5 years	Over 5 years
Interest rate swaps						
Notional amount (in millions of yen)	—	143,736	267,467	5,000	307,720	314,411
Average fixed rate	—	3.30%	2.88%	1.35%	3.75%	2.73%
Short positions in bond futures						
Notional amount (in millions of yen)	124,400	—	—	137,777	—	—
Average Price	119.83	—	—	120.27	—	—

The following table shows the amounts related to items designated as hedging instruments.

March 31, 2025					
Interest rate risk	Nominal amount (Millions of yen)	Carrying amount (Millions of yen)		Line items in the statement of financial position that include the hedging instrument	Line item in profit or loss that includes hedge ineffectiveness
		Assets	Liabilities		
Interest rate swaps	411,204	15,029	1,567	Derivative assets (liabilities)	Investment gains and losses
Short positions in bond futures	124,400	—	2,509		

March 31, 2026					
Interest rate risk	Nominal amount (Millions of yen)	Carrying amount (Millions of yen)		Line items in the statement of financial position that include the hedging instrument	Line item in profit or loss that includes hedge ineffectiveness
		Assets	Liabilities		
Interest rate swaps	627,132	38,455	3,029	Derivative assets (liabilities)	Investment gains and losses
Short positions in bond futures	137,777	4,250	—		

The following table shows the amounts related to items designated as hedged items.

March 31, 2025			
Millions of yen Interest rate risk	Carrying amount (Millions of yen)	Cumulative amount of fair value hedge adjustments included in the carrying amount of hedged items (Millions of yen)	Line items in the statement of financial position that include the hedging item
Fixed-rate bonds	485,960	(3,330)	Securities

March 31, 2026			
Millions of yen Interest rate risk	Carrying amount (Millions of yen)	Cumulative amount of fair value hedge adjustments included in the carrying amount of hedged items (Millions of yen)	Line items in the statement of financial position that include the hedging item
Fixed-rate bonds	722,533	(27,819)	Securities

25. Equity-accounted Investees

Sony FG does not have any associates that are individually material.

The following table shows the carrying amount of investments in associates that are not individually material to Sony FG.

(Millions of yen)

	April 1, 2024	March 31, 2025	March 31, 2026
Investments in associates	4,904	3,079	3,242

The following table shows Sony FG's share of comprehensive income (profit or loss and OCI) of associates that are not individually material.

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Share of profit or loss	63	(35)
Share of OCI	—	—
Share of total comprehensive income	63	(35)

26. Tangible Fixed Assets

The following table shows the changes in tangible fixed assets.

(Millions of yen)

	Land	Buildings	Other tangible fixed assets	Construction in progress	Total
Balance as of April 1, 2024					
Cost	6,360	11,991	11,191	22	29,566
Accumulated depreciation and impairment losses	(36)	(6,137)	(9,229)	—	(15,403)
Carrying amount	6,323	5,853	1,962	22	14,162
Changes in carrying amount:					
Additions	—	540	296	340	1,177
Reclassifications	60	79	76	(280)	(62)
Disposals	—	(22)	(16)	—	(38)
Depreciation	—	(656)	(667)	—	(1,323)
Impairment losses	—	(509)	(69)	—	(579)
Total changes	60	(568)	(379)	60	(826)
Balance as of March 31, 2025					
Cost	6,421	12,439	11,376	83	30,320
Accumulated depreciation and impairment losses	(36)	(7,154)	(9,793)	—	(16,985)
Carrying amount	6,384	5,285	1,582	83	13,335
Changes in carrying amount:					
Additions	—	972	486	484	1,943
Reclassifications	240	212	238	(498)	192
Disposals	—	(70)	(64)	—	(135)
Depreciation	—	(668)	(572)	—	(1,241)
Impairment losses	—	(23)	(4)	—	(27)
Total changes	240	422	83	(13)	731
Balance as of March 31, 2026					
Cost	6,661	13,304	10,885	69	30,921
Accumulated depreciation and impairment losses	(36)	(7,597)	(9,220)	—	(16,854)
Carrying amount	6,624	5,707	1,665	69	14,067

27. Investment Property

(1) Reconciliation of carrying amount

The following table shows the changes in investment properties.

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Opening balance		
Cost	101,641	102,750
Accumulated depreciation and impairment losses	(29,008)	(30,095)
Carrying amount	72,632	72,654
Changes in carrying amount:		
Additions	1,202	2,820
Reclassifications	(82)	(329)
Disposals	(1)	(2)
Depreciation	(1,095)	(1,164)
Impairment losses	(1)	—
Total changes	21	1,322
Closing balance		
Cost	102,750	105,208
Accumulated depreciation and impairment losses	(30,095)	(31,230)
Carrying amount	72,654	73,977

(2) Measurement of fair values

The following table shows the fair value of investment properties.

(Millions of yen)

	April 1, 2024	March 31, 2025	March 31, 2026
Fair values	182,461	176,194	175,895

Fair value is determined based on valuations such as those provided by independent real estate appraisers using the discounted cash flow method. The fair value hierarchy is classified as Level 3 because it includes unobservable inputs.

(3) Income and expenses related to investment property

The following table shows the breakdown of income and expenses related to investment property.

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Rental income from investment property	9,237	9,354
Direct operating expenses arising from rental income	(3,375)	(3,582)

The total cash outflows for leases as a lessee for fiscal years 2025 and 2026 were 80 million yen and 47 million yen, respectively.

(4) Maturity analysis of lease payments

Sony FG leases out its investment property under operating leases. The following table shows the maturity analysis of undiscounted lease payments receivable.

(Millions of yen)

	April 1, 2024	March 31, 2025	March 31, 2026
Less than 1 year	9,101	9,217	9,247
1 to 2 years	9,081	9,203	9,218
2 to 3 years	9,081	9,158	9,218
3 to 4 years	9,036	9,137	9,201
4 to 5 years	9,015	9,137	9,177
More than 5 years	87,899	79,951	71,128
Total	133,217	125,806	117,192

28. Leases

Sony FG, as a lessee, leases land and buildings primarily for its own use. These leases include extension options and termination options. There are no significant restrictive covenants or other material terms imposed by the lease agreements.

Information about leases in which Sony FG is the lessee is as follows:

(1) Right-of-use assets

The following table shows the changes in right-of-use assets.

(Millions of yen)

	Land	Buildings	Other tangible fixed assets	Total
Balance as of April 1, 2024	6,458	69,105	723	76,287
Changes in carrying amount:				
Increase due to new lease agreements and remeasurement of lease liabilities	1,493	10,097	228	11,818
Decrease due to termination of lease agreements and remeasurement of lease liabilities	—	(31)	(14)	(46)
Depreciation	(322)	(10,408)	(163)	(10,894)
Impairment losses	(36)	(814)	(23)	(875)
Other	—	0	—	0
Total changes	1,134	(1,157)	25	2
Balance as of March 31, 2025	7,593	67,947	749	76,290
Changes in carrying amount:				
Increase due to new lease agreements and remeasurement of lease liabilities	799	10,008	119	10,928
Decrease due to termination of lease agreements and remeasurement of lease liabilities	(75)	(1,147)	(65)	(1,288)
Depreciation	(353)	(10,653)	(163)	(11,170)
Impairment losses	—	(20)	—	(20)
Other	—	0	—	0
Total changes	370	(1,812)	(109)	(1,551)
Balance as of March 31, 2026	7,963	66,135	640	74,739

(2) Lease liabilities

For the maturity analysis of lease liabilities as of April 1, 2024, March 31, 2025, and March 31, 2026, please refer to Note 7(5). For changes in lease liabilities during the respective consolidated fiscal years, please refer to Note 35.

(3) Amounts recognized in profit or loss and cash outflows for leases

The following table shows information on income, expenses and cash flows (excluding depreciation) arising from leases in which Sony FG acts as both a lessee and a lessor.

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Interest expenses on lease liabilities	1,331	1,550
Income from subleases	(269)	(91)
Net cash outflows for leases	12,628	13,433

(4) Extension options

Some property leases contain extension options exercisable by Sony FG up to six months before the end of the non-cancellable period. Where practicable, Sony FG seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by Sony FG and not by the lessors. Sony FG assesses at the lease commencement date whether it is reasonably certain to exercise the extension options. Sony FG reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

29. Intangible assets

The following table shows the changes in intangible assets.

(Millions of yen)

	Software	Software in progress	Other	Total
Balance as of April 1, 2024				
Cost	178,212	17,592	61	195,866
Accumulated amortization and impairment losses	(129,340)	—	(36)	(129,377)
Carrying amount	48,871	17,592	25	66,489
Changes in carrying amount:				
Additions	11,478	13,492	2	24,973
Reclassifications	3,239	(3,468)	—	(228)
Disposals	(17)	(80)	—	(97)
Amortization	(15,178)	—	(2)	(15,181)
Impairment losses	(39)	(150)	(0)	(189)
Total changes	(516)	9,794	(0)	9,277
Balance as of March 31, 2025				
Cost	192,720	27,536	63	220,321
Accumulated depreciation and impairment losses	(144,365)	(150)	(39)	(144,554)
Carrying amount	48,354	27,386	24	75,766
Changes in carrying amount:				
Additions	12,204	12,084	8	24,297
Reclassifications	20,436	(20,924)	—	(487)
Disposals	(400)	—	—	(400)
Amortization	(17,551)	—	(3)	(17,554)
Impairment losses	—	(93)	—	(93)
Total changes	14,689	(8,932)	5	5,761
Balance as of March 31, 2025				
Cost	207,367	18,604	72	226,044
Accumulated depreciation and impairment losses	(144,323)	(150)	(42)	(144,515)
Carrying amount	63,044	18,454	29	81,528

30. Goodwill

(1) Reconciliation of carrying amount

The following table shows the changes in goodwill.

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Opening balance		
Cost	10,834	10,834
Accumulated impairment losses	—	—
Carrying amount	10,834	10,834
Changes in carrying amount:		
Impairment losses	—	—
Total changes	—	—
Closing balance		
Cost	10,834	10,834
Accumulated impairment losses	—	—
Carrying amount	10,834	10,834

(2) Impairment testing for CGU containing goodwill

The following table shows the allocation of goodwill to Sony FG's CGU for the purposes of impairment testing.

(Millions of yen)

	April 1, 2024	March 31, 2025	March 31, 2026
Sony Life	3,609	3,609	3,609
Sony Bank	2,314	2,314	2,314
Proud Life Inc. ("PLI")	4,850	4,850	4,850
Lifecare Design Inc. ("LD")	60	60	60
Total goodwill	10,834	10,834	10,834

The recoverable amount of each CGU is determined based on its value in use.

(i) Sony Life

The recoverable amount of Sony Life Insurance Co., Ltd., which constitutes a cash-generating unit, is measured based on value-in-use. Value-in-use is determined as the sum of net asset value and value of new business.

Net asset value is calculated as net assets excluding goodwill plus the contractual service margin (CSM), net of reinsurance and taxes. The CSM is measured as part of the measurement of insurance contract liabilities. For details of the measurement of the CSM, refer to Notes 6(12) and 33(7).

The value of new business is calculated by applying a new business multiple, which reflects expected future new business, to the estimated value of new business for one year. The estimated value of new business is measured as the present value of estimated future cash flows arising from new contracts. The new business multiple is determined taking into account the expected impact of future new business specific to Sony FG.

The key assumptions used in the calculation of value-in-use are the assumptions applied in estimating the value of new business and the new business multiple. The assumptions applied in calculating the value of new business are consistent with those disclosed in Note 33(7).

These key assumptions may be affected by changes in economic conditions and market environments. Sony FG expects that reasonably possible changes in these assumptions would not cause the recoverable amount of the cash-generating unit to fall below its carrying amount.

(ii) Sony Bank

The recoverable amount of the CGU, Sony Bank, is measured at value in use. Value in use is calculated as the present value of estimated future cash flows, including terminal value. The estimated future cash flows are based on a three-year medium-term plan, and the terminal value after the final year of the forecast period is determined using a perpetual growth rate.

The medium-term plan underlying the estimated future cash flows has been prepared in alignment with past experience and external conditions.

The key assumptions used in determining value in use are the discount rate and the perpetual growth rate. The discount rate is calculated based on the yield of 10-year Japanese government bonds, adjusted for risks specific to the CGU, and was 8.6% and 10.0% for fiscal years 2025 and 2026, respectively.

The perpetual growth rate is determined considering the long-term average market growth rate and was 1.0% for both fiscal years 2025 and 2026. The growth rates used do not exceed the long-term average market growth rate.

These key assumptions may change due to economic and market conditions. Sony FG expects that reasonably possible changes in these assumptions would not cause the recoverable amount of the CGU to fall below its carrying amount.

