

November 14, 2024

Company name:

Sony Financial Group Inc.

Representative:

Toshihide Endo,
President & CEO,
Representative Corporate Executive Officer

Consolidated Financial Results (Japanese GAAP) for the Six Months Ended September 30, 2024

Sony Financial Group Inc. (the “Company”) hereby announces the consolidated financial results based on Japanese accounting standards (“Japanese GAAP”) for the six months ended September 30, 2024 (from April 1, 2024 to September 30, 2024), including the financial results of the Company and its consolidated subsidiaries, Sony Life Insurance Co., Ltd. (“Sony Life”), Sony Assurance Inc. (“Sony Assurance”) and Sony Bank Inc. (“Sony Bank”).

1. Consolidated Financial Results

	For the six months ended September 30, 2023 (Apr. 1, 2023, to Sep. 30, 2023) (FY23.1H)	For the six months ended September 30, 2024 (Apr. 1, 2024, to Sep. 30, 2024) (FY24.1H)	YoY change	
	Billions of yen	Billions of yen	Billions of yen	% change
Ordinary Revenues	1,561.0	1,283.7	(277.3)	(17.8)%
Ordinary Profit	31.2	25.6	(5.5)	(17.8)%
Profit Attributable to Owners of the Parent	19.9	17.8	(2.1)	(11.0)%

	As of March 31, 2024	As of September 30, 2024	YoY change	
	Billions of yen	Billions of yen	Billions of yen	% change
Total Net Assets	594.0	638.0	+44.0	+7.4%
Total Assets	22,083.7	22,393.8	+310.1	+1.4%

Ordinary revenues for the six months ended September 30, 2024 (from April 1, 2024 to September 30, 2024) decreased 17.8% year on year, to ¥1,283.7 billion, due to a decrease in ordinary revenues from the life insurance business, despite increases in the non-life insurance and the banking businesses. Ordinary profit decreased 17.8% year on year, to ¥25.6 billion, due to decreases in ordinary profit in the life insurance and the non-life insurance businesses, despite an increase in the banking business. After adjustments to ordinary profit for extraordinary gains and losses, provision for reserve for policyholders’ dividends, total income taxes and others, profit attributable to owners of the parent decreased 11.0% year on year, to ¥17.8 billion, due to a decrease in ordinary profit.

Ordinary revenues and ordinary profit by business segment are as described below.

(Billions of yen)

	FY23.1H	FY24.1H	YoY change	
Ordinary Revenues	1,561.0	1,283.7	(277.3)	(17.8)%
Life insurance business	1,431.5	1,135.4	(296.0)	(20.7)%
Non-life insurance business	74.7	82.4	+7.7	+10.4%
Banking business	49.2	59.4	+10.2	+20.7%
Ordinary Profit	31.2	25.6	(5.5)	(17.8)%
Life insurance business	15.7	9.7	(6.0)	(38.3)%
Non-life insurance business	3.1	2.8	(0.3)	(10.2)%
Banking business	12.3	14.1	+1.7	+14.2%

Life insurance business: Ordinary revenues decreased 20.7% year on year, to ¥1,135.4 billion, due to a decrease in investment income in separate accounts and the absence of foreign exchange gains recorded in the previous fiscal year, despite an increase in insurance premiums for the single-premium insurance and other products. Ordinary profit decreased 38.3% year on year, to ¥9.7 billion, due to a deterioration in gains/losses on sales of securities in the general account resulting from sales of bonds for the purpose of rebalancing based on the ALM (asset-liability management) approach, affected by rising interest rates. This decline was partially offset by an improvement in gains/losses* resulting from market fluctuations for variable life insurance and other products.

* Provision of policy reserves for minimum guarantees and gains/losses on derivative transactions for hedging purposes due to market fluctuation for variable life insurance and other products

Non-life insurance business: Ordinary revenues increased 10.4% year on year, to ¥82.4 billion, due to a steady increase in net premiums written centered on mainstay auto insurance. Ordinary profit decreased 10.2% year on year, to ¥2.8 billion, due to a rise in the loss ratio resulting from an increase in the unit price of losses paid and other factors on auto insurance, despite an effect of increased revenues.

