

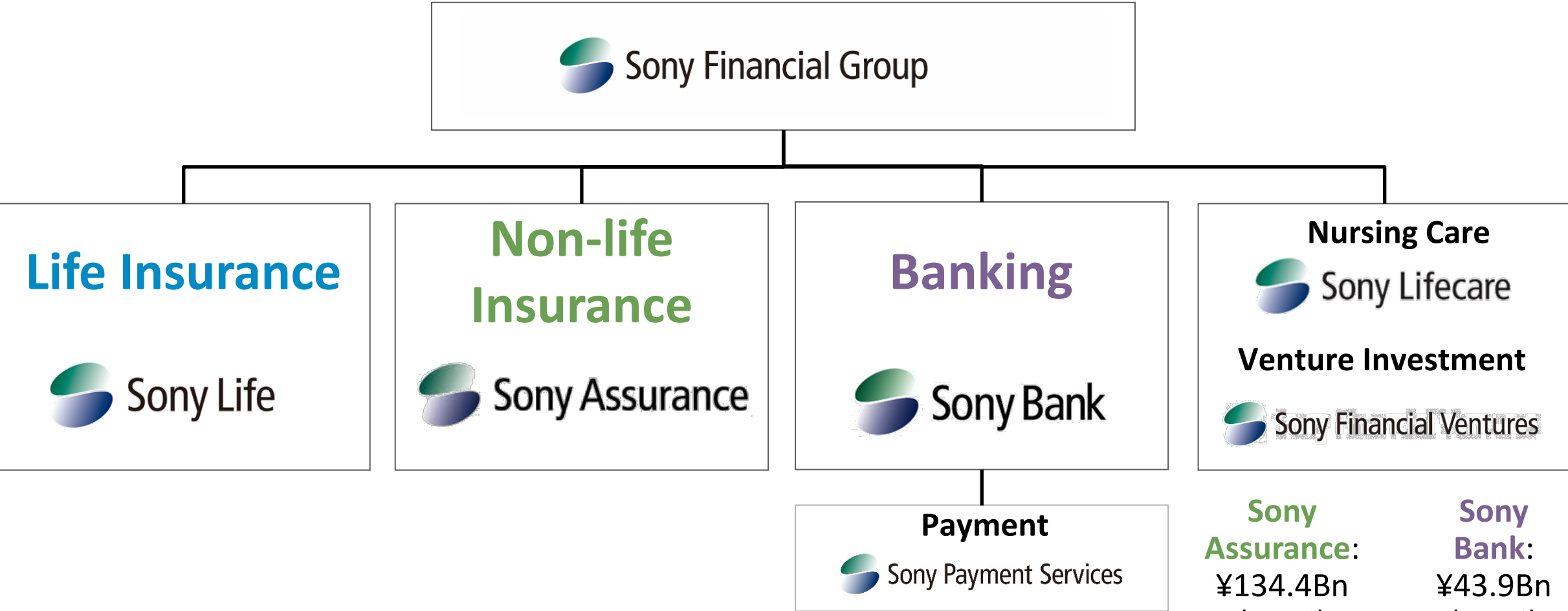
# Financial Services Segment

Senior Executive Vice President  
Sony Group Corporation

President and CEO, Representative Director  
Sony Financial Group Inc.

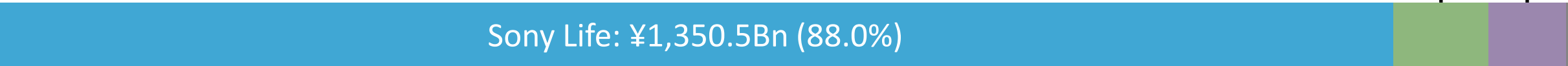
**Masashi Oka**

# Overview of Sony Financial Group (SFG)



**Financial business revenue (FY21 results based on IFRS 4): ¥1,533.8Bn**

<p><b>Sony Assurance:</b> ¥134.4Bn (8.8%)</p>	<p><b>Sony Bank:</b> ¥43.9Bn (2.9%)</p>
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\* Sony Life and Sony Assurance's revenues are on a non-consolidated basis, and Sony Bank's revenues are on a consolidated basis including consolidated subsidiaries

