

Disclosure of Economic Value-Based Capital and ESR as of March 31, 2026

Tokyo, May 14, 2026 – Sony Life Insurance Co., Ltd. (“Sony Life”), a wholly owned subsidiary of Sony Financial Group Inc., today disclosed its economic value-based capital and ESR as of March 31, 2026. Please note that Sony Life previously disclosed “Economic value-based embedded value.” While there have been no significant changes to the underlying concepts of assumptions or calculation methodologies for economic value-based capital from economic value-based embedded value (“economic value-based EV”), we have modified the method for the extrapolation¹ for ultra-long-term risk-free rates.

Summary

The economic value-based capital and economic solvency ratio (“ESR”) as of March 31, 2026 are as follows. New business economic value refers to the value of new business acquired during the fiscal year ended March 31, 2026 (“FY2025”) as part of the economic value-based capital.

(Billions of yen)

	March 31, 2026	March 31, 2025	Change
Economic value-based capital	1,811.6	1,891.4	(79.8)
Adjusted net worth	(1,701.9)	(1,009.3)	(692.6)
Value of existing business	3,513.5	2,900.7	612.8

(Billions of yen)

	March 31, 2026	March 31, 2025	Change
Internal management eligible capital	1,910.6	1,901.4	9.2
Internal management required capital	1,180.9	1,132.1	48.8
ESR	162%	168%	(6 ppt)

(Billions of yen)

	FY2025	FY2024	Change
New business economic value	161.5	196.3	(34.8)

¹ Since the impact of changes to the extrapolation method for the ultra-long-term risk-free rate is limited, the figures for the previous fiscal year are based on the values published for that year.

Table of Contents

1. Economic value-based capital	3
1.1 Economic value-based capital.....	3
1.2 New business economic value	4
1.3 New business margin	4
1.4 Reconciliation analysis from the end of the previous fiscal year	5
1.5 Sensitivity analysis.....	6
1.6 Economic solvency ratio (“ESR”)	8
2. Assumptions	9
2.1 Economic assumptions.....	9
2.2 Other assumptions.....	10
3. Method of calculating economic value-based capital	12
3.1 Definition of economic-value-based capital.....	12
3.2 Covered business	12
3.3 Treatment of subsidiaries and affiliated companies.....	12
3.4 Treatment of reinsurance	13
3.5 Treatment of semi-participating policies.....	13

1. Economic value-based capital

1.1 Economic value-based capital

Despite increases resulting from the acquisition of new policies, economic value-based capital as of March 31, 2026 decreased by ¥ 79.8 billion, mainly due to an increase in interest rate. Higher interest rates led to a significant decrease in adjusted net worth and a significant increase in the value of existing business, but these changes were largely offset by the effect of ALM.

Regarding the assumptions and calculation methods for economic value-based capital, we have modified the extrapolation method for the ultra-long-term risk-free rates and certain calculation methods from the previously disclosed economic value-based EV. However, since the impact of these changes is limited, the figures for the end of previous fiscal year are based on economic value-based EV.

(Billions of yen)

	March 31, 2026	March 31, 2025	Change
Economic value-based capital	1,811.6	1,891.4	(79.8)
Adjusted net worth	(1,701.9)	(1,009.3)	(692.6)
Value of existing business	3,513.5	2,900.7	612.8

Adjusted net worth as of March 31, 2026 decreased by ¥692.6 billion, primarily due to the deterioration in unrealized gains or losses on held-to-maturity securities caused by rising interest rates. Although adjusted net worth became negative, the corresponding increase in the value of existing business offsets this decrease due to the effect of ALM, and there are no concerns regarding soundness.

The value of existing business as of March 31, 2026 increased by ¥612.8 billion, primarily due to higher interest rates. On the other hand, as noted above, the value of bonds held for ALM purposes moves in a way to offset such a change in the value of existing business.

1.2 New business economic value²

New business economic value represents the value at point of sales of new business acquired during the fiscal year ended March 31, 2026, and does not include the value of new business expected to be acquired in the future.

The new business economic value in this fiscal year decreased by ¥34.8 billion, primarily due to decrease in sales volume.

(Billions of yen)

	FY2025	FY2024	Change
New business economic value	161.5	196.3	(34.8)

1.3 New business margin³

The new business margin in this fiscal year decreased primarily due to changes in insurance assumptions. The new business margin described below is the ratio of new business economic value to the present value of premium income. The present value of premium income is calculated applying the same assumptions as those for the calculation of new business economic value, and is based on premiums before the deduction of reinsurance premiums.