(iii) PLI and LD

The recoverable amount of the CGUs, PLI and LD is measured at value in use. Value in use is calculated as the present value of estimated future cash flows, including terminal value. The estimated future cash flows are based on a medium- to long-term plan exceeding five years, and the terminal value after the final year of the forecast period is determined using a perpetual growth rate.

The medium- to long-term plan underlying the estimated future cash flows has been prepared based on past experience and external conditions, taking into account factors such as occupancy rates.

The key assumptions used in determining value in use are the discount rate and the perpetual growth rate. The discount rate is calculated based on the yield of 10-year Japanese government bonds, adjusted for risks specific to the CGUs, and was 3.9% and 3.4% for fiscal years 2025 and 2026, respectively.

The perpetual growth rate reflects future uncertainties and was set at 0.0% for both fiscal years 2025 and 2026. The growth rates used do not exceed the long-term average market growth rate.

These key assumptions may change due to economic and market conditions. Sony FG expects that reasonably possible changes in these assumptions would not cause the recoverable amount of the CGUs to fall below their carrying amount.

31. Other Assets

The following table shows the breakdown of other assets.

(Millions of yen)

	April 1, 2024	March 31, 2025	March 31, 2026
Income taxes receivable and other tax receivables	42,712	17,796	2,471
Advance payments	7,680	7,269	8,327
Prepaid expenses	2,881	2,601	2,872
Other	361	670	635
Total	53,635	28,338	14,307

32. Deposits in the Banking Business

The following table shows the breakdown of deposits in the banking business.

(Millions of yen)

	April 1, 2024	March 31, 2025	March 31, 2026
Liquid deposits	1,571,499	1,592,804	1,720,254
Fixed-term deposits	2,270,842	2,647,498	2,875,081
Other deposits	3,264	3,659	4,777
Total	3,845,606	4,243,962	4,600,113

33. Insurance and Reinsurance Contracts

The insurance contracts underwritten by the life insurance subsidiary mainly consist of whole life insurance, term life insurance, disease and health insurance, variable life insurance, and individual variable annuity contracts. The insurance contracts underwritten by the non-life insurance subsidiary mainly consist of automobile insurance and fire insurance. Sony FG classifies variable life insurance and individual variable annuity contracts as insurance contracts with direct participation features if they meet all the criteria set forth in Note 6(12)(i) at initial recognition.

(Millions of yen)

	April 1, 2024		
	Life insurance business	Non-life insurance business	Total
Insurance contracts			
Insurance contract assets	56,974	—	56,974
Insurance contract liabilities	12,913,315	189,004	13,102,320
Reinsurance contracts			
Reinsurance contract assets	31,068	1,577	32,645
Reinsurance contract liabilities	—	—	—

(Millions of yen)

	March 31, 2025		
	Life insurance business	Non-life insurance business	Total
Insurance contracts			
Insurance contract assets	47,715	—	47,715
Insurance contract liabilities	12,670,586	198,839	12,869,425
Reinsurance contracts			
Reinsurance contract assets	29,077	1,875	30,953
Reinsurance contract liabilities	—	—	—

(Millions of yen)

	March 31, 2026		
	Life insurance business	Non-life insurance business	Total
Insurance contracts			
Insurance contract assets	45,128	—	45,128
Insurance contract liabilities	12,546,863	202,861	12,749,724
Reinsurance contracts			
Reinsurance contract assets	273,157	1,734	274,892
Reinsurance contract liabilities	126	—	126

(1) Movements in insurance and reinsurance contract balances

The following tables show the changes in insurance and reinsurance contract assets.

(i) Life insurance business

a) Insurance contracts

(a) Changes in liabilities for remaining coverage and liabilities for incurred claims

(Millions of yen)

	Fiscal year ended March 31, 2025			
	Liability for remaining coverage		Liability for incurred claims	Total
	Excluding loss component	Loss component		
Opening insurance contract assets	(90,377)	—	33,402	(56,974)
Opening insurance contract liabilities	12,784,007	46,641	82,667	12,913,315
Net amounts	12,693,629	46,641	116,069	12,856,340
Insurance revenue				
Contracts under modified retrospective transition approach	(165,509)	—	—	(165,509)
Contracts under fair value transition approach	(29,206)	—	—	(29,206)
New contracts and contracts under full retrospective approach	(271,735)	—	—	(271,735)
Total	(466,451)	—	—	(466,451)
Insurance service expenses				
Incurred claims and other insurance service expenses	—	(2,661)	175,811	173,150
Amortization of insurance acquisition cash flows	118,314	—	—	118,314
Losses and reversals of losses on onerous contracts	—	8,565	—	8,565
Changes in liabilities for incurred claims	—	—	(150)	(150)
Total	118,314	5,904	175,660	299,880
Insurance service result	(348,136)	5,904	175,660	(166,571)
Insurance finance gains and losses, net	(622,402)	(684)	(1,439)	(624,526)
Total amounts recognized in comprehensive income	(970,539)	5,219	174,221	(791,098)
Investment components excluded from insurance revenue and insurance service expenses	(992,966)	—	992,966	—
Cash flows				
Premiums received	1,877,392	—	—	1,877,392
Claims and other insurance service expenses paid (including investment components)	—	—	(1,139,084)	(1,139,084)
Insurance acquisition cash flows	(148,352)	—	—	(148,352)
Total	1,729,039	—	(1,139,084)	589,955
Transfer to other items in the statement of financial position	—	—	(31,007)	(31,007)
Other	(613)	(46)	(658)	(1,319)
Closing insurance contract assets	(81,537)	2	33,819	(47,715)
Closing insurance contract liabilities	12,540,087	51,811	78,687	12,670,586
Net amounts	12,458,549	51,813	112,507	12,622,870

Note: The “transition date” above refers to the date on which the former parent company, Sony Group Corporation, adopted IFRS 17 Insurance Contracts (“IFRS 17”).

(Millions of yen)

	Fiscal year ended March 31, 2026			
	Liability for remaining coverage		Liability for incurred claims	Total
	Excluding loss component	Loss component		
Opening insurance contract assets	(81,537)	2	33,819	(47,715)
Opening insurance contract liabilities	12,540,087	51,811	78,687	12,670,586
Net amounts	12,458,549	51,813	112,507	12,622,870
Insurance revenue				
Contracts under modified retrospective transition approach	(153,624)	—	—	(153,624)
Contracts under fair value transition approach	(32,796)	—	—	(32,796)
New contracts and contracts under full retrospective approach	(312,205)	—	—	(312,205)
Total	(498,626)	—	—	(498,626)
Insurance service expenses				
Incurred claims and other insurance service expenses	—	(3,393)	183,898	180,504
Amortization of insurance acquisition cash flows	127,385	—	—	127,385
Losses and reversals of losses on onerous contracts	—	20,117	—	20,117
Changes in liabilities for incurred claims	—	—	16	16
Total	127,385	16,723	183,914	328,024
Insurance service result	(371,240)	16,723	183,914	(170,602)
Insurance finance gains and losses, net	(473,779)	1,643	(1,552)	(473,688)
Total amounts recognized in comprehensive income	(845,020)	18,367	182,362	(644,290)
Investment components excluded from insurance revenue and insurance service expenses	(1,026,117)	—	1,026,117	—
Cash flows				
Premiums received	1,885,718	—	—	1,885,718
Claims and other insurance service expenses paid (including investment components)	—	—	(1,186,899)	(1,186,899)
Insurance acquisition cash flows	(153,259)	—	—	(153,259)
Total	1,732,459	—	(1,186,899)	545,559
Transfer to other items in the statement of financial position	—	—	(21,235)	(21,235)
Other	(858)	(92)	(218)	(1,170)
Closing insurance contract assets	(78,164)	96	32,938	(45,128)
Closing insurance contract liabilities	12,397,176	69,991	79,695	12,546,863
Net amounts	12,319,012	70,088	112,634	12,501,734

Note: The “transition date” above refers to the date on which the former parent company, Sony Group Corporation, adopted IFRS 17.

(b) Changes in insurance contract liabilities from insurance contracts not measured under the PAA by measurement component
(Millions of yen)

	Fiscal year ended March 31, 2025			
	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	CSM	Total
Opening insurance contract assets	(291,877)	27,823	207,078	(56,974)
Opening insurance contract liabilities	10,660,659	372,612	1,880,044	12,913,315
Net amounts	10,368,781	400,435	2,087,123	12,856,340
Changes that relate to current service				
CSM recognized in profit or loss for the services provided	—	—	(150,138)	(150,138)
Change in risk adjustment for non-financial risk for risk expired	—	(28,053)	—	(28,053)
Experience adjustments	3,205	—	—	3,205
Changes that relate to future service				
Effect of contracts initially recognized during the period	(432,682)	43,868	388,813	—
Changes in estimates that adjust the CSM	276,935	9,929	(286,865)	—
Changes in estimates that result in losses and reversals of losses on onerous	8,036	529	—	8,565
Changes that relate to past service				
Adjustments to liabilities for incurred claims	(150)	—	—	(150)
Insurance service result	(144,655)	26,273	(48,190)	(166,571)
Insurance finance gains and losses, net	(653,947)	(403)	29,824	(624,526)
Total amounts recognized in comprehensive income	(798,602)	25,870	(18,365)	(791,098)
Cash flows				
Premiums received	1,877,392	—	—	1,877,392
Claims and other insurance service expenses paid (including investment components)	(1,139,084)	—	—	(1,139,084)
Insurance acquisition cash flows	(148,352)	—	—	(148,352)
Total	589,955	—	—	589,955
Transfer to other items in the statement of financial position	(31,007)	—	—	(31,007)
Other	(1,075)	—	(243)	(1,319)
Closing insurance contract assets	(245,601)	24,500	173,385	(47,715)
Closing insurance contract liabilities	10,373,652	401,805	1,895,127	12,670,586
Net amounts	10,128,051	426,306	2,068,513	12,622,870

(Millions of yen)

	Fiscal year ended March 31, 2026			
	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	CSM	Total
Opening insurance contract assets	(245,601)	24,500	173,385	(47,715)
Opening insurance contract liabilities	10,373,652	401,805	1,895,127	12,670,586
Net amounts	10,128,051	426,306	2,068,513	12,622,870
Changes that relate to current service				
CSM recognized in profit or loss for the services provided	—	—	(157,728)	(157,728)
Change in risk adjustment for non-financial risk for risk expired	—	(32,286)	—	(32,286)
Experience adjustments	(720)	—	—	(720)
Changes that relate to future service				
Effect of contracts initially recognized during the period	(359,843)	41,083	318,760	—
Changes in estimates that adjust the CSM	218,130	(8,365)	(209,765)	—
Changes in estimates result in losses and reversals of losses on onerous contracts	17,199	2,917	—	20,117
Changes that relate to past service				
Adjustments to liabilities for incurred claims	16	—	—	16
Insurance service result	(125,218)	3,349	(48,733)	(170,602)
Insurance finance gains and losses, net	(512,706)	2,738	36,280	(473,688)
Total amounts recognized in comprehensive income	(637,925)	6,088	(12,453)	(644,290)
Cash flows				
Premiums received	1,885,718	—	—	1,885,718
Claims and other insurance service expenses paid (including investment components)	(1,186,899)	—	—	(1,186,899)
Insurance acquisition cash flows	(153,259)	—	—	(153,259)
Total	545,559	—	—	545,559
Transfer to other items in the statement of financial position	(21,235)	—	—	(21,235)
Other	(1,072)	—	(97)	(1,170)
Closing insurance contract assets	(244,939)	23,194	176,615	(45,128)
Closing insurance contract liabilities	10,258,317	409,199	1,879,346	12,546,863
Net amounts	10,013,378	432,394	2,055,961	12,501,734

b) Reinsurance contracts

(a) Changes in assets for remaining coverage and assets for incurred claims

(Millions of yen)

	Fiscal year ended March 31, 2025			
	Assets for remaining coverage		Assets for incurred claims	Total
	Excluding loss-recovery component	Loss-recovery component		
Opening reinsurance contract assets	26,787	982	3,298	31,068
Opening reinsurance contract liabilities	—	—	—	—
Net amounts	26,787	982	3,298	31,068
Allocation of reinsurance premiums paid	(2,685)	—	—	(2,685)
Amounts recoverable from reinsurers				
Recoveries of incurred claims and other insurance service expenses	—	(199)	2,453	2,254
Recoveries and reversals of recoveries of losses on onerous underlying contracts	—	120	—	120
Adjustments to assets for incurred claims	—	—	—	—
Total	—	(78)	2,453	2,375
Effect of changes in non-performance risk of reinsurers	—	—	—	—
Income or expenses from reinsurance contracts held	(2,685)	(78)	2,453	(309)
Reinsurance finance gains and losses, net	(901)	—	—	(901)
Total amounts recognized in comprehensive income	(3,586)	(78)	2,453	(1,211)
Investment components and premium refunds	(5,759)	—	5,759	—
Cash flows				
Premiums paid	6,865	—	—	6,865
Reinsurance recoveries received	—	—	(7,645)	(7,645)
Total	6,865	—	(7,645)	(780)
Other	—	—	—	—
Closing reinsurance contract assets	24,306	904	3,866	29,077
Closing reinsurance contract liabilities	—	—	—	—
Net amounts	24,306	904	3,866	29,077