## SFG's Vision

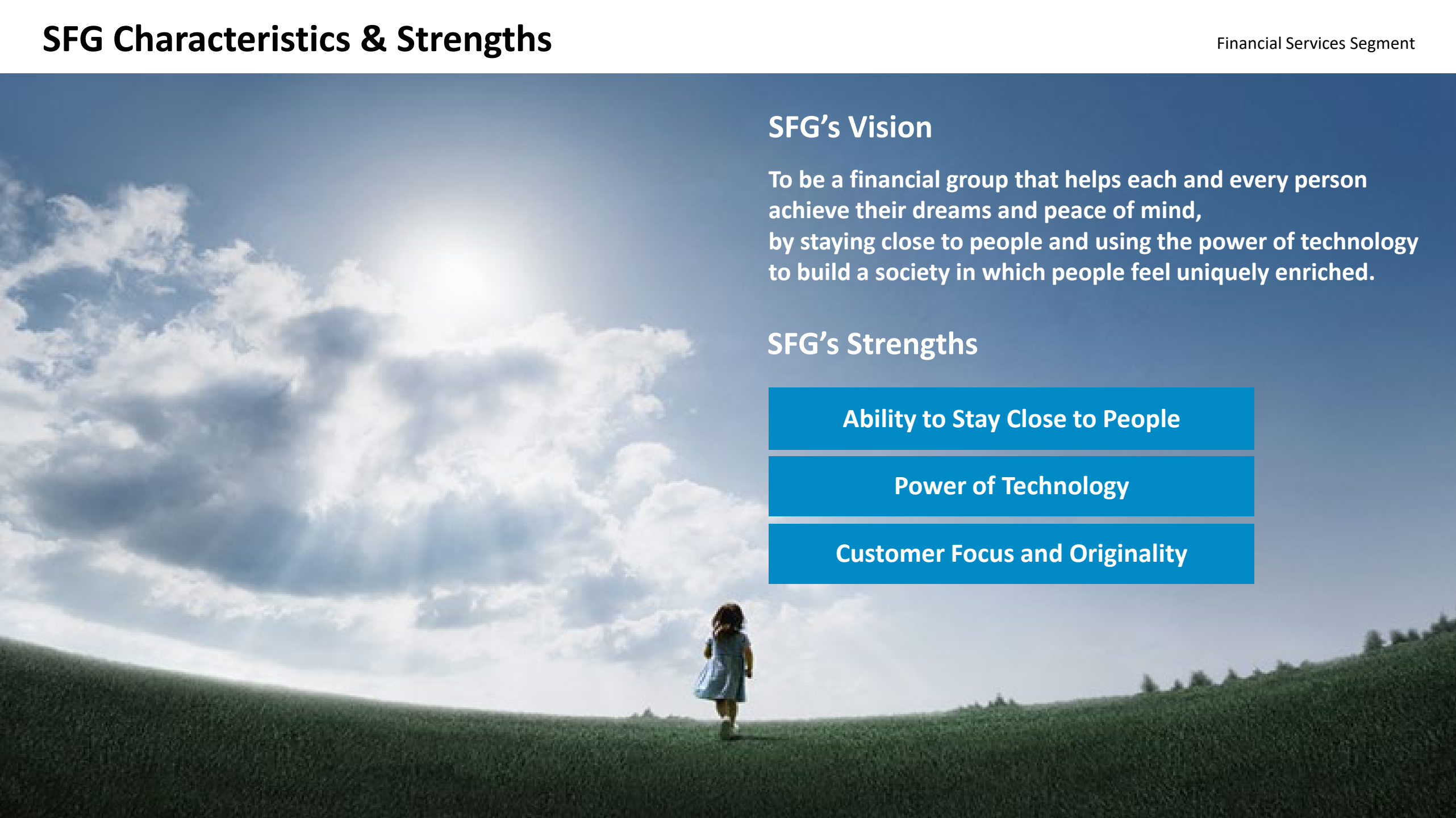
To be a financial group that helps each and every person achieve their dreams and peace of mind, by staying close to people and using the power of technology to build a society in which people feel uniquely enriched.