Banking business: Ordinary revenues increased 20.7% year on year, to ¥59.4 billion, and ordinary profit increased 14.2% year on year, to ¥14.1 billion, due to an increase in interest income such as interest income and dividends on securities, despite a decrease in profit due to the conversion of subsidiaries to equity-method affiliates.

2. Main Business [Results/Indicator]

(1) Consolidated Results for the Group

	As of March 31, 2024	As of September 30, 2024
Group consolidated ESR (Economic Solvency Ratio)	198%	199%

(Note) Group Consolidated ESR is calculated with reference to European Solvency II and ICS for broad management decisions. Simplified methods are used for some calculations, and no third-party validation of the calculation process or results is conducted.

Group Consolidated ESR is an indicator of capital sufficiency with respect to the Group's risk amount. Currently the target level of consolidated Group ESR is between 165% and 235% from the viewpoint of ERM (Enterprise Risk Management) to ensure financial soundness and capital efficiency.

(2) Sony Life (Non-consolidated)

(Billions of yen)

	As of March 31, 2024	As of September 30, 2024	YoY change
Amount of Policies in Force	66,586.1	68,798.4	+3.3%
Annualized Premiums from Policies in Force	1,206.5	1,242.5	+3.0%

(Billions of yen)

	FY23.1H	FY24.1H	YoY change
Amount of New Policies	4,736.9	5,410.0	+14.2%
Annualized Premiums from New Policies	71.5	87.7	+22.8%

(Number)

	As of March 31, 2024	As of September 30, 2024	YoY change
Number of Lifeplanner Sales Specialists	5,516	5,567	+51

(Billions of yen)

	As of March 31, 2024	As of September 30, 2024	YoY change
Economic Value-based Capital	2,013.9	2,113.1	+99.1
Risk Amount based on Economic Value	1,077.1	1,140.9	+63.7
ESR	187%	185%	(2)pt

- (Notes) 1. Policy amount in force, annualized premiums from policies in force, amount of new policies, and annualized premiums from new policies are the sum of individual life insurance and individual annuities.
2. The number of Lifeplanner sales specialists includes personnel at the Hoken Seisakusho operated by Sony Life Communications Co., Ltd., a consolidated subsidiary of Sony Life.
3. Economic value-based capital is the sum of economic value-based EV and frictional cost.
4. Risk amount based on economic value refers to the total amount of Sony Life's risks comprehensively examined by a market consistent approach, including insurance underwriting risk and market-related risk and others.
5. Risk amount based on economic value is calibrated at VaR (99.5%) for one year and based on the internal model.
6. ESR is the ratio of capital to risk amount based on economic value.

(3) Sony Assurance

(Billions of yen, %)

	FY23.1H	FY24.1H	YoY change
Direct Premiums Written	75.6	84.7	+12.0%
E.I. Loss Ratio	67.0%	69.6%	+2.6pt
Net Expense Ratio	25.8%	24.9%	(0.9)pt

(Notes) 1. E.I. Loss Ratio = (Net claims paid + Provision for reserve for outstanding claims + Loss adjustment expenses) / Earned premiums [Earthquake insurance and compulsory automobile liability insurance are excluded]

2. Net expense ratio = Expenses related to underwriting / Net premiums written

(4) Sony Bank

(Billions of yen)

	As of March 31, 2024	As of September 30, 2024	YoY change
Mortgage Loan Balance	3,446.3	3,648.3	+201.9
Foreign Currency Deposit Balance	614.7	657.0	+42.3