(Millions of yen)

	Fiscal year ended March 31, 2026			
	Assets for remaining coverage		Assets for incurred claims	Total
	Excluding loss-recovery component	Loss-recovery component		
Opening reinsurance contract assets	24,306	904	3,866	29,077
Opening reinsurance contract liabilities	—	—	—	—
Net amounts	24,306	904	3,866	29,077
Allocation of reinsurance premiums paid	(3,148)	—	—	(3,148)
Amounts recoverable from reinsurers				
Recoveries of incurred claims and other insurance service expenses	—	(133)	2,663	2,529
Recoveries and reversals of recoveries of losses on onerous underlying contracts	—	(1,065)	—	(1,065)
Adjustments to assets for incurred claims	—	—	—	—
Total	—	(1,199)	2,663	1,463
Effect of changes in non-performance risk of reinsurers	252	—	—	252
Income or expenses from reinsurance contracts held	(2,895)	(1,199)	2,663	(1,431)
Reinsurance finance gains and losses, net	13,411	—	—	13,411
Total amounts recognized in comprehensive income	10,516	(1,199)	2,663	11,980
Investment components and premium refunds	(24,065)	—	24,065	—
Cash flows				
Premiums paid	248,919	—	—	248,919
Reinsurance recoveries received	—	—	(16,946)	(16,946)
Total	248,919	—	(16,946)	231,973
Other	—	—	—	—
Closing reinsurance contract assets	259,803	(295)	13,649	273,157
Closing reinsurance contract liabilities	(126)	—	—	(126)
Net amounts	259,676	(295)	13,649	273,031

(b) Changes in reinsurance contract assets from reinsurance contracts not measured under the PAA by measurement component
(Millions of yen)

	Fiscal year ended March 31, 2025			
	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	CSM	Total
Opening reinsurance contract assets	31,021	117	(69)	31,068
Opening reinsurance contract liabilities	—	—	—	—
Net amounts	31,021	117	(69)	31,068
Changes that relate to current service				
CSM recognized in profit or loss for the services provided	—	—	(26)	(26)
Change in risk adjustment for non-financial risk for risk expired	—	(10)	—	(10)
Experience adjustments	(394)	—	—	(394)
Changes that relate to future services				
Effect of contracts initially recognized during the period	(139)	(7)	146	—
Changes in recoveries of losses on onerous underlying contracts that adjust the CSM	—	—	120	120
Changes in estimates that adjust the CSM	12	(173)	161	—
Changes in estimates that relate to losses and reversals of losses on onerous underlying contracts	—	—	—	—
Changes that relate to past service				
Adjustments to assets for incurred claims	—	—	—	—
Effect of changes in non-performance risk of reinsurers	—	—	—	—
Income or expenses from reinsurance contracts held	(521)	(191)	403	(309)
Reinsurance finance gains and losses, net	(901)	0	0	(901)
Total amounts recognized in comprehensive income	(1,423)	(191)	403	(1,211)
Cash flows				
Premiums paid	6,865	—	—	6,865
Reinsurance recoveries received	(7,645)	—	—	(7,645)
Total	(780)	—	—	(780)
Other	—	—	—	—
Closing reinsurance contract assets	28,817	(74)	333	29,077
Closing reinsurance contract liabilities	—	—	—	—
Net amounts	28,817	(74)	333	29,077

(Millions of yen)

	Fiscal year ended March 31, 2026			
	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	CSM	Total
Opening reinsurance contract assets	28,817	(74)	333	29,077
Opening reinsurance contract liabilities	—	—	—	—
Net amounts	28,817	(74)	333	29,077
Changes that relate to current service				
CSM recognized in profit or loss for the services provided	—	—	317	317
Change in risk adjustment for non-financial risk for risk expired	—	(168)	—	(168)
Experience adjustments	(768)	—	—	(768)
Changes that relate to future services				
Effect of contracts initially recognized during the period	(441)	6,913	(6,471)	—
Changes in recoveries of losses on onerous underlying contracts that adjust the CSM	—	—	(1,065)	(1,065)
Changes in estimates that adjust the CSM	(5,089)	1,922	3,166	—
Changes in estimates that relate to losses and reversals of losses on onerous underlying contracts	—	—	—	—
Changes that relate to past service				
Adjustments to assets for incurred claims	—	—	—	—
Effect of changes in non-performance risk of reinsurers	252	—	—	252
Income or expenses from reinsurance contracts held	(6,046)	8,668	(4,053)	(1,431)
Reinsurance finance gains and losses, net	13,979	550	(1,117)	13,411
Total amounts recognized in comprehensive income	7,932	9,218	(5,171)	11,980
Cash flows				
Premiums paid	248,919	—	—	248,919
Reinsurance recoveries received	(16,946)	—	—	(16,946)
Total	231,973	—	—	231,973
Other	—	—	—	—
Closing reinsurance contract assets	268,666	9,186	(4,694)	273,157
Closing reinsurance contract liabilities	57	(41)	(142)	(126)
Net amounts	268,724	9,144	(4,837)	273,031

(ii) Non-life insurance business

a) Insurance contracts

(a) Changes in liabilities for remaining coverage and liabilities for incurred claims

(Millions of yen)

	Fiscal year ended March 31, 2025					
	Liability for remaining coverage		Liabilities for incurred claims			Total
			Liabilities for incurred claims	Contracts under PAA		
				Estimates of present value of future cash flows	Risk adjustment for non-financial risk	
Excluding loss component	Loss component					
Opening insurance contract assets	—	—	—	—	—	—
Opening insurance contract liabilities	122,829	9,858	1,589	54,348	378	189,004
Net amounts	122,829	9,858	1,589	54,348	378	189,004
Insurance revenue						
Contracts under modified retrospective transition approach	(6,440)	—	—	—	—	(6,440)
Contracts under fair value transition approach	—	—	—	—	—	—
New contracts and contracts under full retrospective approach	(150,019)	—	—	—	—	(150,019)
Total	(156,459)	—	—	—	—	(156,459)
Insurance service expenses						
Incurred claims and other insurance service expenses	—	(2,658)	8,949	119,114	182	125,587
Amortization of insurance acquisition cash flows	16,503	—	—	—	—	16,503
Losses and reversals of losses on onerous contracts	—	5,559	—	—	—	5,559
Changes in liabilities for incurred claims	—	—	150	5,772	(112)	5,811
Total	16,503	2,900	9,100	124,887	70	153,461
Insurance service result	(139,956)	2,900	9,100	124,887	70	(2,998)
Insurance finance gains and losses, net	(9,761)	11	—	(968)	(7)	(10,725)
Total amounts recognized in comprehensive income	(149,718)	2,912	9,100	123,918	62	(13,723)
Investment components excluded from insurance revenue and insurance service expenses	—	—	—	—	—	—
Cash flows						
Premiums received	170,057	—	—	—	—	170,057
Claims and other insurance service expenses paid (including investment components)	—	—	(8,943)	(119,114)	—	(128,058)
Insurance acquisition cash flows	(18,946)	—	—	—	—	(18,946)
Total	151,111	—	(8,943)	(119,114)	—	23,052
Transfer to other items in the statement of financial position	—	—	—	—	—	—
Other	386	—	—	119	—	506
Closing insurance contract assets	—	—	—	—	—	—
Closing insurance contract liabilities	124,609	12,770	1,746	59,272	441	198,839
Net amounts	124,609	12,770	1,746	59,272	441	198,839

Note: The “transition date” above refers to the date on which the former parent company, Sony Group Corporation, adopted IFRS 17.

(Millions of yen)

	Fiscal year ended March 31, 2026					
	Liability for remaining coverage		Liabilities for incurred claims			Total
			Liabilities for incurred claims	Contracts under PAA		
				Estimates of present value of future cash flows	Risk adjustment for non-financial risk	
Excluding loss component	Loss component					
Opening insurance contract assets	—	—	—	—	—	—
Opening insurance contract liabilities	124,609	12,770	1,746	59,272	441	198,839
Net amounts	124,609	12,770	1,746	59,272	441	198,839
Insurance revenue						
Contracts under modified retrospective transition approach	(7,770)	—	—	—	—	(7,770)
Contracts under fair value transition approach	—	—	—	—	—	—
New contracts and contracts under full retrospective approach	(172,333)	—	—	—	—	(172,333)
Total	(180,104)	—	—	—	—	(180,104)
Insurance service expenses						
Incurred claims and other insurance service expenses	—	(2,811)	11,038	128,435	219	136,883
Amortization of insurance acquisition cash flows	19,938	—	—	—	—	19,938
Losses and reversals of losses on onerous contracts	—	1,314	—	—	—	1,314
Changes in liabilities for incurred claims	—	—	241	3,593	(414)	3,420
Total	19,938	(1,496)	11,280	132,028	(194)	161,557
Insurance service result	(160,165)	(1,496)	11,280	132,028	(194)	(18,547)
Insurance finance gains and losses, net	(11,210)	49	—	(363)	1	(11,522)
Total amounts recognized in comprehensive income	(171,376)	(1,446)	11,280	131,665	(192)	(30,069)
Investment components excluded from insurance revenue and insurance service expenses	—	—	—	—	—	—
Cash flows						
Premiums received	192,786	—	—	—	—	192,786
Claims and other insurance service expenses paid (including investment components)	—	—	(11,032)	(128,435)	—	(139,468)
Insurance acquisition cash flows	(19,935)	—	—	—	—	(19,935)
Total	172,850	—	(11,032)	(128,435)	—	33,381
Transfer to other items in the statement of financial position	—	—	—	—	—	—
Other	768	—	553	(612)	—	709
Closing insurance contract assets	—	—	—	—	—	—
Closing insurance contract liabilities	126,851	11,324	2,547	61,889	248	202,861
Net amounts	126,851	11,324	2,547	61,889	248	202,861

Note: The “transition date” above refers to the date on which the former parent company, Sony Group Corporation, adopted IFRS 17.

(b) Changes in insurance contract liabilities from insurance contracts not measured under the PAA by measurement component
(Millions of yen)

	Fiscal year ended March 31, 2025			
	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	CSM	Total
Opening insurance contract assets	—	—	—	—
Opening insurance contract liabilities	41,002	17,629	17,600	76,233
Net amounts	41,002	17,629	17,600	76,233
Changes that relate to current service				
CSM recognized in profit or loss for the services provided	—	—	(831)	(831)
Change in risk adjustment for non-financial risk for risk expired	—	(626)	—	(626)
Experience adjustments	(1,979)	—	—	(1,979)
Changes that relate to future service				
Effect of contracts initially recognized during the period	880	466	420	1,767
Changes in estimates that adjust the CSM	1,159	(102)	(1,056)	—
Changes in estimates that result in losses and reversals of losses on onerous contracts	3,558	233	—	3,791
Changes that relate to past service				
Adjustments to liabilities for incurred claims	156	(5)	—	150
Insurance service result	3,775	(35)	(1,467)	2,272
Insurance finance gains and losses, net	(8,254)	(1,826)	330	(9,750)
Total amounts recognized in comprehensive income	(4,479)	(1,862)	(1,136)	(7,477)
Cash flows				
Premiums received	16,943	—	—	16,943
Claims and other insurance service expenses paid	(8,943)	—	—	(8,943)
Insurance acquisition cash flows	(3,261)	—	—	(3,261)
Total	4,737	—	—	4,737
Transfer to other items in the statement of financial position	—	—	—	—
Other	12	—	—	12
Closing insurance contract assets	—	—	—	—
Closing insurance contract liabilities	41,274	15,767	16,464	73,506
Net amounts	41,274	15,767	16,464	73,506

(Millions of yen)