## SFG's Strengths

**Ability to Stay Close to People**

**Power of Technology**

**Customer Focus and Originality**



# Today's Key Messages

- 1 | The Mid-Range Plan is making steady progress. Business scale is steadily increasing based on the strength of our uniqueness as a comprehensive financial group mainly focusing on life insurance, non-life insurance and banking businesses.
- 2 | We will work to expand profit growth by following through on our initiative to make a qualitative shift toward higher productivity of Sony Life's Lifeplanner sales specialists and improvement of profitability.
- 3 | To fulfill our social responsibility as a Sony Group member, we have added new priority measures: advance sustainability and thoroughly enhance Group governance.
- 4 | Over the medium-to long-term, we plan to expand our customer base and touchpoints through wider applications of technology and strategic alliances, as well as through our increasing efforts to deepen our relationships with core customers, aiming to maximize customer lifetime value.

## Key Principle

**Maximize Corporate Value through Self-Transformation**

Strengthen Group Capabilities, Achieve Profitable & Sustainable Growth

## Strategic Pillars

**1**

Strengthen core/unique competitive advantages

**2**

Alter profit structure to withstand low interest rates

**3**

Further evolve customer-centric management

**4**

Strengthen competitive edge through technology

**5**

Maximize Group synergies



Advance sustainability

Thoroughly enhance Group governance

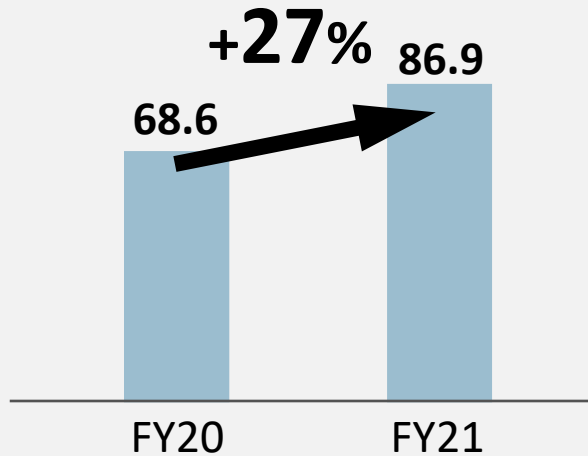
# FY21 Achievements:

## Core Business Expansion on Our Strengths (Sony Life)



### Productivity per Lifeplanner

New policy amount / Total number of Lifeplanner sales specialists (¥million/person)

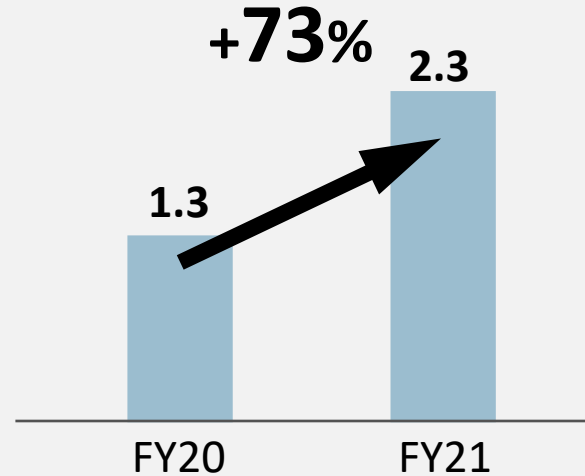


- Steady growth resulting from strengthened corporate business and enhanced sales skills



### Corporate Business

New policy amount for corporate customers (¥trillion)

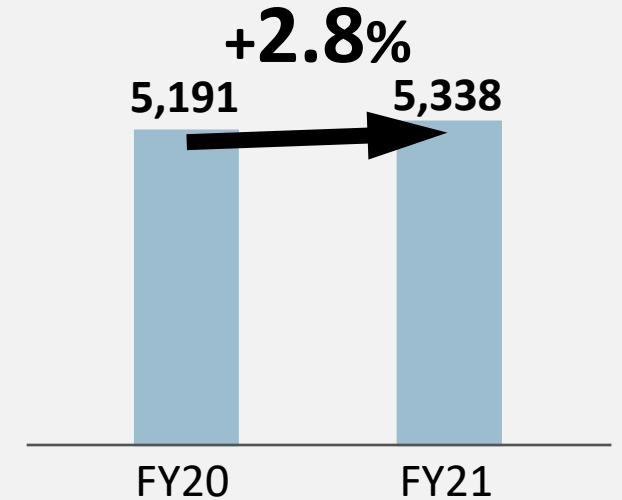


- Substantial business growth for both Lifeplanner sales specialists and agencies due to competitive products and strong customer relations