(Billions of yen)

	FY2025	FY2024	Change
New business economic value	161.5	196.3	(34.8)
Present value of premium income	2,378.5	2,735.5	(357.0)
New business margin	6.8%	7.2%	(0.4 ppt)

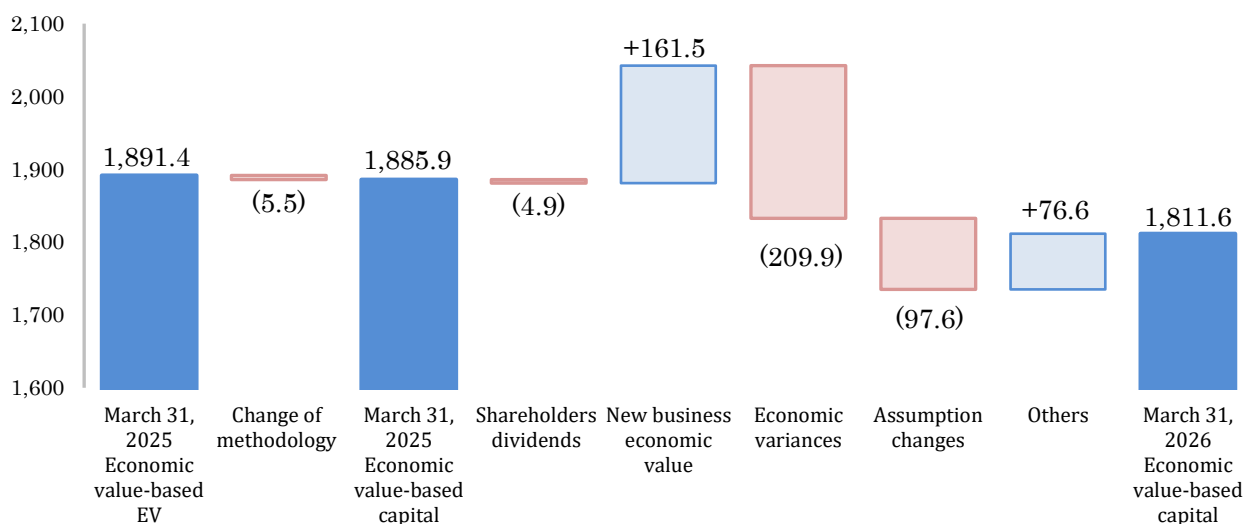
² Regarding the new business economic value, we have modified the extrapolation method for the ultra-long-term risk-free rates and certain other calculation methods from the previously disclosed new business value. However, since the impact of these changes is limited, the figures for the end of previous fiscal year are based on new business value.

³ Regarding the new business economic value —the numerator of the new business margin—, we have modified the extrapolation method for the ultra-long-term risk-free rates and certain other calculation methods from the previously disclosed new business value. However, since the impact of these changes is limited, the figure for the end of previous fiscal year is the results based on new business value.

1.4 Reconciliation analysis from the end of the previous fiscal year

The figure below shows the reconciliation analysis of economic value-based capital from March 31, 2025 to March 31, 2026

(Billions of yen)



(1) Shareholder dividends

Economic value-based capital reflects a decrease due to dividend payments to shareholders.

(2) New business economic value

Economic value-based capital reflects an increase resulting from the acquisition of new policies during this fiscal year.

(3) Economic variances

Economic value-based capital reflects the impact of changes in future value due to differences between actual economic assumptions, such as market interest rates and implied volatilities, and the assumed values incorporated in the market environment at the time of the previous fiscal year-end valuation (or at the time of the new business economic value calculation, in the case of new business economic value), as well as the impact of differences between expected investment returns assumed at the previous fiscal year-end to be realized during the current fiscal year and actual results.

