

SONY

Q3 FY2025 Consolidated Financial Results

(Three months ended December 31, 2025)

February 5, 2026

Sony Group Corporation

Please be aware that, in the following remarks, statements made with respect to Sony's current plans, estimates, strategies and beliefs and other statements that are not historical facts are forward-looking statements about the future performance of Sony. These statements are based on management's assumptions in light of the information currently available to it, and, therefore, you should not place undue reliance on them.

Sony cautions you that a number of important factors could cause actual results to differ materially from those discussed in the forward-looking statements.

For additional information as to risks and uncertainties, as well as other factors that could cause actual results to differ, please refer to today's press release, which can be accessed by visiting www.sony.com/en/SonyInfo/IR.

A dark-themed background featuring a complex financial chart with multiple data series. The chart includes candlestick patterns in green and red, overlaid with various colored lines (blue, red, green) and a dashed red trend line. The overall aesthetic is professional and data-driven.

Q3 FY2025 Results and FY2025 Results Forecast for Continuing Operations

Overview by Segment

- Today I will explain the content shown here.

Q3 FY2025 Results for Continuing Operations^{*1}

(Bln Yen)	Q3 FY24	Q3 FY25	Change
Sales	3,693.4	3,713.7	+20.3 (+1%)
Operating income	423.0	515.0	+92.1 (+22%)
Operating income margin	11.5%	13.9%	+2.4 pts
Income before income taxes	447.7	500.2	+52.5 (+12%)
Net income attributable to Sony Group Corporation's stockholders	341.1	377.3	+36.2 (+11%)
Net income attributable to Sony Group Corporation's stockholders per share of common stock (diluted) ^{*2}	56.42 yen	62.82 yen	+6.40 yen
Average Rate			
1 US dollar	152.2 yen	154.0 yen	
1 Euro	162.5 yen	179.2 yen	

^{*1} The above results represent the results for continuing operations. For Q3 FY25 results on a consolidated basis including the discontinued operation, refer to "Consolidated Financial Summary for the Third Quarter Ended December 31, 2025" (applies to all following pages).

^{*2} Sony Group Corporation conducted a five-for-one stock split of its common stock effective October 1, 2024, with a record date of September 30, 2024. The above figures for Net income attributable to Sony Group Corporation's stockholders per share of common stock (diluted) are calculated based on the assumption that the stock split was conducted at the beginning of FY24.

- Sales of continuing operations in FY25 Q3 increased 1% compared to the same quarter of the previous fiscal year ("year-on-year") to 3 trillion 713.7 billion yen, and operating income increased 22% to 515.0 billion yen. Both were record highs for the third quarter.
- Net income increased 11% to 377.3 billion yen.

Q3 FY2025 Results by Segment

(Bln Yen)

		Q3 FY24	Q3 FY25	Change	FX Impact
Game & Network Services (G&NS)	Sales	1,682.3	1,613.6	-68.7	+66.5
	Operating income	118.1	140.8	+22.8	+28.9
Music	Sales	481.7	542.4	+60.8	+5.1
	Operating income	97.4	106.4	+9.0	
Pictures	Sales	398.2	353.3	-45.0	+4.1
	Operating income	34.0	30.9	-3.2	
Entertainment, Technology & Services (ET&S)	Sales	704.5	658.1	-46.4	+14.9
	Operating income	77.1	59.4	-17.7	+6.8
Imaging & Sensing Solutions (I&SS)	Sales	500.9	604.3	+103.4	+3.6
	Operating income	97.5	132.0	+34.4	-0.3
All Other	Sales	25.8	25.4	-0.3	
	Operating income	-3.0	0.8	+3.8	
Corporate and elimination	Sales	-100.1	-83.5	+16.6	
	Operating income	1.8	44.7	+42.9	
Continuing Operations	Sales	3,693.4	3,713.7	+20.3	
	Operating income	423.0	515.0	+92.1	

Sales in each business segment represent sales recorded before intersegment transactions are eliminated (applies to all following pages). Operating income in each business segment represents operating income recorded before intersegment transactions are eliminated and excludes unallocated corporate expenses (applies to all following pages).

- The financial results by segment are shown here.