	Fiscal year ended March 31, 2026			
	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	CSM	Total
Opening insurance contract assets	—	—	—	—
Opening insurance contract liabilities	41,274	15,767	16,464	73,506
Net amounts	41,274	15,767	16,464	73,506
Changes that relate to current service				
CSM recognized in profit or loss for the services provided	—	—	(1,047)	(1,047)
Change in risk adjustment for non-financial risk for risk expired	—	(774)	—	(774)
Experience adjustments	(2,552)	—	—	(2,552)
Changes that relate to future service				
Effect of contracts initially recognized during the period	2,190	641	490	3,322
Changes in estimates that adjust the CSM	(2,336)	(1,740)	4,077	—
Changes in estimates that result in losses and reversals of losses on onerous contracts	(1,688)	(319)	—	(2,007)
Changes that relate to past service				
Adjustments to liabilities for incurred claims	246	(4)	—	241
Insurance service result	(4,139)	(2,197)	3,519	(2,817)
Insurance finance gains and losses, net	(9,653)	(1,800)	293	(11,160)
Total amounts recognized in comprehensive income	(13,793)	(3,997)	3,812	(13,978)
Cash flows				
Premiums received	20,327	—	—	20,327
Claims and other insurance service expenses paid	(11,032)	—	—	(11,032)
Insurance acquisition cash flows	(3,376)	—	—	(3,376)
Total	5,918	—	—	5,918
Transfer to other items in the statement of financial position	—	—	—	—
Other	571	—	—	571
Closing insurance contract assets	—	—	—	—
Closing insurance contract liabilities	33,970	11,770	20,277	66,017
Net amounts	33,970	11,770	20,277	66,017

b) Reinsurance contracts

(a) Changes in assets for remaining coverage and assets for incurred claims

(Millions of yen)

	Fiscal year ended March 31, 2025					
	Assets for remaining coverage		Assets for incurred claims			Total
			Assets for incurred claims	Contracts under PAA		
				Estimates of present value of future cash flows	Risk adjustment for non-financial risk	
Excluding loss-recovery component	Loss-recovery component					
Opening reinsurance contract assets	736	396	24	416	2	1,577
Opening reinsurance contract liabilities	—	—	—	—	—	—
Net amounts	736	396	24	416	2	1,577
Allocation of reinsurance premiums paid	(1,639)	—	—	—	—	(1,639)
Amounts recoverable from reinsurers						
Recoveries of incurred claims and other insurance service expenses	—	(84)	40	3,485	5	3,447
Recoveries and reversals of recoveries of losses on onerous underlying contracts	—	(43)	—	—	—	(43)
Adjustments to assets for incurred claims	—	—	(4)	327	(3)	320
Total	—	(127)	36	3,813	2	3,724
Effect of changes in non-performance risk of reinsurers	—	—	—	—	—	—
Income or expenses from reinsurance contracts held	(1,639)	(127)	36	3,813	2	2,084
Reinsurance finance gains and losses, net	(21)	5	—	(25)	(0)	(40)
Total amounts recognized in comprehensive income	(1,660)	(122)	36	3,788	2	2,043
Investment components and premium refunds	—	—	—	—	—	—
Cash flows						
Premiums paid	1,577	—	—	—	—	1,577
Reinsurance recoveries received	—	—	(40)	(3,485)	—	(3,526)
Total	1,577	—	(40)	(3,485)	—	(1,948)
Other	(8)	—	(6)	218	—	203
Closing reinsurance contract assets	644	274	14	936	5	1,875
Closing reinsurance contract liabilities	—	—	—	—	—	—
Net amounts	644	274	14	936	5	1,875

(Millions of yen)

	Fiscal year ended March 31, 2026					
	Assets for remaining coverage		Assets for incurred claims			Total
			Assets for incurred claims	Contracts under PAA		
				Estimates of present value of future cash flows	Risk adjustment for non-financial risk	
Excluding loss-recovery component	Loss-recovery component					
Opening reinsurance contract assets	644	274	14	936	5	1,875
Opening reinsurance contract liabilities	—	—	—	—	—	—
Net amounts	644	274	14	936	5	1,875
Allocation of reinsurance premiums paid	(2,238)	—	—	—	—	(2,238)
Amounts recoverable from reinsurers						
Recoveries of incurred claims and other insurance service expenses	—	(66)	18	596	4	553
Recoveries and reversals of recoveries of losses on onerous underlying contracts	—	42	—	—	—	42
Adjustments to assets for incurred claims	—	—	2	(537)	(9)	(543)
Total	—	(23)	21	58	(4)	52
Effect of changes in non-performance risk of reinsurers	—	—	—	—	—	—
Income or expenses from reinsurance contracts held	(2,238)	(23)	21	58	(4)	(2,186)
Reinsurance finance gains and losses, net	(1)	4	—	(3)	0	(0)
Total amounts recognized in comprehensive income	(2,239)	(19)	21	54	(4)	(2,186)
Investment components and premium refunds	—	—	—	—	—	—
Cash flows						
Premiums paid	2,186	—	—	—	—	2,186
Reinsurance recoveries received	—	—	(18)	(596)	—	(615)
Total	2,186	—	(18)	(596)	—	1,571
Other	(2)	—	0	474	—	473
Closing reinsurance contract assets	590	255	18	870	0	1,734
Closing reinsurance contract liabilities	—	—	—	—	—	—
Net amounts	590	255	18	870	0	1,734

(b) Changes in reinsurance contract assets from reinsurance contracts not measured under the PAA by measurement component
(Millions of yen)

	Fiscal year ended March 31, 2025			
	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	CSM	Total
Opening reinsurance contract assets	530	16	553	1,100
Opening reinsurance contract liabilities	—	—	—	—
Net amounts	530	16	553	1,100
Changes that relate to current service				
CSM recognized in profit or loss for the services provided	—	—	(133)	(133)
Change in risk adjustment for non-financial risk for risk expired	—	(5)	—	(5)
Experience adjustments	(203)	—	—	(203)
Changes that relate to future services				
Effect of contracts initially recognized during the period	(49)	3	46	—
Changes in recoveries of losses on onerous underlying contracts that adjust the CSM	—	—	—	—
Changes in estimates that adjust the CSM	76	2	(78)	—
Changes in estimates that relate to losses and reversals of losses on onerous underlying contracts	(43)	—	—	(43)
Changes that relate to past service				
Adjustments to assets for incurred claims	(4)	(0)	—	(4)
Effect of changes in non-performance risk of reinsurers	—	—	—	—
Income or expenses from reinsurance contracts held	(224)	(0)	(165)	(390)
Reinsurance finance gains and losses, net	(23)	(0)	8	(15)
Total amounts recognized in comprehensive income	(247)	(1)	(156)	(405)
Cash flows				
Premiums paid	236	—	—	236
Reinsurance recoveries received	(40)	—	—	(40)
Total	195	—	—	195
Other	(24)	—	—	(24)
Closing reinsurance contract assets	454	14	396	866
Closing reinsurance contract liabilities	—	—	—	—
Net amounts	454	14	396	866

(Millions of yen)

	Fiscal year ended March 31, 2026			
	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	CSM	Total
Opening reinsurance contract assets	454	14	396	866
Opening reinsurance contract liabilities	—	—	—	—
Net amounts	454	14	396	866
Changes that relate to current service				
CSM recognized in profit or loss for the services provided	—	—	(54)	(54)
Change in risk adjustment for non-financial risk for risk expired	—	(9)	—	(9)
Experience adjustments	(340)	—	—	(340)
Changes that relate to future services				
Effect of contracts initially recognized during the period	(23)	5	17	—
Changes in recoveries of losses on onerous underlying contracts that adjust the CSM	—	—	—	—
Changes in estimates that adjust the CSM	40	6	(47)	—
Changes in estimates that relate to losses and reversals of losses on onerous underlying contracts	42	—	—	42
Changes that relate to past service				
Adjustments to assets for incurred claims	3	(0)	—	2
Effect of changes in non-performance risk of reinsurers	—	—	—	—
Income or expenses from reinsurance contracts held	(277)	2	(84)	(359)
Reinsurance finance gains and losses, net	(4)	0	7	3
Total amounts recognized in comprehensive income	(281)	2	(77)	(356)
Cash flows				
Premiums paid	306	—	—	306
Reinsurance recoveries received	(18)	—	—	(18)
Total	287	—	—	287
Other	(17)	—	—	(17)
Closing reinsurance contract assets	443	17	319	780
Closing reinsurance contract liabilities	—	—	—	—
Net amounts	443	17	319	780

(2) Effect of contracts initially recognised in the year

The effect on the measurement components arising from the initial recognition of insurance and reinsurance contracts not measured under the PAA is as follows:

(i) Life insurance business

a) Insurance contracts

(Millions of yen)

	Fiscal year ended March 31, 2025		
	Profitable contracts issued	Onerous contracts issued	Total
Estimates of present value of cash outflows			
Claims and other insurance service expenses payable	2,225,510	—	2,225,510
Insurance acquisition cash flows	154,512	—	154,512
Total estimates of present value of cash outflows	2,380,023	—	2,380,023
Estimates of present value of cash inflows	(2,812,705)	—	(2,812,705)
Total estimates of present value of cash flows	(432,682)	—	(432,682)
Risk adjustment for non-financial risk	43,868	—	43,868
CSM	388,813	—	388,813
Total effect on loss component	—	—	—

(Millions of yen)

	Fiscal year ended March 31, 2026		
	Profitable contracts issued	Onerous contracts issued	Total
Estimates of present value of cash outflows			
Claims and other insurance service expenses payable	1,916,807	—	1,916,807
Insurance acquisition cash flows	156,261	—	156,261
Total estimates of present value of cash outflows	2,073,069	—	2,073,069
Estimates of present value of cash inflows	(2,432,913)	—	(2,432,913)
Total estimates of present value of cash flows	(359,843)	—	(359,843)
Risk adjustment for non-financial risk	41,083	—	41,083
CSM	318,760	—	318,760
Total effect on loss component	—	—	—

b) Reinsurance contracts

(Millions of yen)

	Fiscal year ended March 31, 2025		
	Contracts initiated without loss-recovery component	Contracts initiated with loss-recovery component	Total
Estimates of present value of cash inflows	6,442	—	6,442
Estimates of present value of cash outflows	(6,582)	—	(6,582)
Total estimates of present value of cash flows	(139)	—	(139)
Risk adjustment for non-financial risk	(7)	—	(7)
CSM	146	—	146
Total effect on loss-recovery component	—	—	—

(Millions of yen)

	Fiscal year ended March 31, 2026		
	Contracts initiated without loss-recovery component	Contracts initiated with loss-recovery component	Total
Estimates of present value of cash inflows	389,443	—	389,443
Estimates of present value of cash outflows	(389,885)	—	(389,885)
Total estimates of present value of cash flows	(441)	—	(441)
Risk adjustment for non-financial risk	6,913	—	6,913
CSM	(6,471)	—	(6,471)
Total effect on loss-recovery component	—	—	—

(ii) Non-life insurance business

a) Insurance contracts

(Millions of yen)

	Fiscal year ended March 31, 2025		
	Profitable contracts issued	Onerous contracts issued	Total
Estimates of present value of cash outflows			
Claims and other insurance service expenses payable	2,138	6,375	8,514
Insurance acquisition cash flows	622	2,735	3,357
Total estimates of present value of cash outflows	2,760	9,110	11,871
Estimates of present value of cash inflows	(3,372)	(7,618)	(10,991)
Total estimates of present value of cash flows	(611)	1,492	880
Risk adjustment for non-financial risk	191	274	466
CSM	420	—	420
Total effect on loss component	—	1,767	1,767

(Millions of yen)

	Fiscal year ended March 31, 2026		
	Profitable contracts issued	Onerous contracts issued	Total
Estimates of present value of cash outflows			
Claims and other insurance service expenses payable	1,480	10,823	12,304
Insurance acquisition cash flows	367	3,160	3,527
Total estimates of present value of cash outflows	1,847	13,984	15,831
Estimates of present value of cash inflows	(2,469)	(11,171)	(13,640)
Total estimates of present value of cash flows	(621)	2,812	2,190
Risk adjustment for non-financial risk	131	509	641
CSM	490	—	490
Total effect on loss component	—	3,322	3,322

b) Reinsurance contracts

(Millions of yen)

	Fiscal year ended March 31, 2025		
	Contracts initiated without loss-recovery component	Contracts initiated with loss-recovery component	Total
Estimates of present value of cash inflows	76	—	76
Estimates of present value of cash outflows	(125)	—	(125)
Total estimates of present value of cash flows	(49)	—	(49)
Risk adjustment for non-financial risk	3	—	3
CSM	46	—	46
Total effect on loss-recovery component	—	—	—

(Millions of yen)

	Fiscal year ended March 31, 2026		
	Contracts initiated without loss-recovery component	Contracts initiated with loss-recovery component	Total
Estimates of present value of cash inflows	122	—	122
Estimates of present value of cash outflows	(146)	—	(146)
Total estimates of present value of cash flows	(23)	—	(23)
Risk adjustment for non-financial risk	5	—	5
CSM	17	—	17
Total effect on loss-recovery component	—	—	—

(3) CSM

The expected timing of recognition of the CSM in profit or loss for insurance and reinsurance contracts not measured under the PAA is as follows:

(Millions of yen)

	April 1, 2024							
	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	5 to 10 years	More than 10 years	Total
Insurance contracts								
Life insurance business	123,974	116,970	109,105	100,269	92,049	372,957	1,171,795	2,087,123
Non-life insurance business	669	651	631	605	585	2,875	11,582	17,600
Total	124,644	117,622	109,736	100,874	92,635	375,832	1,183,377	2,104,723
Reinsurance contracts								
Life insurance business	33	39	29	15	2	(20)	(29)	69
Non-life insurance business	(291)	(34)	(28)	(21)	(17)	(70)	(90)	(553)
Total	(257)	5	1	(6)	(15)	(90)	(120)	(483)