### Number of Lifeplanner Sales Specialists

(persons)



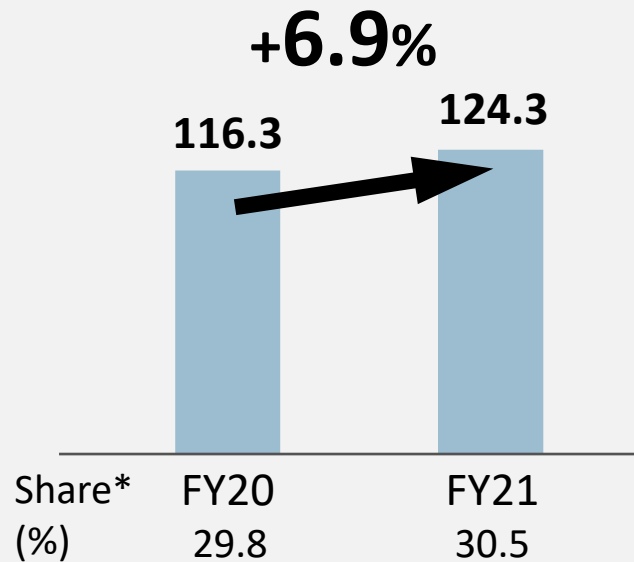
- Steady increase resulting from careful hiring process that centers on quality

# FY21 Achievements: Core Business Expansion on Our Strengths



## Sony Assurance: Auto Insurance

Direct premiums written (¥billion)



- Major growth due to increases in new contracts and policyholder retention rate; maintained top position in direct auto insurance

\* Sony Assurance's share of domestic direct auto insurance market (compared with actual results for first half)

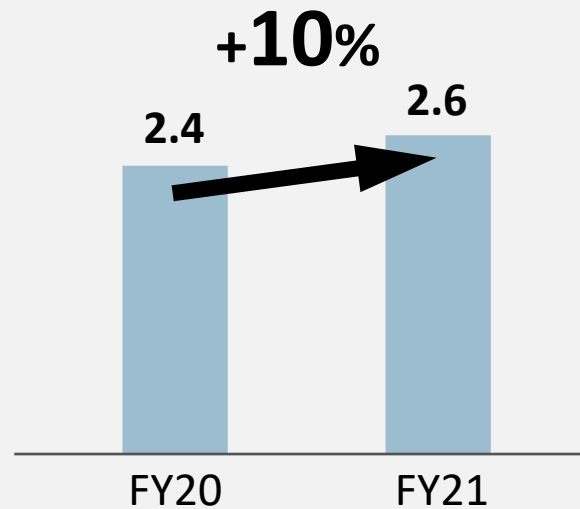
\*\* Sony Life ranked highest overall in 2022 Oricon customer-satisfaction (R) survey for life-insurance, medical-insurance, and individual annuity insurance segments;

Sony Assurance held first place in 2021 J.D. Power ranking for auto-insurance claim satisfaction; Sony Bank ranked highest overall in mortgage loan segment in results of 2021 Oricon customer-satisfaction (R) survey



## Sony Bank: Mortgage Loans

Mortgage loan balance (¥trillion)



- Grew to level of leading regional banks due to growth in origination amount of new mortgage loans



## Customer Satisfaction

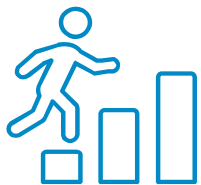
Sony Life, Sony Assurance and Sony Bank all achieved **first place in customer-satisfaction surveys\*\***

- Continued to be rated highly for customer satisfaction due to high-quality products & services and commitment to customer-focused operations

# Unlocking the Full Potential of Our Core Asset: Lifepanner Sales Specialists

## Raise overall quality of Lifepanner sales specialists

Raise productivity of all Lifepanner sales specialists by providing stronger support to top performers and making their methods standard practices for lower performers to follow



## Develop optimized, data-driven solutions for customers

Further raise personalized value for customers by using scientific sales support enhanced with data analysis and AI



## Evolve customer- focused business using NPS®

Improve and strengthen sales methods through full introduction of NPS® to make quantitative assessments of customer relations