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Assets		
Cash and due from banks	824,905	821,232
Call loans and bills bought	88,909	116,711
Monetary claims purchased	12,669	14,864
Money held in trust	63,285	58,822
Securities	16,801,560	16,954,030
Loans	3,682,002	3,885,786
Tangible fixed assets	102,649	102,661
Intangible fixed assets	67,772	71,529
Due from reinsurers	2,476	9,869
Foreign exchanges	2,327	2,320
Other assets	270,279	198,411
Net defined benefit asset	9,836	9,955
Deferred tax assets	156,755	149,462
Reserve for possible loan losses	(1,669)	(1,776)
Total assets	22,083,761	22,393,883
Liabilities		
Policy reserves and others	15,072,758	15,383,052
Reserve for outstanding claims	111,180	117,266
Policy reserves	14,958,281	15,262,564
Reserve for policyholders' dividends	3,296	3,221
Due to agencies	3,464	2,931
Due to reinsurers	4,976	4,714
Deposits	3,845,606	3,839,630
Call money and bills sold	209,410	278,780
Payables under repurchase agreements	938,854	1,059,527
Collateral for securities lending transactions	566,039	282,622
Borrowed money	467,716	518,090
Foreign exchanges	1,781	1,473
Bonds payable	70,000	70,000
Other liabilities	195,519	200,006
Reserve for employees' bonuses	5,461	5,346
Net defined benefit liability	38,402	38,019
Reserve under the special laws	67,622	69,586
Reserve for price fluctuations	67,622	69,586
Liabilities from application of equity method	2,139	2,058
Total liabilities	21,489,753	21,755,841

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Net assets		
Shareholders' equity		
Common stock	20,029	20,029
Capital surplus	191,259	191,259
Retained earnings	452,945	470,751
Total shareholders' equity	664,234	682,039
Accumulated other comprehensive income		
Net unrealized gains (losses) on available-for-sale securities, net of taxes	(70,773)	(44,286)
Net deferred gains (losses) on hedging instruments, net of taxes	286	211
Land revaluation, net of taxes	(2,720)	(2,720)
Remeasurements of defined benefit plans, net of taxes	2,981	2,797
Total accumulated other comprehensive income	(70,226)	(43,997)
Subscription rights to shares	—	0
Total net assets	594,008	638,042
Total liabilities and net assets	22,083,761	22,393,883

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income
(Consolidated Statements of Income)

(Millions of yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Ordinary revenues	1,561,087	1,283,779
Ordinary revenues from the life insurance business	1,429,988	1,133,471
Income from insurance premiums	783,582	943,526
Insurance premiums	779,281	932,296
Ceded reinsurance commissions	4,300	11,229
Investment income	635,038	177,275
Interest income and dividends	114,353	113,742
Income from money held in trust, net	0	0
Gains on trading securities, net	956	—
Gains on sale of securities	16,610	976
Gains on redemption of securities	0	0
Foreign exchange gains, net	152,408	—
Other investment income	58	3
Gains on separate accounts, net	350,651	62,552
Other ordinary income	11,367	12,670
Ordinary revenues from the non-life insurance business	74,721	82,448
Underwriting income	74,013	81,674
Net premiums written	73,959	81,612
Interest and dividends on deposits of premiums	53	62
Investment income	683	737
Interest income and dividends	724	799
Gains on sale of securities	12	—
Transfer to interest and dividends on deposits of premiums	(53)	(62)
Other ordinary income	24	35
Ordinary revenues from the banking business	49,061	59,447
Interest income	37,031	47,958
Interest income on loans	15,181	16,852
Interest income and dividends on securities	17,959	27,302
Interest income on call loans and bills bought	10	39
Interest income on deposits with banks	26	358
Interest income on interest rate swaps	3,822	3,370
Other interest income	31	34
Fees and commissions	10,476	8,932
Other operating income	226	806
Other ordinary income	1,326	1,750
Other	7,316	8,411
Other ordinary income	7,316	8,411