(4) Assumption changes

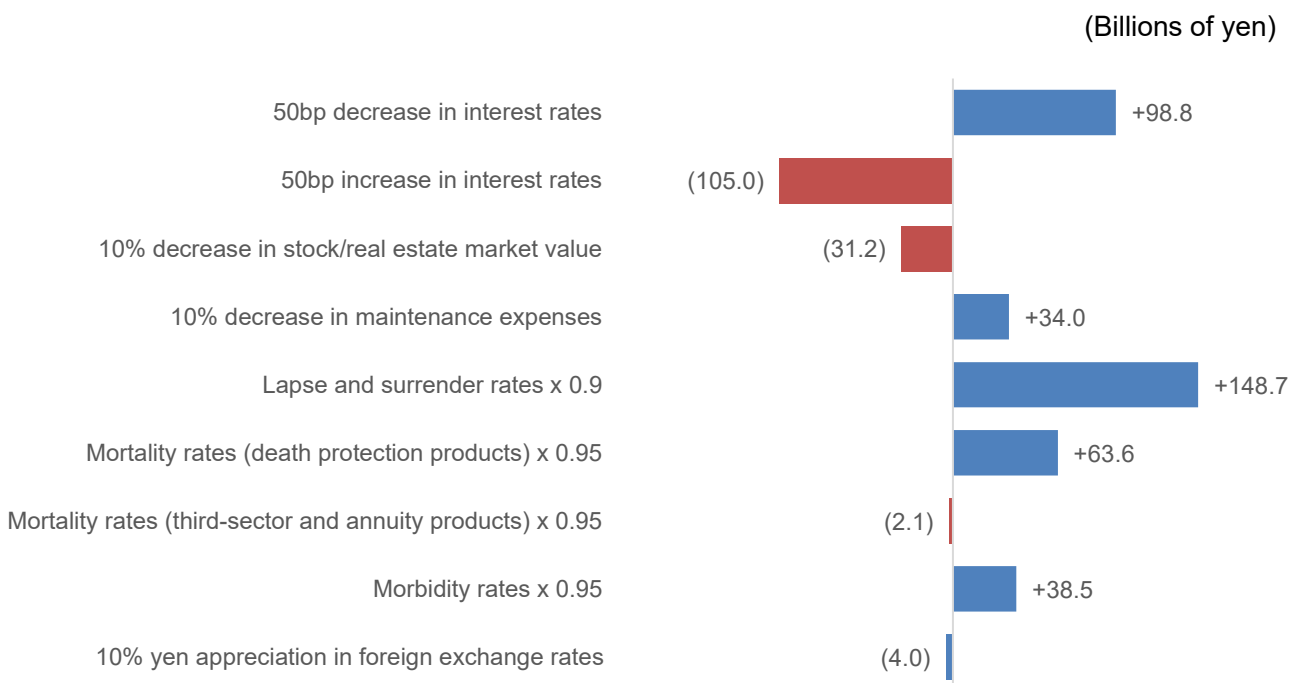
Economic value-based capital reflects the impact of changes in future assumptions based on actual experience, including mortality and morbidity rates, lapse and surrender rates, and operating expense rates.

(5) Other factors

The figure reflects the unwinding, at the risk-free rate, of economic value-based capital at the end of the previous fiscal year, as well as the release of the portion of the cost of non-hedgeable risks released during this fiscal year, among other factors. In addition to these items, the figure for this fiscal year includes the impact of ceding of the in-force block of U.S. dollar-denominated whole life insurance.

1.5 Sensitivity analysis

The sensitivity of changing the underlying assumptions on economic value-based capital is as follows.



(1) Interest rates

This sensitivity represents the impact of an immediate parallel shift of the Japanese and foreign government bond yield curves. Adjusted net worth changes as the market value of bonds and other assets changes; at the same time, the value of existing business changes as interest rates, the discount rate, yields of new bonds to be purchased in the future as existing bonds mature, and the investment returns on stocks and other assets change.

(2) Stock and real estate market value

This sensitivity represents the impact of an immediate drop in the market value of stocks and real estate. Adjusted net worth is directly affected by changes in the market value of stocks and real estate. The value of existing business is also affected by changes in asset values.

(3) Maintenance expenses

This sensitivity represents the impact of a decrease in maintenance expenses. Maintenance expenses do not include sales commissions payable in future periods to Sony Life's Lifeplanner sales specialists and other sales force from in-force policies.

(4) Lapse and surrender rates

This sensitivity represents the impact of a decrease in lapse and surrender rates.

(5) Mortality rates

This sensitivity represents the impact of a decrease in mortality rates. The impact on death protection products and on third-sector insurance and annuity products is disclosed separately, as the effects differ. For third-sector insurance and annuity products, the scope includes base policies and riders of which principal benefits relate to accidental death, disability, cancer, medical care, and nursing care, as well as individual annuities.

(6) Morbidity rates

This sensitivity represents the impact of a decrease in morbidity rates relating to sickness and other conditions in third-sector products.

(7) Foreign exchange rates

This sensitivity represents the impact of an immediate appreciation of the Japanese yen. Adjusted net worth is affected by changes in the value of foreign currency-denominated assets and liabilities, and the value of existing business is also affected.