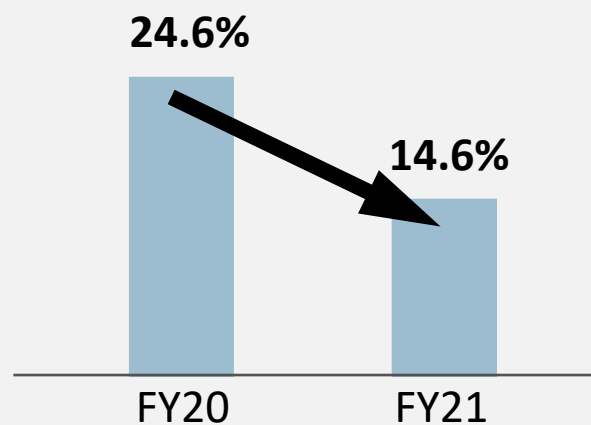




# Alter Profit Structure to Withstand Low Interest Rates (Sony Life)

## Product Mix (% of whole-life insurance in new policies)\*

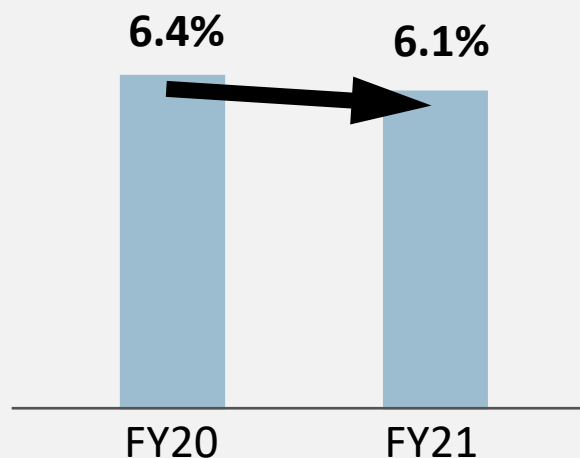
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- Interest rate risk steadily reduced
- Satisfied corporate needs and promoted variable life/annuity products

## Expense Ratio\*\*

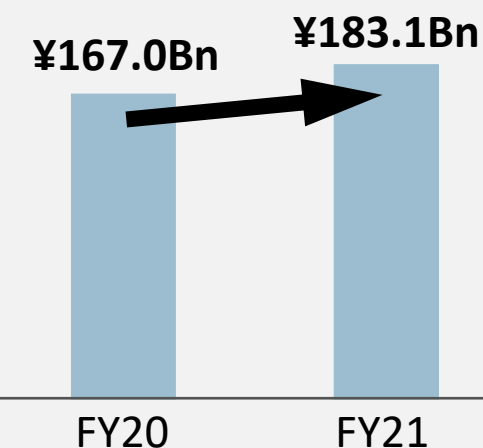
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- Appointed new dedicated executive officer and specialized team
- Promoted cost-structure review through digitization & business-process reengineering

## Asset Management Revenue\*\*\*

**+¥16.1Bn**



- Increased as managed assets grew
- Investment asset classes expanded; asset-management system enhanced

\* Based on component ratio in annualized premiums from new policies

\*\* (Operating cost less Lifeplanner commission, agency fees, etc.) divided by annualized premiums from insurance in force

\*\*\* Interest, dividend and gain/loss on sale of securities

# Strengthen Competitive Edge through Technology: Achievements so Far



## Utilize technology to reinforce Lifeplanner sales specialists

- Promoted development of a new consulting system to further improve the ability to make proposals to customers
- Began AI-based automatic creation of proposals and information provision meeting individual customer needs



## Data-driven insurance offerings and marketing

- Good Drive smartphone app provided free to give safe-driving scores and advice
- Portion of auto-insurance premiums refunded depending on score
- Marketing application of the Sony Group's deep learning technology and causal information analysis technology



## Evolve remote consultation through telepresence

- Remote consulting system employing ultra-high resolution, visibility control and high sound-quality technologies developed by Sony R&D Center
- Enabled remote consultation that lets customers feel they share same space