(Millions of yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Ordinary expenses	1,529,851	1,258,113
Ordinary expenses from the life insurance business	1,415,640	1,126,633
Insurance claims and other payments	452,473	534,230
Insurance claims	64,596	69,907
Annuity payments	9,329	11,520
Insurance benefits	90,434	97,630
Surrender payments	280,468	346,330
Other payments	4,371	4,308
Reinsurance premiums	3,272	4,534
Provision for policy reserves and others	756,591	300,780
Provision for reserve for outstanding claims	5,803	3,017
Provision for policy reserves	750,787	297,762
Interest portion of reserve for policyholders' dividends	0	0
Investment expenses	88,681	155,295
Interest expenses	20,238	17,802
Losses on trading securities, net	—	56
Losses on sale of securities	4,916	38,772
Losses on valuation of securities	1,817	—
Losses on redemption of securities	—	6
Losses on derivatives, net	59,529	4,323
Foreign exchange losses, net	—	91,940
Provision for reserve for possible loan losses	33	130
Depreciation of real estate for rent and others	521	532
Other investment expenses	1,626	1,728
Operating expenses	86,850	102,996
Other ordinary expenses	31,043	33,329
Ordinary expenses from the non-life insurance business	70,870	79,131
Underwriting expenses	52,906	59,848
Net claims paid	39,240	44,211
Loss adjustment expenses	5,371	5,445
Net commission and brokerage fees	538	601
Provision for reserve for outstanding claims	2,267	3,068
Provision for underwriting reserves	5,488	6,520
Other underwriting expenses	0	0
Investment expenses	0	0
Other investment expenses	0	0
Operating, general and administrative expenses	17,957	19,278
Other ordinary expenses	6	3

(Millions of yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Ordinary expenses from the banking business	35,805	43,968
Interest expenses	12,077	19,373
Interest expenses on deposits	9,602	15,854
Interest expenses on call money and bills sold	185	385
Interest on payables under repurchase agreements	2,244	2,994
Interest on borrowed money	0	24
Interest expenses on bonds	3	3
Other interest expenses	40	110
Fees and commissions	7,875	9,863
Other operating expenses	511	1,456
General and administrative expenses	15,159	13,169
Other ordinary expenses	181	106
Other	7,534	8,380
Other ordinary expenses	7,534	8,380
Ordinary profit	31,235	25,666
Extraordinary gains	22	29
National subsidies	22	29
Extraordinary losses	2,204	2,015
Losses on disposal of fixed assets	136	40
Impairment losses	9	10
Provision for reserve under the special laws	2,057	1,964
Provision for reserve for price fluctuations	2,057	1,964
Provision for reserve for policyholders' dividends	149	98
Income before income taxes	28,904	23,581
Income taxes - current	11,336	8,953
Income taxes - deferred	(2,727)	(3,178)
Total income taxes	8,608	5,775
Profit	20,295	17,805
Profit attributable to non-controlling interests	298	—
Profit attributable to owners of the parent	19,997	17,805

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Profit	20,295	17,805
Other comprehensive income		
Net unrealized gains (losses) on available-for-sale securities, net of taxes	(75,384)	26,486
Net deferred gains (losses) on hedging instruments, net of taxes	64	(74)
Remeasurements of defined benefit plans, net of taxes	(175)	(184)
Total other comprehensive income	(75,496)	26,228
Comprehensive income	(55,200)	44,033
(Details)		
Comprehensive income attributable to owners of the parent	(55,498)	44,033
Comprehensive income attributable to non-controlling interests	298	—

(3) Notes to the Consolidated Financial Statements

(Going Concern Assumption)

Not applicable.

(Note in the event of significant changes in shareholders' equity)

Not applicable.

(Changes in significant subsidiaries during the six months ended September 30, 2024)

Not applicable.

Although specified subsidiaries have not changed, SFV・GB II L.P. was established and entered the scope of consolidation in the six months ended September 30, 2024. The company's results are included in the "other" category in the consolidated statements of income.