Notes on sensitivities:

- The cost of non-hedgeable risks is not varied in the sensitivity analysis.
- Values of subsidiaries and affiliated companies are not changed, except in the case of (2) Stock and real estate market value and (7) Foreign exchange rates, where the stock values of subsidiaries and affiliated companies are adjusted.
- The impact of changing multiple assumptions simultaneously is not equal to the sum of the impacts of each individual assumption.

1.6 Economic solvency ratio (“ESR”)⁴

We regard ESR as an economic value-based indicator of financial soundness and strive to maintain it above a certain level to ensure financial soundness. ESR is defined as the ratio of Internal management eligible capital (i.e., economic value-based capital plus debt capital⁵) to Internal management required capital.⁶

As of the end of FY2025, Internal management required capital increased by ¥48.8 billion from the end of the previous fiscal year to ¥1,180.9 billion. While the impact of rising interest rates was mitigated to some extent through the sale of bonds and the use of derivatives, the increase was mainly attributable to higher underwriting risk and interest rate risk caused by rising interest rates.

(Billions of yen)

	March 31, 2026	March 31, 2025	Change
1. Internal management eligible capital	1,910.6	1,901.4	9.2
2. Internal management required capital	1,180.9	1,132.1	48.8
Underwriting risk	846.4	775.9	70.5
Market-related risks	514.7	540.4	(25.7)
Of which, interest rate risk ⁷	399.2	345.4	53.8
Operational risk	46.3	52.0	(5.7)
Credit risk	48.2	21.1	27.1
Catastrophe risk	68.6	65.9	2.7
Diversification effects	(343.3)	(323.3)	(20.0)
ESR (1./2.)	162%	168%	(6 ppt)

⁴ Regarding the internal management eligible capital and internal management required capital, we have modified the extrapolation method for the ultra-long-term risk-free rates and certain other calculation methods from the previously disclosed economic value-based capital and economic value-based risk. However, since the impact of these changes is limited, the figure for the end of previous fiscal year is based on economic value-based capital and economic value-based risk.

⁵ Subordinated loans are classified as debt capital.

⁶ The risk amount used to calculate internal management required capital is measured using an internal model based on a 99.5% VaR over one year.

⁷ Amounts are shown before reflecting diversification effects within market-related risks.

2. Assumptions

2.1 Economic assumptions

Economic value-based capital is calculated using economic assumptions as of March 31, 2026.

(1) Risk-free rate

We have used the JGB yields, U.S. Treasury yields, and Australian government bond yields as of March 31, 2026 as reference rates for the certainty-equivalent projections.

Regarding the extrapolation for ultra-long-term risk-free rates where there is no market data, we have modified the method from using an ultimate forward rate to using a constant forward rate from the last liquid point. More specifically, the last liquid point was set at 40 years (30 years for USD and AUD). Forward rates from 41 years onward (31 years for USD and AUD) were set to be the same as the forward rate at the last liquid point.

We have not added a liquidity premium to the risk-free rate, given that no generally accepted practice has been established and there are no products for which cash flows can be reasonably predicted.

The risk-free rates used in calculation for key terms (on a par-rate basis) are as follows:

Term (years)	JPY		USD		AUD	
	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025
1	1.10%	0.64%	3.66%	4.03%	4.62%	3.78%
5	1.80%	1.11%	3.94%	3.95%	4.70%	3.86%
10	2.37%	1.50%	4.32%	4.21%	4.97%	4.42%
20	3.28%	2.20%	4.91%	4.60%	5.33%	4.91%
30	3.64%	2.48%	4.91%	4.57%	5.36%	4.97%
40	3.71%	2.69%	-	-	-	-

(Data: Ministry of Finance Japan for JGB and Bloomberg for U.S. treasuries and Australian government bonds)

(2) Interest-rate model

We have calibrated the interest rate model to the market as of March 31, 2026. We have estimated parameters for the interest rate model from the yield curve and the implied volatilities of interest swaptions with different terms. We have used 1,000 scenarios in calculating the time value of options and guarantees under the stochastic method.

(3) Implied volatilities of foreign exchange rates and stocks

We have obtained the data of spot implied volatilities from options with different terms. All implied volatilities are those for at-the-money options.

(4) Correlation factors

We have calculated correlation factors from the monthly returns of each index for a period of five years from April 2021 to March 31, 2026, as there is no market-consistent data for correlation factors.

(5) Foreign exchange

Assets denominated in foreign currencies and the value of U.S. dollar-denominated and Australian dollar-denominated products are converted into Japanese yen using the TTM (telegraphic transfer middle exchange rate) as of March 31, 2026. The table below shows foreign exchange rates of major currencies.