# Strengthen Competitive Edge through Technology



 Sony Life

 Sony Assurance

 Sony Bank

**AI & Machine Learning**

**Health Care**

**Sensing Technology**

# Maximize Group Synergies: Utilize Data to Improve Value Provided to Customers

## Build base for intra-SFG data-sharing

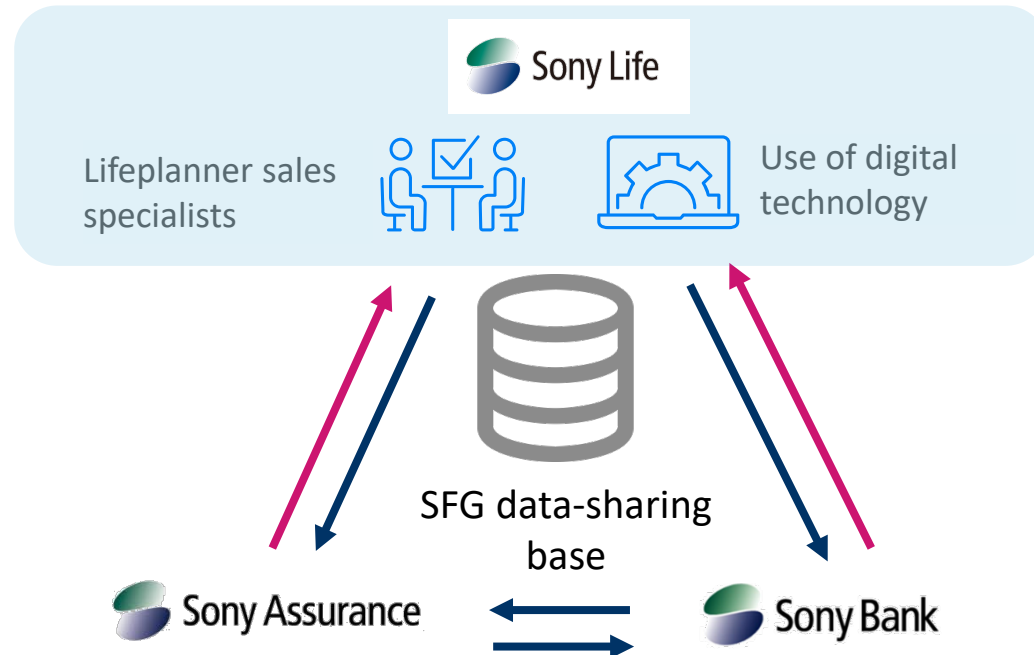
- Aim to merge databases & start sharing by FY23; proceeding as planned
- Promote more specific data utilization under leadership of Chief Data Officer (CDO)

## Provide more value to customers

- Increase customer referrals & cross-selling within SFG (especially from Sony Assurance & Sony Bank to Sony Life)
- Work to create new customer experiences with future use of Sony Group assets in mind

- Mutual customer referrals within SFG
- Build base for intra-SFG data-sharing

Create new value unique to Sony Group



Sony Financial Group



**SONY**

# Promote Sustainability

**Create value through business**



**Facilitate safety and peace of mind in life**

Stay close to individual and corporate customers in providing services



**Contribute to society by supporting public health and longevity**

Future planning simulation; youth financial education



**Make life more convenient**

Higher level of customer support through technology



**Enhance ESG foundation**



**Address climate-change issues**

Disclose information relevant to Task Force on Climate-Related Financial Disclosures (TCFD); reduce greenhouse-gas emissions



**Promote ESG investment**

Draw up ESG investment policy; build ESG-focused asset-management system



**Improve environments with diversity, equity and inclusion in mind**

Increase employment of women Lifeplanner sales specialists; improve accessibility; ensure workplaces are easy to work in



**Manage KPIs by setting quantitative targets, and reflect in executive evaluation & remuneration**

## Misconduct at a Sony Life Subsidiary\*

- August 4, 2021: Sony Life: “Money Transfer from Sony Life Subsidiary”
  - Sony Life confirmed and announced roughly 17 billion yen\*\* was transferred from bank account of SA Reinsurance Ltd., a consolidated foreign subsidiary, without their approval
- December 1, 2021: Sony Life: “Arrest of Employee”
  - Sony Life announced that an employee was arrested by Tokyo Metropolitan Police on charges of fraud related to the above incident
- December 21, 2021: Sony Life: “Employee Referred to Prosecutor’s Office”
  - Sony Life announced that the employee related to the above incident was referred to the Prosecutor’s Office for violation of the Act on Punishment of Organized Crime and Control of Crime Proceeds (charges of concealing criminal profits)