FY2025 Results Forecast for Continuing Operations including Tariff Impact

(Bln Yen)	FY24	FY25 FCT*1					
		November	February	Change from November			
Sales	12,034.9	12,000	12,300	+300 (+3%)			
Operating income	1,276.6	1,430	1,540	+110 (+8%)			
(Estimated tariff impact on operating income*2)	–	-50	-50	–			
Operating income margin	10.6%	11.9%	12.5%	+0.6 pts			
Income before income taxes	1,343.2	1,460	1,550	+90 (+6%)			
Net income attributable to Sony Group Corporation's stockholders	1,067.4	1,050	1,130	+80 (+8%)			
Operating Cash Flow	1,972.4	1,500	1,630	+130 (+9%)			
Foreign exchange rate	Actual·Average	Q3-Q4 (Assumption)	Q4 (Assumption)	Dividend per Share (Planned)*3			
1 US dollar	152.5 yen	Approx. 145 yen	Approx. 152 yen	Interim	Year-end	Total	Year-on-year Change
1 Euro	163.6 yen	Approx. 164 yen	Approx. 176 yen	12.5 yen	12.5 yen	25 yen	+5 yen

*1 The above results forecast for FY25 represents the forecast for continuing operations. For the results forecast for FY25 on a consolidated basis including the discontinued operation, refer to "Consolidated Financial Summary for the Third Quarter Ended December 31, 2025" (applies to all following pages).

*2 The above tariff impact is the estimated impact on the forecast for operating income of the continuing operations from the series of changes in U.S. tariff policy at this time. The estimated impact is calculated based on the tariff rates announced as of January 31, 2026. The actual impact could vary significantly from this estimation if future tariff policy or other factors are changed (applies to all following pages).

*3 The above dividend forecast for FY25 does not include the dividends in kind of the shares of SFGI from the Spin-off. In addition, Sony Group Corporation conducted a five-for-one stock split of its common stock effective October 1, 2024, with a record date of September 30, 2024. The above year-on-year change amount of dividends per share (planned) represent the amount after the stock split.

- We upwardly revised our full-year sales forecast from the previous forecast 3% to 12 trillion 300 billion yen, operating income 8% to 1 trillion 540 billion yen, and net income 8% to 1 trillion 130 billion yen.
- We increased our forecast for operating cash flow 9% to 1 trillion 630 billion yen.

FY2025 Results Forecast by Segment including Tariff Impact

(Bln Yen)

		FY24	FY25 FCT		
			November	February	Changes from November
Game & Network Services (G&NS)	Sales	4,670.0	4,470	4,630	+160
	Operating income	414.8	500	510	+10
Music	Sales	1,842.6	1,980	2,050	+70
	Operating income	357.3	385	445	+60
Pictures	Sales	1,505.9	1,500	1,500	-
	Operating income	117.3	125	125	-
Entertainment, Technology & Services (ET&S)	Sales	2,409.3	2,300	2,300	-
	Operating income	190.9	160	160	-
Imaging & Sensing Solution (I&SS)	Sales	1,799.0	1,990	2,080	+90
	Operating income	261.1	310	350	+40
All Other, Corporate and elimination	Operating Income	-64.8	-50	-50	-
Continuing Operations	Sales	12,034.9	12,000	12,300	+300
	Operating income	1,276.6	1,430	1,540	+110

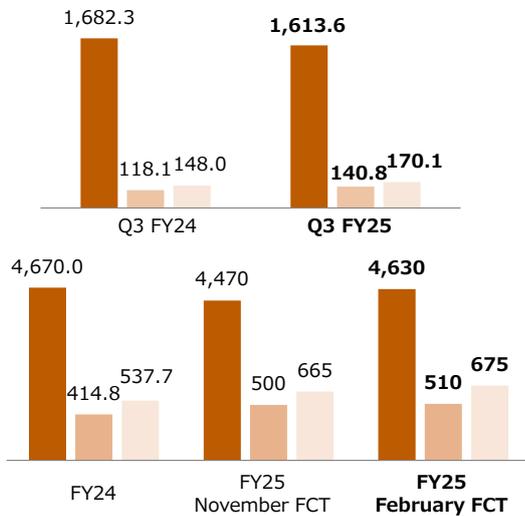
- The forecast for each segment is shown here.
- Now I will turn to an overview of each business.

Game & Network Services Segment

Sales, Operating Income and Adjusted OIBDA

■ Sales
■ Operating Income
■ Adjusted OIBDA

(Bln Yen)



Q3 FY2025 (year-on-year)

- Sales: 68.7 bln yen (4%) decrease (FX Impact: +66.5 bln yen)
 - (-) Decrease in sales of hardware due to a decrease in unit sales
 - (+) Impact of foreign exchange rates
- OI: 22.8 bln yen (19%) increase (FX Impact: +28.9 bln yen)
 - (+) Positive impact of foreign exchange rates
 - (+) Impact of increase in sales from network services
 - (+) Impact of increase in sales of first-party game software titles
 - (-) Increase in losses from hardware

FY2025 Forecast (change from November forecast)

- Sales: 160 bln yen (4%) upward revision
 - (+) Impact of foreign exchange rates
- OI: 10 bln yen (2%) upward revision
 - (+) Impact of increase in sales of non-first-party game software titles
 - (+) Positive impact of foreign exchange rates
 - (-) Impact of changes in the release dates of first-party titles

■ User engagement trended well in Q3 FY25, with Monthly Active Users* in December reaching a record 132 million accounts and total gameplay hours increasing year-on-year.