(Millions of yen)

	March 31, 2025							
	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	5 to 10 years	More than 10 years	Total
Insurance contracts								
Life insurance business	122,003	114,395	106,875	96,800	89,469	360,391	1,178,578	2,068,513
Non-life insurance business	552	532	504	476	460	2,255	11,681	16,464
Total	122,555	114,928	107,379	97,276	89,929	362,647	1,190,259	2,084,977
Reinsurance contracts								
Life insurance business	(25)	(19)	(19)	(23)	(24)	(96)	(123)	(333)
Non-life insurance business	(103)	(47)	(28)	(21)	(19)	(80)	(97)	(396)
Total	(129)	(66)	(47)	(45)	(43)	(176)	(221)	(730)

(Millions of yen)

	March 31, 2026							
	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	5 to 10 years	More than 10 years	Total
Insurance contracts								
Life insurance business	127,409	118,345	108,616	98,278	90,525	355,812	1,156,973	2,055,961
Non-life insurance business	677	644	607	588	584	2,858	14,316	20,277
Total	128,086	118,989	109,224	98,866	91,110	358,671	1,171,289	2,076,239
Reinsurance contracts								
Life insurance business	380	269	248	230	213	843	2,650	4,837
Non-life insurance business	(52)	(28)	(21)	(20)	(19)	(81)	(95)	(319)
Total	328	240	226	210	194	761	2,555	4,518

(4) Underlying items of insurance contracts measured under the variable fee approach

The underlying items of insurance contracts measured under the variable fee approach and their fair values are as follows:

(Millions of yen)

	April 1, 2024	March 31, 2025	March 31, 2026
Cash and cash equivalents	19,411	35,235	44,403
Securities			
Debt securities			
Japanese national government bonds	34,165	29,770	23,825
Japanese local government bonds	435	287	594
Japanese corporate bonds	7,747	4,877	6,965
Foreign government bonds	47,029	49,171	52,771
Foreign corporate bonds	11,980	24,657	39,164
Securitized products	—	—	—
Other Securities	219,311	353,191	670,941
Equity securities			
Japanese equities	80,155	143,251	211,886
Foreign equities	1,775,276	2,231,949	2,348,513
Short-term investments held by investment trusts	34,597	51,731	94,544
Other financial assets	2,390	2,056	1,809
Total	2,232,501	2,926,179	3,495,420

(5) Disclosure of transition approach to IFRS 17

Upon transition to IFRS 17 as of April 1, 2022 by its former parent company, Sony Group Corporation, Sony FG determined that it would be impracticable to apply the full retrospective approach to certain groups of insurance contracts, as the necessary information was unavailable due to restrictions of contract data and systems in the past or it was impractical to recreate past estimation without the use of hindsight. Sony FG has applied alternative transition methods (the modified retrospective approach or the fair value approach) to groups of insurance contracts for which the full retrospective approach was impracticable as of the date of the transition.

The life insurance subsidiary has applied the following approaches on transition to IFRS 17:

Year of issue (fiscal year)	Transition approach
2015 and thereafter	For all groups of insurance contracts: Full retrospective approach
1993 – 2014	For groups of insurance contracts with direct participation features and certain groups of insurance contracts without direct participation features: Fair value approach For other groups of insurance contracts: Modified retrospective approach
In and before 1992	For all groups of insurance contracts: Fair value approach

The non-life insurance subsidiary has applied the following approaches on transition to IFRS 17:

Year of issue (fiscal year)	Transition approach
2022 and thereafter	For all groups of insurance contracts: Full retrospective approach
2018 – 2021	Groups of Fire Insurance Contracts: Modified retrospective approach Groups of Medical Insurance Contracts: Full retrospective approach
In and before 2017	Groups of Fire Insurance Contracts: Modified retrospective approach Groups of Medical Insurance Contracts: Modified retrospective approach

Modified retrospective approach

The objective of the modified retrospective approach was to achieve the closest outcome to retrospective application possible using reasonable and supportable information available without undue cost or effort. Sony FG has applied each of the following modifications only to the extent that it did not have reasonable and supportable information to apply IFRS 17 retrospectively.

The life insurance subsidiary has applied the following modifications to certain groups of insurance contracts:

- for groups of contracts issued, initiated or acquired from April 1, 1993 to March 31, 2015, the future cash flows on initial recognition were estimated by adjusting the amount as of April 1, 2015, which can be determined retrospectively, for the cash flows that were known to have occurred before that date;
- for groups of contracts issued, initiated or acquired from April 1, 1993 to March 31, 2013, the illiquidity premiums applied to the observable risk-free yield curves on initial recognition were estimated by determining an average spread between the observable risk-free yield curves and the discount rates, which can be determined retrospectively, for the period from April 1, 2013 to March 31, 2022. The amount of insurance finance income or expenses recognized in accumulated other comprehensive income as of April 1, 2022 was calculated using this discount rate; and
- the risk adjustment for non-financial risk on initial recognition was determined by adjusting the amount as of April 1, 2022 for the expected release of risk before that date.

After applying such modifications to fulfillment cash flows, the CSM (or the loss component) on initial recognition was determined as follows:

- the amount of the CSM recognized as profit or loss before April 1, 2022 was determined by comparing the remaining coverage units as of April 1, 2022 and the coverage units provided based on groups of insurance contracts before that date; and
- the amount allocated to the loss component before April 1, 2022 was determined based on the proportion of the loss component relative to the total estimate of the present value of the future cash outflows plus the risk adjustment for non-financial risk on initial recognition.

The non-life insurance subsidiary has applied the following modifications to certain groups of insurance contracts:

- for groups of fire insurance contracts issued, initiated or acquired from April 1, 2004 to March 31, 2021, the future cash flows on initial recognition were estimated by adjusting the amount as of April 1, 2022, which can be determined retrospectively, for the cash flows that were known to have occurred before that date;
- for groups of medical insurance contracts issued, initiated or acquired from April 1, 2002 to March 31, 2017, the future cash flows on initial recognition were estimated by adjusting the amount as of April 1, 2018, which can be determined retrospectively, for the cash flows that were known to have occurred before that date; and
- the risk adjustment for non-financial risk on initial recognition was determined by adjusting the amount as of April 1, 2022 for the expected release of risk before that date.

After applying such modifications to fulfillment cash flows, the CSM (or the loss component) on initial recognition was determined as follows:

- the amount of the CSM recognized as profit or loss before April 1, 2022 was determined by comparing the remaining coverage units as of April 1, 2022 and the coverage units provided based on groups of insurance contracts before that date; and
- the amount allocated to the loss component before April 1, 2022 was determined based on the proportion of the loss component relative to the total estimate of the present value of the future cash outflows plus the risk adjustment for non-financial risk on initial recognition.

Fair value approach

Under the fair value approach, the CSM (or the loss component) as of April 1, 2022 was determined as the difference between the fair value of a group of insurance contracts and the fulfillment cash flows at that date.

For all insurance contracts measured under the fair value approach, Sony FG used reasonable and supportable information available as of April 1, 2022 to determine the following matters:

- how to identify groups of insurance contracts;
- whether an insurance contract meets the definition of an insurance contract with direct participation features; and
- how to identify discretionary cash flows for insurance contracts without direct participation features.

For groups of contracts measured under the fair value approach, the discount rates on initial recognition were determined as of April 1, 2022 rather than at the date of initial recognition.

For all insurance contracts measured under the fair value approach, the amount of insurance finance income or expenses recognized in accumulated other comprehensive income as of April 1, 2022 was determined to be zero.

The effects of transition to IFRS 17 on Sony FG's consolidated financial statements are as follows:

(i) The CSM by transition approach

a) Life insurance business

(a) Insurance contracts

The following table shows the balances of the CSM by transition approach.

(Millions of yen)

	Fiscal year ended March 31, 2025			Fiscal year ended March 31, 2026		
	Contracts measured under the modified retrospective approach at transition	Contracts measured under the fair value approach at transition	New contracts and contracts measured under the full retrospective approach at transition	Contracts measured under the modified retrospective approach at transition	Contracts measured under the fair value approach at transition	New contracts and contracts measured under the full retrospective approach at transition
Opening balance	749,975	86,510	1,250,636	629,337	80,587	1,358,587
Changes that relate to current service	(55,020)	(7,019)	(88,098)	(45,789)	(10,316)	(101,622)
Changes that relate to future service	(88,783)	316	190,415	(75,845)	31,021	153,818
Insurance finance gains and losses, net	23,166	780	5,877	19,522	716	16,040
Other	—	—	(243)	(423)	(244)	569
Closing balance	629,337	80,587	1,358,587	526,802	101,765	1,427,393

(b) Reinsurance contracts

The following table shows the balances of the CSM by transition approach.

(Millions of yen)

	Fiscal year ended March 31, 2025			Fiscal year ended March 31, 2026		
	Contracts measured under the modified retrospective approach at transition	Contracts measured under the fair value approach at transition	New contracts and contracts measured under the full retrospective approach at transition	Contracts measured under the modified retrospective approach at transition	Contracts measured under the fair value approach at transition	New contracts and contracts measured under the full retrospective approach at transition
Opening balance	—	—	(69)	—	—	333
Changes that relate to current service	—	—	(26)	—	—	317
Changes that relate to future service	—	—	429	—	—	(4,370)
Reinsurance finance gains and losses, net	—	—	0	—	—	(1,117)
Closing balance	—	—	333	—	—	(4,837)

b) Non-life insurance business

(a) Insurance contracts

The following table shows the balances of the CSM by transition approach.

(Millions of yen)

	Fiscal year ended March 31, 2025			Fiscal year ended March 31, 2026		
	Contracts measured under the modified retrospective approach at transition	Contracts measured under the fair value approach at transition	New contracts and contracts measured under the full retrospective approach at transition	Contracts measured under the modified retrospective approach at transition	Contracts measured under the fair value approach at transition	New contracts and contracts measured under the full retrospective approach at transition
Opening balance	12,090	—	5,510	10,465	—	5,999
Changes that relate to current service	(576)	—	(254)	(748)	—	(299)
Changes that relate to future service	(1,383)	—	747	3,421	—	1,145
Insurance finance gains and losses, net	335	—	(4)	291	—	1
Closing balance	10,465	—	5,999	13,430	—	6,846

(b) Reinsurance contracts

The following table shows the balances of the CSM by transition approach.

(Millions of yen)

	Fiscal year ended March 31, 2025			Fiscal year ended March 31, 2026		
	Contracts measured under the modified retrospective approach at transition	Contracts measured under the fair value approach at transition	New contracts and contracts measured under the full retrospective approach at transition	Contracts measured under the modified retrospective approach at transition	Contracts measured under the fair value approach at transition	New contracts and contracts measured under the full retrospective approach at transition
Opening balance	478	—	75	363	—	33
Changes that relate to current service	(84)	—	(48)	(56)	—	1
Changes that relate to future service	(38)	—	6	0	—	(30)
Reinsurance finance gains and losses, net	8	—	0	7	—	0
Closing balance	363	—	33	315	—	4

- (ii) Changes in accumulated other comprehensive income for financial assets measured at fair value through other comprehensive income due to the application of IFRS 17.

The following table shows the changes in accumulated other comprehensive income for the fiscal years ended March 31 2025, and March 31 2026 for financial assets measured at fair value through other comprehensive income, among investment assets related to groups of insurance contracts to which Sony FG applied the modified retrospective approach or the fair value approach as of the date of the transition.

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Opening balance	7,901	563,421
Net change in fair value	780,652	900,017
Net amount reclassified to profit or loss	1,142	(42,812)
Related income tax	(226,275)	(247,989)
Closing balance	563,421	1,172,636

(6) Non-life claims development

The table below illustrates how estimates of cumulative claims for Sony FG's non-life insurance business have developed over time on a gross and net of reinsurance basis. Each table shows how Sony FG's estimates of total claims for each accident year have developed over time and reconciles the cumulative claims to the amount included in the statement of financial position.

Due to the application of transitional measures, no claims development information is disclosed for accident years prior to fiscal year 2020.