**Procedures to recover the funds underway  
(full recovery expected within FY22)**

\* Content on this page is based on information available as of May 17, 2022

\*\* Operating loss of 16.8 billion yen was recorded in FY21

To prevent recurrence of similar issues, enhancing role of holding company and having it more deeply involved in internal control of SFG companies

## Reforming workflow of each SFG company, under holding company control

- Introduced framework to ensure appropriateness of fund disbursement procedures
- Reviewed internal rules of each SFG company

## Enhancing holding company audit function as “third line of defense”

- Hired an experienced, dedicated executive officer to take charge of the audit department in the holding company from outside
- Enhanced cooperation with the audit department of each SFG company

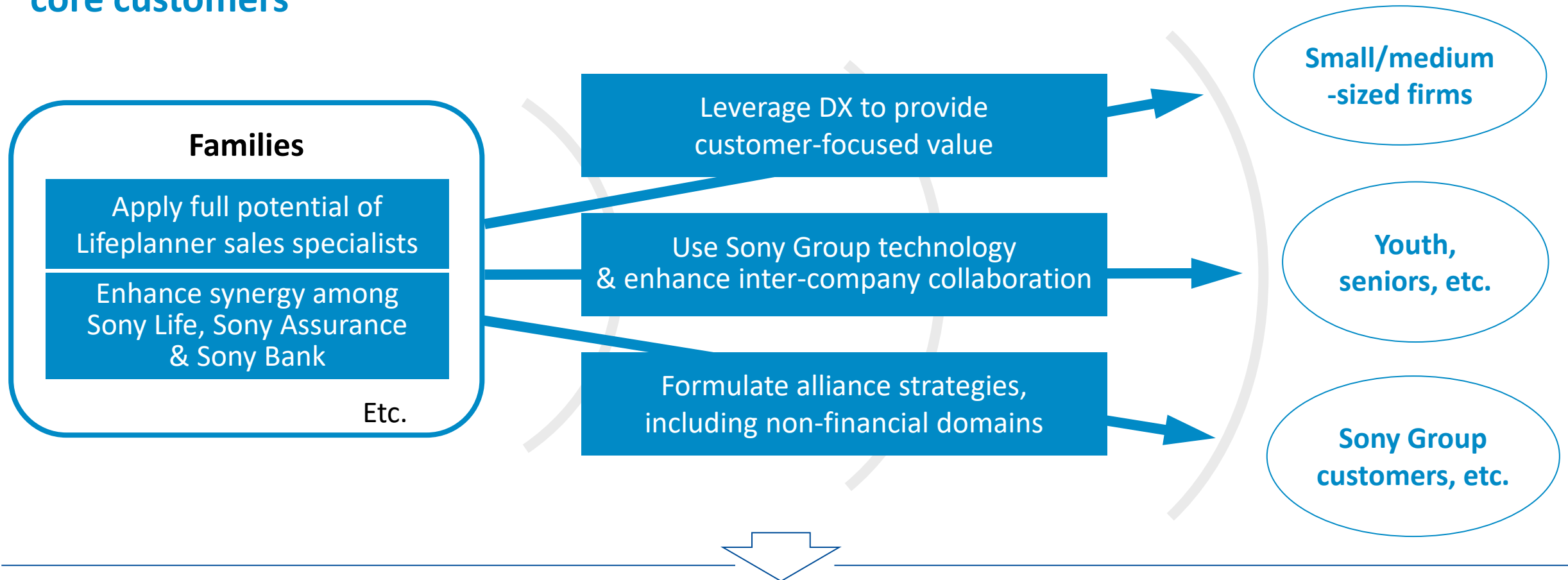
## Cultivating healthy organizational climate

- Enhanced bilateral communication between management and employees
- Enhanced compliance training for managers