*Monthly Active Users is an estimated total number of unique accounts that played games or used services on the PlayStation™Network during the last month of the quarter and is based on company research and may be updated in the future.

Adjusted OIBDA is not a measure in accordance with IFRS Accounting Standards. However, Sony Group Corporation and its consolidated subsidiaries ("Sony") believe that this disclosure may be useful information to investors. For the formula for Adjusted OIBDA, see page 13. For its reconciliation, see "Supplemental Information for the Consolidated Financial Results for the Third Quarter Ended December 31, 2025" (applies to all following pages).

- First is the G&NS segment.
- FY25 Q3 sales decreased 4% year-on-year, primarily due to lower hardware unit sales.
- Operating income increased 19% year-on-year primarily due to the positive impact of foreign exchange rates and the impact of increased sales of network services and first-party software, setting a record for the third quarter in this segment.
- We upwardly revised our FY25 sales forecast 4% from the previous forecast to 4 trillion 630 billion yen and our operating income forecast 2% to 510 billion yen.



Game & Network Services

- **Platform Business**
- **Impact of Memory Market Conditions**
- **Studio Business**

- User engagement trended well during the quarter with the number of monthly active users (MAUs) across all of PlayStation in December increasing 2% compared to last December to a record high of 132 million accounts and total play time for the quarter increasing 0.4% year-on-year.
- Although conditions in the console hardware market during the year-end selling season were more challenging than expected, we were able to steadily expand our PlayStation 5 (PS5) installed base in line with our original plan and exceeded 92 million units on a cumulative sell-in basis.
- While PS5 hardware unit sales have decreased moderately in the latter half of the console cycle, software revenue from the PlayStation™Store reached a record high during the quarter, primarily driven by the contribution of major third-party franchise titles and new hit releases.
- PlayStation®Plus significantly contributed to the results of the quarter as the shift to higher tiers of the service continued.
- As for securing a supply of memory, we are already in a position to secure the minimum quantity necessary to manage the year-end selling season of next fiscal year. Going forward, we intend to further negotiate with various suppliers to secure enough supply to meet the demand of our customers.
- Given the stage of our console cycle, our hardware sales strategy can be adjusted flexibly, and we intend to minimize the impact of the increased memory costs on this segment going forward by prioritizing monetization of the installed base to date and striving to further expand our software and network services revenue.



Game & Network Services

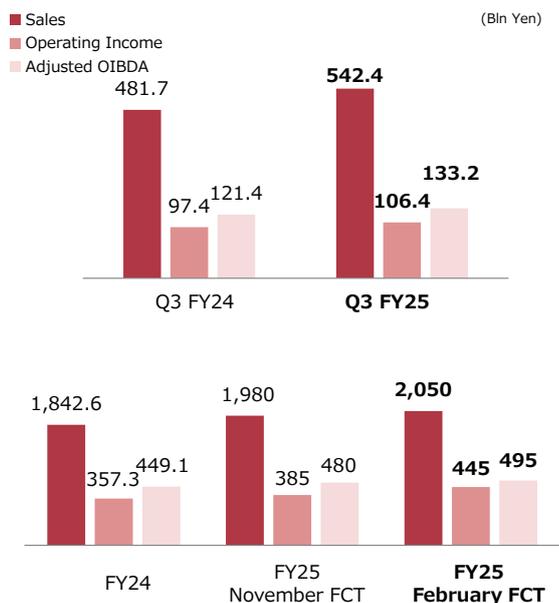
- Platform Business
- Impact of Memory Market Conditions
- **Studio Business**

- In the studio business, *Ghost of Yōtei*, a tentpole title we released in October, exceeded the sales of the previous title in the same period of time and significantly contributed to the financial results of the quarter.
- Our established live service titles like *Helldivers 2* and *MLB The Show* also contributed stable recurring revenue.
- We expect that *Marathon*, which is scheduled to be released on March 5, will be enjoyed by many users thanks to Bungie (Bungie, Inc.) having strengthened the gaming experience.
- Next fiscal year, we plan to release new titles such as *Saros* and *Marvel's Wolverine*, and we intend to enhance our efforts to increase the revenue of our studio business.