(i) Gross of reinsurance

(Millions of yen)

Accident year	Fiscal year ended March 31, 2026					
	2021	2022	2023	2024	2025	Total
Estimates of undiscounted net cumulative claims						
At end of accident year	63,796	72,316	81,885	96,121	101,134	
1 year later	62,417	72,075	80,356	94,307		
2 years later	61,358	71,451	80,067			
3 years later	60,920	71,262				
4 years later	60,735					
Cumulative claims paid	(58,999)	(67,858)	(73,457)	(81,319)	(65,659)	
Total liabilities (fiscal years 2021 to 2025)	1,736	3,403	6,610	12,987	35,474	60,212
Total liabilities expected to be settled within one year and total liabilities relating to accident years prior to fiscal year 2020						5,521
Effect of discounting						(1,284)
Effect of risk adjustment for non-financial risk						235
Total liabilities for incurred claims included in the consolidated statement of financial position						64,685

(ii) Net of reinsurance

(Millions of yen)

	Fiscal year ended March 31, 2026					
Accident year	2021	2022	2023	2024	2025	Total
Estimates of undiscounted net cumulative claims						
At end of accident year	63,796	71,224	81,730	92,879	101,134	
1 year later	62,417	70,754	79,838	91,119		
2 years later	61,358	69,835	79,507			
3 years later	60,920	69,621				
4 years later	60,735					
Cumulative net claims paid	(58,999)	(66,217)	(72,900)	(78,183)	(65,659)	
Total liabilities (fiscal years 2021 to 2025)	1,736	3,403	6,606	12,935	35,474	60,155
Total liabilities expected to be settled within one year and total liabilities relating to accident years prior to fiscal year 2020						4,664
Effect of discounting						(1,258)
Effect of risk adjustment for non-financial risk						235
Total liabilities for incurred claims included in the consolidated statement of financial position						63,796

(7) Significant judgements and estimates

(i) Fulfillment cash flows

Fulfillment cash flows comprise:

- estimates of future cash flows;
- an adjustment to reflect the time value of money and the financial risks related to future cash flows, to the extent that the financial risks are not included in the estimates of future cash flows; and
- a risk adjustment for non-financial risk.

Sony FG's objective in estimating future cash flows is to determine the expected value of a range of scenarios that reflects the full range of possible outcomes. The cash flows from each scenario are discounted and weighted by the estimated probability of that outcome to derive an expected present value. If there are significant interdependencies between cash flows that vary based on changes in market variables and other cash flows, Sony FG uses stochastic modelling techniques to estimate the expected present value. Stochastic modelling involves projecting future cash flows under a large number of possible economic scenarios for market variables such as interest rates and equity returns.

Estimates of future cash flows

In estimating future cash flows, Sony FG incorporates, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort at the reporting date. This information includes both internal and external historical data about claims, benefits and other experience, updated to reflect current expectations of future events.

The estimates of future cash flows reflect Sony FG's view of current conditions at the reporting date, as long as the estimates of any relevant market variables are consistent with observable market prices.

When estimating future cash flows, Sony FG takes into account current expectations of future events that might affect those cash flows. However, expectations of future changes in legislation that would change or discharge a present obligation or create new obligations under existing contracts are not taken into account until the change in legislation is substantively enacted. Sony FG's assumption for cost inflation is based on the inflation swap rate for the first 40 years. For periods beyond the 41st year, the inflation rate is assumed to increase in a manner consistent with the extrapolation method used for the ultra-long-term portion of the risk-free rate, reaching 2.00% by the 70th year, which corresponds to the expected inflation rate embedded in the ultimate forward rate.

Cash flows within the boundary of a contract relate directly to the fulfillment of the contract, including those for which Sony FG has discretion over the amount or timing. These include payments to (or on behalf of) policyholders, insurance acquisition cash flows and other costs that are incurred in fulfilling contracts.

Insurance acquisition cash flows arise from the activities of selling, underwriting and starting a group of contracts that are directly attributable to the portfolio of contracts to which Sony FG issues.

Other costs that are incurred in fulfilling the contracts include:

- claims handling, maintenance and administration costs;
- costs that Sony FG will incur in providing investment services; and
- costs that Sony FG will incur in performing investment activities to the extent that Sony FG performs them to enhance benefits from insurance coverage for policyholders by generating an investment return from which policyholders will benefit if an insured event occurs.

Insurance acquisition cash flows and other costs that are incurred in fulfilling contracts comprise both direct costs and an allocation of fixed and variable overheads.

Insurance acquisition cash flows and other costs that are incurred in fulfilling contracts are allocated to groups of contracts using methods that are systematic and rational and are consistently applied to all costs that have similar characteristics.

The main allocation bases are as follows:

- Insurance acquisition cash flows: Based on the number of contracts, death benefit amounts, and annualized commissions for each group of contracts.
- Claims handling costs: Based on the number of claims for each group of contracts.
- Policy maintenance costs: Based on the number of in-force contracts or total insured amounts for each group of contracts.
- Premium collection costs: Based on the number of in-force contracts under premium payment, taking into account cost by collection channel for each product.
- Asset management costs: Based on the amount of assets under management.

Contract boundaries

The assessment of the contract boundary, which defines which future cash flows are included in the measurement of a contract, requires judgement and consideration of Sony FG's substantive rights and obligations under the contract.

Some individual life insurance contracts issued by Sony FG include automatic renewal clauses. For certain contracts, Sony FG considers that future renewal cash flows fall within the contract boundary when it does not have the practical ability to reassess the risks of those contracts. This is because, in cases where Sony FG is obligated to accept renewal contracts without underwriting, it does not reflect individual contract risks, and the premium rates applied to renewals are equivalent to those for new contracts other than renewals. As a result, Sony FG does not have the practical ability to reassess the risks, and therefore cannot set prices or benefit levels that fully reflect those risks.

Certain individual annuity insurance contracts do not have rates determined at the commencement of the annuity phase; instead, the basic rates established at the inception of the contract are applied. Sony FG has concluded that the cash flows arising after the commencement of the annuity phase are within the same contract boundary as those before commencement. This is because Sony FG does not have the practical ability to revise the pricing of the insurance contract at the designated annuity commencement date.

Measurement methods and inputs for insurance contracts

Liability for remaining coverage

The methods and main inputs used by the life insurance subsidiary to measure insurance contracts are as follows:

	Weighted average (%)		
	April 1, 2024	March 31, 2025	March 31, 2026
Mortality rates	1.02	1.03	1.04
Lapse and surrender rates	3.57	3.80	4.07

The methods and main inputs used by the non-life insurance subsidiary to measure fire insurance contracts are as follows:

	Weighted average (%)		
	April 1, 2024	March 31, 2025	March 31, 2026
Loss ratios	49.92	63.13	57.34

Sony FG estimates the mortality and morbidity rates based on the historical and most recent actual outcomes and analyzes the historical experience and trends in data using statistical methods. In the calculation of mortality rates for each insurance contract group, Sony FG considers the characteristics of the relevant insurance contract group, including policyholder characteristics such as gender, health conditions and smoking habits, and the effects of selection over the duration. The estimates are revised in a timely manner to reflect changes in lifestyle, as well as changes in social conditions such as improvement of mortality and morbidity rates in the future.

Sony FG estimates loss ratios for measuring fire insurance contracts based on past and recent actual results. The impact of natural disasters is also taken into account through statistical analysis of historical experience and data trends.

Sony FG estimates the lapse and surrender rates based on the historical and most recent actual outcomes and determines the probability-weighted lapse and surrender rates for each group of insurance contracts by analyzing historical experience and trends in data using statistical methods.

Lapse and surrender rates are estimated, taking into account both ordinary and dynamic lapses, and reflect the tendency to higher surrender rates when the yield on contracts increases or exceeds the guaranteed minimum guaranteed level under variable insurance and similar contracts. Additionally, historical actual data is considered. If there is no or little historical actual data, the actual results of similar products as well as domestic and overseas practical trends are used as reference.

Sony FG projects estimates of future expenses based on the current expense levels. The expenses comprise expenses directly attributable to the group of insurance contracts, including the allocation of fixed and variable overhead expenses. In addition, Sony FG adjusts the estimated future expenses using the expected inflation rate.

For participating contracts, the extent to which participation percentages exceed minimum participation percentages are key assumptions in measuring those contracts. The assumptions for estimating crediting rates and participation percentages are generally based on the actual rates and percentages applied in the current year.

For certain participating insurance contracts other than direct participating contracts, the effects of discretionary changes on fulfillment cash flows are adjusted through the CSM. Although Sony FG retains discretion over the investment policy for these contracts, the policy is set in response to market conditions. Therefore, changes in financial assumptions that affect the investment policy are reflected in insurance finance income or expenses. In addition, since Sony FG has the discretion to revise the dividend policy, the effects of changes in the dividend policy on fulfillment cash flows are also adjusted through the CSM.

Liabilities for incurred claims

As of the reporting date, Sony FG estimates the ultimate cost of settling claims incurred but unpaid, as well as the value of salvage, subrogation, and other expected recoveries, by reviewing individual reported claims and making allowance for claims incurred but not yet reported. The ultimate cost of settling claims, including incurred but not reported (IBNR) claims, is estimated using a range of loss reserving techniques, such as the chain-ladder method and the Bornhuetter-Ferguson method.

The assumptions used, including loss ratios and future claims inflation, are implicitly derived from the historical claims development data on which the projections are based, although judgement is applied to assess the extent to which past trends might not apply in the future and future trends are expected to emerge.

Discount rates

All cash flows are discounted using risk-free yield curves adjusted to reflect the characteristics of the cash flows and the liquidity of the insurance contracts. Sony FG determines the risk-free yield curves using the yields on government bonds. The yield curve is determined by incorporating long-term real interest rate and inflation expectations. Regarding extrapolation for the periods in which market data is not available, a method using an ultimate forward rate is applied. Specifically, Sony FG uses an ultimate forward rate of 3.5% and starts extrapolation in the 40th year (or the 30th year for U.S. dollar). The forward rates for the 41st year (or the 31st year for U.S. dollar) and onwards are extrapolated so that they will converge to the level of the ultimate forward rate in 30 years, using the Smith-Wilson method. To reflect the liquidity characteristics of the insurance contracts, the risk-free yield curves are adjusted by an illiquidity premium. Illiquidity premiums are determined by setting up a reference portfolio of Sony FG's assets.

The table below sets out the yield curves used to discount the cash flows of insurance contracts for major currencies (converted at the spot rate).

Term	Yield curve (%)					
	April 1, 2024		March 31, 2025		March 31, 2026	
	JPY	USD	JPY	USD	JPY	USD
1 year	0.06	5.11	0.65	4.09	1.12	3.74
5 years	0.38	4.25	1.13	4.01	1.83	4.03
10 years	0.77	4.25	1.54	4.31	2.44	4.46
20 years	1.58	4.63	2.34	4.83	3.57	5.26
30 years	1.95	4.37	2.69	4.68	4.06	5.11
40 years	2.14	4.07	3.02	4.29	4.13	4.64

When the present value of future cash flows is estimated by stochastic modelling, the cash flows are discounted at scenario-specific rates calibrated, on average, to be the risk-free rates as adjusted for illiquidity.

Risk adjustments for non-financial risk

Risk adjustments for non-financial risk are determined to reflect the compensation that each insurance subsidiary would require for bearing non-financial risk, and are allocated to groups of insurance contracts based on an analysis of the risk profiles of the groups. Risk adjustments for non-financial risk reflect the diversification benefits, in a way that is consistent with the compensation that the insurance company would require and that reflects its degree of risk aversion.

The risk adjustments for non-financial risk are determined mainly using a cost of capital technique.

In applying the cost of capital technique, Sony FG determines the risk adjustment for non-financial risk by applying a cost-of-capital rate to the amount of capital required for each future reporting date and discounting the result using risk-free rates adjusted for illiquidity. The required capital is determined by estimating the probability distribution of the present value of future cash flows from insurance contracts at each future reporting date and calculating the capital that Sony FG would require to meet its contractual obligations to pay claims and expenses at a 99.5% confidence level for one year. The cost-of-capital rate represents the additional reward that investors require for exposure to the non-financial risk. The cost-of-capital rates for the transition date and for fiscal years 2025 and 2026, were 3.0% for both the life insurance and non-life insurance subsidiaries.

In addition, the risk adjustments determined by applying a cost of capital technique for the transition date and for fiscal years 2025 and 2026 correspond to the confidence levels of 84.1%, 81.3% and 79.8% and, for the life insurance subsidiary, and 63.6%, 60.2% and 59.2%, for the non-life insurance subsidiary (time horizon: the life of the insurance contracts), respectively.

To determine the risk adjustments for non-financial risk for reinsurance contracts, Sony FG applies these techniques both gross and net of reinsurance and derives the amount of risk being transferred to the reinsurer as the difference between the two results.

(ii) CSM

Determination of coverage units

The amount of the CSM of a group of insurance contracts that is recognized as insurance revenue in each period is determined by identifying the coverage units in the group and recognizing in profit or loss the amount of the CSM allocated to the coverage units provided during the current period. The number of coverage units is determined by considering the quantity of benefits provided and its expected coverage period for each contract.