# Direction of Longer-term Growth Strategy

**Current Mid-Range Plan:**  
Deepen relationship with core customers

› **Longer-term strategy: Expand and enhance customer base & touchpoints**

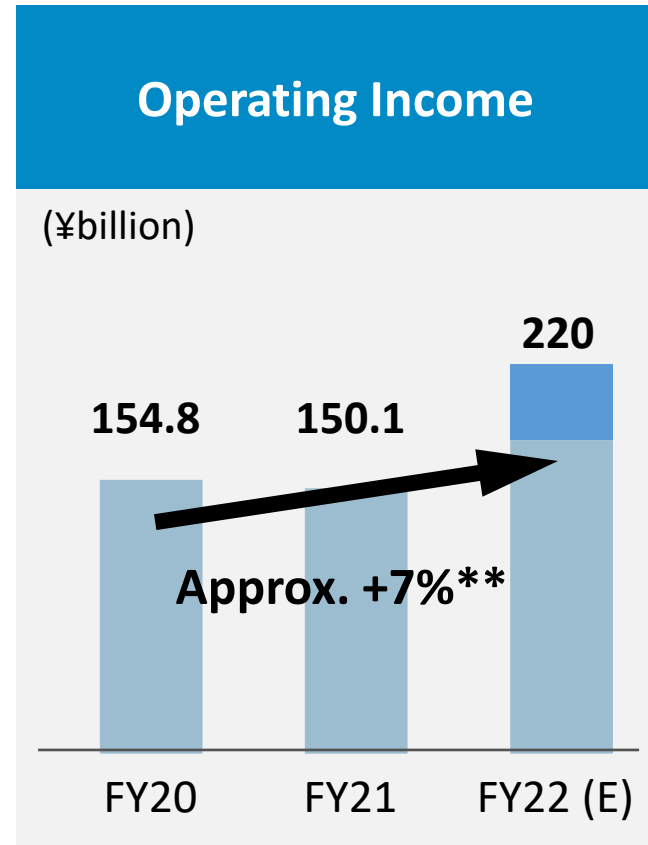
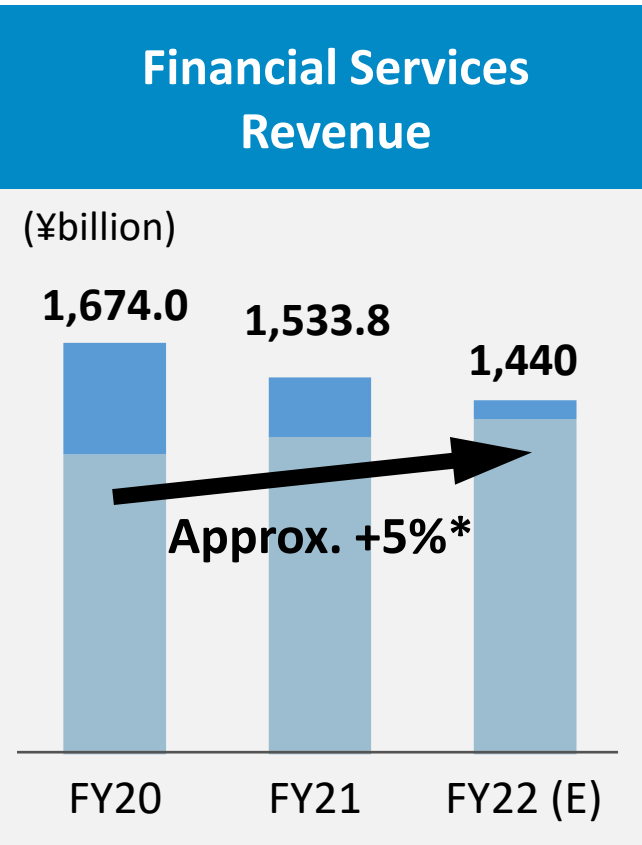


**Refine value unique to Sony Group Financial Business and maximize customer lifetime value**



# Financial Management Targets for Mid-Range Plan

- Steady progress toward FY23 goals
- Will announce in a timely and appropriate manner should review of financial management targets become necessary due to the impact of IFRS 17 (insurance contracts) application in FY23



IFRS Operating Income\*\*\*  
FY20 → FY23  
CAGR: +5% or higher

IFRS ROE \*\*\*  
(FY23~)  
8% or higher

\* CAGR excluding special account investment revenue and gain on sale of real estate (blue); \*\* CAGR excluding FY22 gain on sale of real estate and recovery of funds related to unauthorized withdrawal (blue)

\*\*\* IFRS 17 (insurance contracts) will be applied in FY23

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

Risks and uncertainties also include the impact of any future events with material adverse impact. The continued impact of COVID-19 and developments relating to the situation in Ukraine and Russia could heighten many of the risks and uncertainties noted above. Important information regarding risks and uncertainties is also set forth in Sony's most recent Form 20-F, which is on file with the U.S. Securities and Exchange Commission.