	March 31, 2026	March 31, 2025
1 USD	JPY159.88	JPY149.52
1 AUD	JPY109.68	JPY93.97
1 EUR	JPY183.41	JPY162.08
1 GBP	JPY211.03	JPY193.82

2.2 Other assumptions

Assumptions for mortality and morbidity rates, lapse and surrender rates, and operating expense rates are developed based on best estimates by product as of March 31, 2026. Best-estimate assumptions are developed to reflect past and current experience as well as expected experience in the future. Expected future changes in assumptions are reflected only when they are supported by sufficient evidence. For mortality and morbidity rates, both improving and deteriorating trends are taken into account; no other expected future changes are assumed in the best-estimate assumptions applied. Assumptions are developed as follows:

(1) Mortality and morbidity rates

Mortality and morbidity rates are developed based on experience over the past three years, with trend adjustments applied. Improving trends are reflected for mortality rates, while for third-sector incidence rates, improving or deteriorating trends are reflected where such trends are observed. In addition, temporary impacts considered to be attributable to COVID-19 are excluded from third-sector incidence rates.

(2) Lapse and surrender rates

Lapse and surrender rates for the base case are developed based on experience over the past five years. Dynamic assumptions are also applied in accordance with interest rate levels, foreign exchange levels, and investment performance.

(3) Renewal rates

Renewal rates are developed based on past experience. Deterioration in mortality and morbidity rates after renewal due to anti-selection is also reflected.

(4) Operating expense rates

Unit costs for expenses related to policy maintenance and administration, and claims payments are developed based on actual operating expenses in the most recent fiscal year and depreciation costs over the same period. The unit costs reflect depreciation costs excluding one-off expenses that are not expected to recur in the future, which are incorporated as expected future system-related expenses.

(5) Effective tax rate

The effective tax rate is set at 28.93%.

(6) Consumption tax rate

The increase in expenses is factored based on a consumption tax rate of 10%.

(7) Inflation rates

Inflation rates are set at 2.011% with reference to a 10-year inflation swap rate.

3. Method of calculating economic value-based capital

3.1 Definition of economic value-based capital

Economic value-based capital represents the present value of the current and future earnings generated from assets allocated to the covered business, after allowing sufficiently for the aggregate risks in the covered business. Economic value-based capital can be regarded as an indicator evaluated in a manner consistent with the prices of financial instruments traded in financial markets.

Economic value-based capital consists of adjusted net worth and the value of existing business. Adjusted net worth is the amount of assets allocated to the covered business as of the valuation date, calculated as the excess of their market value over statutory policy reserves and other liabilities. The value of existing business consists of the present value of certainty-equivalent profit, the time value of options and guarantees, and the cost of non-hedgeable risks.

The present value of certainty-equivalent profit represents the present value of profits based on future cash flows generated from the covered business.

The time value of options and guarantees represents the stochastic valuation, based on risk-neutral scenarios, of the time value of options and guarantees inherent in insurance contracts.

The cost of non-hedgeable risks represents the present value of costs required to maintain capital for non-hedgeable risks in the future.

All three components described above are evaluated on an after-tax basis.

3.2 Covered business

The covered business is the business operated by Sony Life, its subsidiaries, and its affiliated companies.

3.3 Treatment of subsidiaries and affiliated companies

Subsidiaries and affiliated companies are reflected in the calculation of adjusted net worth at their book value⁸ based on Japanese GAAP.

⁸ When unrealized foreign exchange gains or losses arise from foreign currency valuation, an amount equivalent to those unrealized gains or losses (after tax effect) is recognized.

3.4 Treatment of reinsurance

As we utilize reinsurance for some in-force policies, we reflect reinsurance premiums as expenses and reinsurance benefits and reinsurance commissions as income in the projections. Under Japanese GAAP, part of the reinsurance commissions received on coinsurance-type reinsurance is recognized as a reinsurance debit, deferring the recognition of profit. Accordingly, the reinsurance debit for coinsurance-type reinsurance is added to adjusted net worth. Modified coinsurance-type reinsurance defers initial expenses, and the deferred amount is recorded as a reinsurance credit. In the evaluation of economic value-based capital, this deferred amount is offset against the corresponding future expenses to be recognized; therefore, the reinsurance credit is deducted from adjusted net worth, and the corresponding future expenses to be recognized are not included in the value of existing business.

3.5 Treatment of semi-participating policies

Dividends are determined based on the level of future investment returns, using the same method as that applied for the dividend rate of FY2025 financial results, and are reflected in the present value of certainty-equivalent profit and the time value of options and guarantees.