Specifically, Sony FG determines the quantity of benefits based on:

Life insurance subsidiary

- the death benefit amount in the case of contracts for which the death benefit amount increases or decreases based on the period (e.g., whole life, term life and variable life insurance contracts);
- the premium amount proportionate to the insurance period in the case of contracts whose host contract and riders have different coverage types (e.g., disease and health insurance contracts); and
- the cash surrender value (or the premium reserve during the annuity payment period) in the case of annuity contracts with investment-related services (e.g., individual variable annuity contracts)

Non-life insurance subsidiary

- insured amount (for buildings, household goods, and earthquake riders) in the case of fire insurance.
- maximum benefit amount (total) in the case of medical insurance; and

The evaluation of the quantity of benefits for contracts that provide both insurance coverage and investment-return services, or insurance coverage and investment-related services, involves significant judgment. Sony FG considers the characteristics of each insurance contract and determines the relative weighting of the benefits provided to the policyholder by each service, including insurance coverage, investment return services, and investment-related services.

(iii) Investment components

Sony FG identifies the investment component of an insurance contract by determining the amount that it is required to repay to the policyholder in all circumstances, regardless of whether an insured event occurs or not. These include circumstances in which an insured event occurs, or the contract matures or is terminated without an insured event occurring. Investment components are excluded from insurance revenue and insurance service expenses.

(iv) Fair value of insurance contracts

Sony FG has measured the fair value of insurance contracts when it applied the fair value approach on transition to IFRS 17.

The cash flows considered in the fair value measurement are consistent with those that are within the contract boundary. Therefore, in line with the estimation of fulfilment cash flows under IFRS 17, expected future cash flows relating to renewals of insurance contracts that are outside the contract boundary are not considered in determining the fair value of those contracts.

Sony FG's approach to measuring fair value differs from the requirements for measuring fulfilment cash flows under IFRS 17 in certain respects. These differences result in the recognition of a CSM at the date of transition.

In particular, while Sony FG considers the cash flows included in the measurement of fulfilment cash flows under IFRS 17 in measuring fair value, it adjusts those cash flows to reflect the perspective of market participants.

Specifically, the following adjustments are applied:

- expense cash flows are increased to cover a reasonable level of general overheads that are not directly attributable to fulfilling the insurance contracts but that a market participant acquiring the contracts would expect to bear;
- uses the discount rates applied in measuring fulfilment cash flows but increases the rates to reflect the effect of Sony FG's non-performance risk; and
- includes a margin comprising a risk premium to reflect what market participants would demand as compensation for the uncertainty inherent in the cash flows and a profit margin to reflect what market participants would require to assume the obligations to service the insurance contracts. In determining the risk premium, Sony FG allows for certain risks that were not reflected in the fulfilment cash flows but would be considered by market participants - e.g. interest rate risk, inflation risk and general operational risk.

34. Investment Contract Liabilities

The following table shows the breakdown of investment contract liabilities.

(Millions of yen)

	April 1, 2024	March 31, 2025	March 31, 2026
Financial liabilities related to annuity conversion options	20,589	20,710	21,137
Financial liabilities related to deposit funds	33,243	31,669	26,994
Other	6,558	10,390	10,715
Total	60,392	62,771	58,847

Note: Of the above total amount, investment contract liabilities of 28,491 million yen (April 1, 2024: 24,067 million yen; March 31, 2025: 27,882 million yen) are expected to be settled after 12 months from the reporting date.

35. Bonds Payable, Borrowed Money and Lease Liabilities

The following table shows the breakdown of bonds payable, borrowed money and lease liabilities.

	April 1, 2024		
	Book value (Millions of yen)	Weighted average interest rate	Due
Bonds payable	69,893	(*)	(*)
Borrowed money	633,740	0.24%	2024 - 2058
Lease liabilities	87,505	1.34%	2024 - 2052
Total	791,139		

	March 31, 2025		
	Book value (Millions of yen)	Weighted average interest rate	Due
Bonds payable	110,304	(*)	(*)
Borrowed money	651,066	0.27%	2025 - 2058
Lease liabilities	88,046	1.60%	2025 - 2054
Total	849,416		

	March 31, 2026		
	Book value (Millions of yen)	Weighted average interest rate	Due
Bonds payable	179,748	(*)	(*)
Borrowed money	657,547	0.41%	2026 - 2058
Lease liabilities	86,192	1.87%	2026 - 2056
Total	923,487		

* Summary of the terms and conditions of the bonds payable issued is as follows:

Company Name	Bond Issue	Issue Date	April 1, 2024	March 31, 2025	March 31, 2026	Interest Rate (%)	Collateral	Maturity Date
The Company	4th series unsecured bonds (For qualified institutional investors only)	February 26, 2018	10,000 (10,000)	—	—	0.22	None	February 26, 2025
The Company	5th series unsecured bonds	July 22, 2022	9,978	9,984	9,991	0.38	None	July 22, 2027
The Company	The 1st series of subordinated unsecured bonds with interest deferral option and early redemption option	December 19, 2025	—	—	99,389	(*2)	None	December 19, 2055
Sony Bank	2nd series unsecured bonds (For qualified institutional investors only)	January 28, 2021	19,977	19,989 (19,989)	—	0.20	None	January 28, 2026
Sony Bank	3rd series unsecured bonds (For qualified institutional investors only)	May 9, 2022	9,990	9,999 (9,999)	—	0.23	None	May 9, 2025
Sony Bank	4th series unsecured bonds (For qualified institutional investors only)	February 13, 2024	19,947	19,958	19,968	0.71	None	February 13, 2029
Sony Bank	5th series unsecured bonds (For qualified institutional investors only)	October 30, 2024	—	18,453	18,463	0.97	None	October 30, 2029
Sony Bank	6th series unsecured bonds (For qualified institutional investors only)	December 10, 2024	—	9,973	9,978	1.09	None	December 10, 2029
Sony Bank	7th series unsecured bonds (For qualified institutional investors only)	December 18, 2024	—	9,977	9,983	1.04	None	December 18, 2028
Sony Bank	8th series unsecured bonds (For qualified institutional investors only)	February 28, 2025	—	11,967	11,973	1.48	None	February 28, 2030

*1 The amounts shown in parentheses represent the portion expected to be redeemed within one year.

*2) From the day immediately following December 19, 2025 to December 19, 2030: 2.431% per annum

From the day immediately following December 19, 2030 to December 19, 2035: 5-year JGB + 1.000%

On or after the day immediately following December 19, 2035: 5-year JGB + 2.000% (reset every 5 years)

Of the total borrowings, 546,190 million yen (April 1, 2024: 704,413 million yen; March 31, 2025: 691,733 million yen) is expected to be settled after 12 months from the reporting date.

Sony FG did not experience any defaults on principal or interest, nor any other breaches of covenants related to borrowings during fiscal years 2025 and 2026.

Collateral has been provided for certain borrowings. The assets pledged as collateral are as follows:

(Millions of yen)

	April 1, 2024	March 31, 2025	March 31, 2026
Securities	1,597,033	1,595,015	1,129,637
Housing loans	883,882	961,286	955,224

In addition to the above, the following assets have been pledged as collateral for domestic funds transfer settlements, derivative transactions, and other transactions:

(Millions of yen)

	April 1, 2024	March 31, 2025	March 31, 2026
Securities	77,523	105,212	53,579
Cash collateral for financial instruments and other transactions	47,981	95,135	72,847

The reconciliation of changes in liabilities arising from cash flows from financing and operating activities is as follows:

(Millions of yen)

	Bonds payable	Borrowed money	Lease liabilities
Balance as of April 1, 2024	69,893	633,740	87,505
Changes in liabilities arising from cash flows from operating activities*	50,410	17,363	—
Changes in liabilities arising from cash flows from financing activities			
Cash flows from financing activities (net)	(10,000)	(37)	(11,507)
Acquisitions through business combinations	—	—	—
Non-cash items			
Acquisition of assets under lease contracts	—	—	12,167
Other	—	—	(120)
Total changes	40,410	17,326	540
Balance as of March 31, 2025	110,304	651,066	88,046
Changes in liabilities arising from cash flows from operating activities*	(30,555)	10,259	—
Changes in liabilities arising from cash flows from financing activities			
Cash flows from financing activities (net)	100,000	(3,779)	(11,976)
Non-cash items			
Acquisition of assets under lease contracts	—	—	11,528
Other	—	—	(1,405)
Total changes	69,444	6,480	(1,853)
Balance as of March 31, 2026	179,748	657,547	86,192

* These represent amortization based on the effective interest method classified as cash flows from operating activities in the consolidated statement of cash flows, as well as cash inflows and outflows relating to borrowings and bonds of the insurance subsidiaries and the banking subsidiaries.

36. Other Financial Liabilities

The following table shows the breakdown of other financial liabilities.

(Millions of yen)

	April 1, 2024	March 31, 2025	March 31, 2026
Accrued interest	9,898	13,432	15,963
Accrued dividends	5	2	—
Other accrued liabilities	51,396	79,742	47,880
Cash collateral received for financial instruments and other transactions	12,178	13,321	72,672
Margin deposits for futures transactions	19,240	18,528	15,574
Guarantee deposits	8,003	8,159	8,252
Other	—	462	—
Total	100,722	133,650	160,342

Note: Of the total amount of other financial liabilities, 17,070 million yen (April 1, 2024: 20,230 million yen; March 31, 2025: 21,623 million yen) is expected to be settled after 12 months from the reporting date.

37. Other Liabilities

The following table shows the breakdown of other liabilities.

(Millions of yen)

	April 1, 2024	March 31, 2025	March 31, 2026
Accrued expenses	18,047	19,647	21,217
Accrued taxes other than corporate income tax	7,365	10,329	3,535
Accrued bonuses	5,555	6,047	6,918
Accrued paid leave	3,198	3,303	3,477
Other long-term employee benefit liabilities	916	874	901
Deferred income	6,070	5,699	5,181
Suspense receipts	851	1,330	1,479
Asset retirement obligations	2,541	2,663	3,674
Liabilities related with share-based payment	—	—	8
Other	1,534	1,483	1,390
Total	46,081	51,379	47,785

38. Capital and Reserves

(1) Common stock

(i) Authorised shares

The following table shows the number of authorized shares.

	Number of shares		
	As of April 1, 2024	As of March 31, 2025	As of March 31, 2026
Ordinary shares	1,600,000,000	1,600,000,000	25,000,000,000

Note: Pursuant to a resolution of the Board of Directors held on August 8, 2025, the Articles of Incorporation were amended in connection with a stock split on the same date. As a result, the number of authorised shares increased by 23,400,000,000 shares, and the number of authorised shares as of the end of the current consolidated fiscal year was 25,000,000,000 shares.

(ii) Issued shares

Changes in the number of issued shares are as follows. All shares issued by the Company are ordinary shares with no par value, and all issued shares have been fully paid.

	Number of shares	
	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Opening balance	435,100,266	435,100,266
Increase due to stock split	—	6,714,257,948
Decrease due to the cancellation of treasury shares	—	(379,000,000)
Closing balance	435,100,266	6,770,358,214

Note: The Company conducted a 7,149,358,214-for-435,100,266 stock split of its common stock on August 8, 2025.

(2) Additional paid-in capital

Additional paid-in capital consists of surplus that is derived from equity transactions and not recorded in common stock, and its primary component is capital reserves. The Companies Act of Japan provides that no less than 50% of the paid-in amount or proceeds of issuance of shares shall be incorporated in common stock, and that the remaining shall be incorporated in capital reserves. Capital reserves may be incorporated in common stock upon approval of the General Meeting of Shareholders.

(3) Retained earnings

Retained earnings consist of legal reserves and accumulated earnings. The Companies Act of Japan provides that earnings in an amount equal to 10% of cash dividends from retained earnings shall be appropriated as a capital reserve or a legal reserve on the date of distribution of retained earnings until an aggregated amount of capital reserve and legal reserve equals 25% of common stock. Legal reserves may be used upon approval of the General Meeting of Shareholders.

(4) Treasury stock

The following table shows the changes in treasury stock.

	Number of shares	
	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Opening balance	—	—
Acquisition of treasury share	—	440,911,026
Disposal of treasury shares	—	(379,000,000)
Closing balance	—	61,911,026

Note: Of the treasury shares, the number of the Company's shares held by the share-based ESOP trust was 30,978,900 shares as of March 31, 2026.

(5) Dividends

(i) Dividends paid

Not applicable.

(ii) Dividends with a record date falling within the current consolidated fiscal year, the effective date of which is in the following consolidated fiscal year

Resolution date	Class of shares	Source of dividends	Total dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
May 14, 2026 (Board of Directors)	Ordinary shares	Retained earnings	25,609	3.80	March 31, 2026	June 4, 2026

(6) Other comprehensive income

The following table shows the components of other comprehensive income and the related tax effects.