(Subsequent Events)

(Issuance of Unsecured Straight Bonds by Sony Bank)

At the meeting of the Board of Directors held on September 26, 2024, Sony Bank approved a comprehensive resolution regarding the issuance of unsecured straight bonds as follows.

1. Type	Unsecured straight bonds
2. Total amount	JPY 40 billion or less
3. Issue dates	From October 1, 2024 to March 31, 2025
4. Interest rate	Fixed interest rate up to the market yield of Japanese government bonds with the same maturities plus 50 bases points
5. Issue price	JPY 100 per amount of JPY 100 of each bond
6. Term and method of redemption	Full amount on maturity within 5 years
7. Other	Decisions concerning the matters set forth in each item of Article 676 of the Companies Act, such as the specific timing of issuance, the total amount, and the interest rate, as well as all other matters necessary for the issuance of the bonds shall be delegated to the President and CEO, Representative Director, within the scope of the resolution

In addition, based on the above comprehensive resolution, Sony Bank issued unsecured straight bonds (private placement bonds) as follows.

Sony Bank Inc. 5th series unsecured straight bond (qualified institutional investors only, smaller number private placement with split restriction)(green bond)

1. Total amount	JPY 18.5 billion
2. Interest rate	0.968% per annum
3. Issue price	JPY 100 per amount of JPY 100 of each bond
4. Payment date	October 30, 2024
5. Maturity date	October 30, 2029
6. Method of redemption	Full amount on maturity (a retirement by purchase clause included)
7. Security and guarantee	No security or guarantee is offered with this bond
8. Use of funds	Mortgage loans for energy-efficient buildings such as ZEH and ZEH-M

The Company's consolidated results are prepared in accordance with Japanese GAAP. As such, these figures differ from the financial information reported by Sony Group Corporation, the Company's parent company, which prepares its financial statements in accordance with International Financial Reporting Standards.

The Company's scope of consolidation includes following companies.

Consolidated subsidiaries: Sony Financial Group Inc.

Sony Life Insurance Co., Ltd.

Sony Life Communications Co., Ltd.

Sony Assurance Inc.

Sony Bank Inc.

Sony Lifecare Inc.

Lifecare Design Inc.

Proud Life Inc.

Sony Financial Ventures Inc.

SFV • GB L.P.

SFV • GB II L.P.*¹

Equity method affiliates: BXJA I Holding KK*²

Sony Payment Services Inc.*²

ETC Solutions, Inc.*²

*¹ SFV • GB II L.P. was included in the scope of consolidation from the second quarter of the fiscal year ended March 31, 2025.

*² Sony Payment Services Inc. and ETC Solutions, Inc. were excluded from the scope of consolidation from the fourth quarter of the fiscal year ended March 31, 2024 due to the partial transfer and share exchange of shares of Sony Payment Services Inc., which was a consolidated subsidiary of the Company, and the two companies and BXJA I Holding KK were included in the scope of application of the equity method.

(Note) SmartLink Network Hong Kong Limited was excluded from the scope of consolidation from the second quarter of the fiscal year ended March 31, 2024 because cancellation of its registration was completed.

Notes

1. Unless otherwise indicated, in these materials figures less than the indicated unit have been truncated, while ratios and percentage changes have been rounded. Also, a “-” is used where percentage changes exceed 1,000% and in cases where one or both comparisons are negative.
2. “Lifeplanner” is a registered trademark of Sony Life.
3. This document is not subject to audit by a certified public accountant or auditing firm.

[Reference information]

Sony Group Corporation, the parent company of the Company, discloses its consolidated financial results in accordance with the terminology, format and preparation methods in accordance with International Financial Reporting Standards.

Financial information based on International Financial Reporting Standards for the financial services segment of the Sony Group, including the Sony Financial Group, is disclosed therein, so please refer to it as well.

Sony Group Corporation website: <https://www.sony.com/en/SonyInfo/IR/library/presen/er/archive.html>

End

(For Inquiry)

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