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Items that will not be reclassified to profit or loss		
Remeasurement of defined benefit pension plans		
Amount incurred during the year	(731)	277
Total before tax	(731)	277
Tax expense or (benefit)	287	(82)
Net of tax	(443)	194
Changes in equity instruments measured at fair value through other comprehensive income		
Amount incurred during the year	(1,475)	3,236
Total before tax	(1,475)	3,236
Tax expense or (benefit)	477	(978)
Net of tax	(997)	2,257
Total items that will not be reclassified to profit or loss	(1,441)	2,452
Items that may be reclassified subsequently to profit or loss		
Changes in debt instruments measured at fair value through other comprehensive income		
Amount incurred during the year	(975,676)	(1,155,703)
Reclassification to profit or loss	4,537	183,589
Total before tax	(971,139)	(972,114)
Tax expense or (benefit)	289,624	281,450
Net of tax	(681,514)	(690,663)
Insurance finance gains and losses, net		
Amount incurred during the year	787,916	852,079
Reclassification to profit or loss	—	—
Total before tax	787,916	852,079
Tax expense or (benefit)	(219,819)	(246,506)
Net of tax	568,096	605,573
Reinsurance finance gains and losses, net		
Amount incurred during the year	(1,005)	(7,408)
Reclassification to profit or loss	—	—
Total before tax	(1,005)	(7,408)
Tax expense or (benefit)	291	2,143
Net of tax	(713)	(5,264)
Total items that may be reclassified subsequently to profit or loss	(114,132)	(90,355)
Total other comprehensive income (loss)	(115,573)	(87,903)

39. Subsidiaries

The following table shows the Company's principal consolidated subsidiaries held directly or indirectly.

Name of company	Country of incorporation /residence	Percentage owned		
		As of April 1, 2024	As of March 31, 2025	As of March 31, 2026
Sony Life Insurance Co., Ltd.	Japan	100.0%	100.0%	100.0%
Sony Life Communications Co., Ltd.	Japan	100.0%	100.0%	100.0%
Sony Assurance Inc.	Japan	100.0%	100.0%	100.0%
Sony Bank Inc.	Japan	100.0%	100.0%	100.0%
Sony Lifecare Inc.	Japan	100.0%	100.0%	100.0%
Lifecare Design Inc.	Japan	100.0%	100.0%	100.0%
Proud Life Inc.	Japan	100.0%	100.0%	100.0%
Sony Financial Ventures Inc.	Japan	100.0%	100.0%	100.0%
SFV • GB L.P.*	Japan	99.5%	99.5%	99.5%
Sony Financial Ventures & Global Brain Frontier Inc.	Japan	—	—	51.0%
Sony Financial Ventures & Global Brain Frontier L.P.*	Japan	—	99.5%	99.8%

* The percentage of voting rights includes the ownership interest in investment limited partnerships.

40. Structured Entities

(1) Consolidated structured entities

Sony FG consolidates investment funds as structured entities. The investment funds are designed so that voting or similar rights are not the dominant factor in deciding who controls these entities, but it is determined that Sony FG has control over these structured entities. Sony FG has not provided and does not intend to provide any significant financial or other support to any of the consolidated structured entities without contractual obligations to the investment funds. The assets and liabilities of structured entities that are consolidated in the Financial Services segment are limited in their intended use by contractual arrangements. As of April 1, 2024, March 31, 2025 and March 31, 2026, the total assets of these structured entities are 3,653,519 million yen, 4,439,856 million yen and 6,099,636 million yen, respectively.

(2) Unconsolidated structured entities

Sony FG's banking subsidiaries have entered into securitization transactions for certain housing loans, involving unconsolidated structured entities. These structured entities raise funds through borrowings or the issuance of bonds and use such funds to purchase the underlying housing loan receivables. Sony FG's banking subsidiaries also purchase bonds and other instruments issued by these structured entities. Since the above securitization transactions do not meet the requirements for derecognition of financial assets, such transferred assets are not derecognized. Further details are provided in Note 41.

In addition to the above, Sony FG makes investments in structured entities. Sony FG's investments in such structured entities include securitized products, foreign corporate bonds and other investments.

The following table presents the carrying amounts of Sony FG's involvement with unconsolidated structured entities, the presentation in the consolidated statements of financial position, and the maximum exposure to loss associated with such involvement. These carrying amounts are mainly included in "Securities". Maximum exposure to loss does not reflect Sony FG's estimate of the actual losses that could result from adverse changes, nor does it reflect the economic hedges Sony FG enters into to reduce its exposure. The risks associated with structured entities in which Sony FG is involved are limited to the amounts recorded in the consolidated statements of financial position and the amounts of commitments.

(Millions of yen)

	As of April 1, 2024	
	Carrying amount	Maximum exposure to loss
Securitized products	461,309	461,309
Foreign corporate bonds* ¹	217,934	217,934
Other investments* ²	481,541	503,683
Total	1,160,785	1,182,926

(Millions of yen)

	As of March 31, 2025	
	Carrying amount	Maximum exposure to loss
Securitized products	547,861	547,861
Foreign corporate bonds* ¹	242,006	242,006
Other investments* ²	612,149	634,215
Total	1,402,017	1,424,082

(Millions of yen)

	As of March 31, 2026	
	Carrying amount	Maximum exposure to loss
Securitized products	703,694	703,694
Foreign corporate bonds*1	256,693	256,693
Other investments*2	1,012,950	1,091,842
Total	1,973,338	2,052,230

*1 Foreign corporate bonds primarily include repackaged bonds.

*2 Other investments primarily include investment funds.

Sony FG did not provide any non-contractual financial support or other support to unconsolidated structured entities during either the previous consolidated financial year or the current consolidated financial year, and does not currently have any intention to provide such financial support or other support in the future.

41. Transfers of Financial Assets

In the ordinary course of business, Sony FG enters into transactions to transfer financial assets, primarily comprising debt securities, equity securities and loans to customers. In accordance with Sony FG's accounting policies, transferred financial assets are either continued to be recognized in their entirety, recognized to the extent of Sony FG's continuing involvement, or derecognized in their entirety, depending on the substance of the transactions.

Financial assets transferred in transactions that do not meet the criteria for derecognition, together with the associated liabilities, are as follows.

(1) Transferred financial assets that are not derecognized in their entirety

(i) Repurchase agreements

Repurchase agreements are transactions in which Sony FG sells securities and simultaneously agrees to repurchase the same or substantially the same securities at a fixed price on a specified future date. As Sony FG retains substantially all of the risks and economic benefits of ownership, the transferred securities continue to be recognized in their entirety in the consolidated statements of financial position.

The cash consideration received is recognized as a financial asset, and the obligation to pay the repurchase price is recognized as a financial liability. Sony FG is not permitted to use the transferred assets during the contractual period.

(ii) Securities lending transactions

Securities lending transactions are arrangements in which Sony FG lends securities and receives either unsecured exposure or cash as collateral. As Sony FG retains substantially all of the risks and economic benefits of ownership, the transferred securities continue to be recognized in their entirety in the consolidated statements of financial position.

Cash received is recognized as a financial asset, and the obligation to return the collateral is recognized as a financial liability. Sony FG is not permitted to use the transferred assets during the contractual period.

(iii) Securitization of residential mortgage loans

Sony FG enters into securitization transactions involving a portion of its residential mortgage loans, in which unconsolidated structured entities are involved. Financial assets are derecognized when the contractual rights to receive the cash flows from the financial assets are transferred, or when Sony FG retains the contractual rights to receive the cash flows but assumes a contractual obligation to pass those cash flows on to another party without material delay, and provided that substantially all of the risks and economic benefits of ownership of the financial assets have been transferred.

In these securitization transactions, the derecognition criteria for financial assets are not met, and accordingly, the securitized assets have not been derecognized. When Sony FG transfers residential mortgage loans as part of these securitization transactions, Sony FG is not permitted to use the transferred assets during the contractual period.

The transferees of the transferred loans have recourse only to the transferred assets, and do not have recourse to any other assets of Sony FG.

(2) Carrying amounts and fair values of financial assets that are not derecognized in their entirety and the associated liabilities

The following table presents the carrying amounts and fair values of financial assets that are not derecognized in their entirety and the related liabilities.

(Millions of yen)

	April 1, 2024	
	Repurchase agreements and securities lending transactions	Securitization of residential mortgage loans
Carrying amount of assets	1,517,180	164,770
Carrying amount of related liabilities	(1,504,893)	(166,023)
Liabilities with recourse only to the transferred financial assets		
Fair value of assets	1,517,180	167,071
Fair value of related liabilities	(1,506,405)	(166,320)
Net position	10,775	750

(Millions of yen)

	March 31, 2025	
	Repurchase agreements and securities lending transactions	Securitization of residential mortgage loans
Carrying amount of assets	1,544,682	150,952
Carrying amount of related liabilities	(1,521,039)	(152,046)
Liabilities with recourse only to the transferred financial assets		
Fair value of assets	1,544,682	148,304
Fair value of related liabilities	(1,522,580)	(147,672)
Net position	22,102	632

(Millions of yen)

	March 31, 2026	
	Repurchase agreements and securities lending transactions	Securitization of residential mortgage loans
Carrying amount of assets	1,043,967	136,391
Carrying amount of related liabilities	(1,050,103)	(137,295)
Liabilities with recourse only to the transferred financial assets		
Fair value of assets	1,043,967	134,980
Fair value of related liabilities	(1,051,261)	(134,932)
Net position	(7,294)	48

42. Related Parties

(1) Related party transactions

The following table shows transactions with related parties.

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Sony Group Corporation		
Payments of salaries for secondees and related expenses	405	483
Payments to the head entity of the tax consolidated group	8,381	—
Payments of brand royalties	7,458	1,744
Rental income from buildings	9,126	9,257
Other	622	673

Notes: 1. Sony Group Corporation is an entity that has significant influence over Sony FG.

2. Terms and conditions of transactions and policies for determining such terms and conditions.

- (1) With respect to the payment of salaries for secondees, Sony FG pays amounts equivalent to the personnel expenses related to the secondees in accordance with memoranda regarding secondment arrangements.
- (2) The trademarks including “Sony” and “ソニー” used in the trade names of the Company, its subsidiaries and associates are owned by Sony Group Corporation. In relation to the use of such trademarks, the Company, its subsidiaries and associates have entered into trademark license agreements with Sony Group Corporation. Brand royalties are paid in accordance with these agreements. During the current fiscal year, the Company has entered into a trademark license agreement directly with Sony Group Corporation, and its subsidiaries and associates have entered into sublicense agreements with the Company.
- (3) As part of its asset management activities, a life insurance subsidiary of Sony FG has leased its head office building to Sony Corporation (currently Sony Group Corporation) since October 2006, and the lease rentals are determined through consultation based on real estate appraisal valuations.
- (4) Other transactions are determined with reference to market prices and general transaction terms.

The following table shows outstanding balances related to the above transactions

(Millions of yen)

	April 1, 2024	March 31, 2025	March 31, 2026
Sony Group Corporation			
Other assets (accounts receivable and others)	2,184	821	4,856
Other liabilities (accounts payable and others)	9,254	14,695	5,077

Note: Sony Group Corporation is an entity that has significant influence over Sony FG.

(2) Compensation of key management personnel

The following table shows the compensation of key management personnel.

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Short-term employee benefits		
Fixed compensation	198	287
Performance-based compensation	96	81
Share-based compensation	31	128
Total	325	497

Note: Compensation of key management personnel represents compensation paid to the Company’s Directors (including Outside Directors) and Executive Officers.

43. Subsequent Events

(Merger between consolidated subsidiaries)

Sony Lifecare Inc. ("SLC"), a consolidated subsidiary of the Company, resolved to carry out an absorption-type merger, with an effective date of April 1, 2027, in which Lifecare Design Inc., a consolidated subsidiary of both the Company and SLC, will be the surviving company, and Proud Life Inc., also a consolidated subsidiary of both the Company and SLC, will be the absorbed company.

1. Outline of the transaction

(1) Names of the companies involved in the business combination and their business activities

(Surviving company)

Name: Lifecare Design Inc.

Business activities: Planning, development and operation of fee-based nursing care homes

(Absorbed company)

Name: Proud Life Inc.

Business activities: Management, operation and planning of fee-based nursing care homes and other facilities

(2) Date of the business combination

April 1, 2027

(3) Legal form of the business combination

An absorption-type merger with Lifecare Design Inc. as the surviving company and Proud Life Inc. as the absorbed company

(4) Other matters related to the outline of the transaction

The purpose of this merger is to accelerate decision-making through the consolidation of management functions, strengthen sales capabilities through brand unification, and centralize governance and internal control.

2. Overview of the accounting treatment

The merger is a transaction under common control between consolidated subsidiaries of Sony FG and therefore falls outside the scope of IFRS 3 Business Combinations. Sony FG plans to account for the transaction using an accounting method based on the carrying amounts of the assets and liabilities transferred.