Music Segment

Sales, Operating Income and Adjusted OIBDA

(Bln Yen)



Q3 FY2025 (year-on-year)

- Sales: 60.8 bln yen (13%) increase (FX Impact: +5.1 bln yen)
 - (+) Higher revenues from live events and merchandising in Recorded Music
 - (+) Higher revenues from streaming services in Recorded Music and Music Publishing
- OI: 9.0 bln yen (9%) increase
 - (+) Impact of increase in sales

FY2025 Forecast (change from November forecast)

- Sales: 70 bln yen (4%) upward revision
 - (+) Impact of foreign exchange rates
 - (+) Higher revenues from live events and merchandising in Recorded Music
- OI: 60 bln yen (16%) upward revision
 - (+) Remeasurement gain from the acquisition of additional equity interest in Peanuts Holdings LLC (approx. 45 bln yen)

■ Q3 FY25 streaming revenue year-on-year growth rates on a U.S. dollar basis were +5% for Recorded Music and +13% for Music Publishing.

- Next is the Music segment.
- Primarily due to an increase in live events sales and streaming revenue in Recorded Music, FY25 Q3 sales increased 13% year-on-year.
- Operating income increased 9%, reaching a record high for the third quarter, excluding one-time items.
- On a U.S. dollar basis, streaming revenues for the quarter increased 5% year-on-year in Recorded Music and 13% in Music Publishing.
- We upwardly revised our sales forecast 4% from the previous forecast to 2 trillion 50 billion yen and our operating income forecast 16% to 445 billion yen.
- We incorporated a remeasurement gain of approximately 45 billion yen from the acquisition of an additional equity interest in Peanuts Holdings (Peanuts Holdings LLC) in the forecast for operating income.



Music

- **Recorded Music and Music Publishing**
- **Visual Media & Platform**

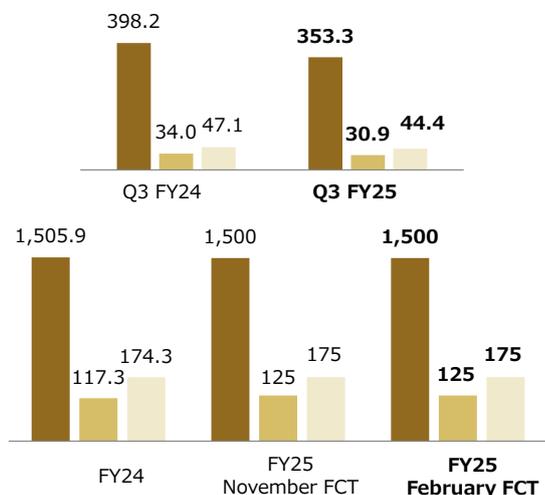
- SMG (Sony Music Group) artists delivered hits during the quarter and the sales of SMG continued to increase by double digits year-on-year, like in the previous quarter.
- Rosalía's new album *LUX* reached No. 1 globally in its first week on Spotify and Peso Pluma's collaborative album *DINASTÍA* is one of the most streamed on Spotify.
- These global successes and global hit artists are the result of SMG's strategic focus on discovering local artists and supporting their musical endeavors.
- Many SMG artists and songwriters received accolades and nominations at the 68th Annual Grammy Awards held in the U.S. earlier this month, with Bad Bunny (Rimas Entertainment) winning Album of the Year for *DeBí TIRAR Más FOToS*, as Beyoncé did last year.
- In Visual Media and Platform, the theatrical release of *Demon Slayer: Kimetsu no Yaiba – The Movie: Infinity Castle*, which has exceeded 100 billion yen in global box office revenue, continued to contribute, and the mobile game *Fate/Grand Order*, which celebrated its 10th anniversary in July 2025, contributed more to our results than expected.

Pictures Segment

Sales, Operating Income and Adjusted OIBDA

(Bln Yen)

- Sales
- Operating Income
- Adjusted OIBDA



Q3 FY2025 (year-on-year)

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

- Sales: 45.0 bln yen (11%) decrease (U.S. dollar basis: -324 mil USD / -12%)
 - (-) Lower revenues from theatrical releases in the current fiscal year in Motion Pictures
- OI: 3.2 bln yen (9%) decrease (U.S. dollar basis: -26 mil USD / -11%)
 - (-) Impact of decrease in sales
 - (+) Lower marketing costs for theatrical releases

FY2025 Forecast (change from November forecast)

- Sales: Remains unchanged from November forecast
- OI: Remains unchanged from November forecast

- Q3 FY25 sales decreased 11% year-on-year and operating income decreased 9%, because Q3 FY24 benefited from the contribution of the blockbuster film *Venom: The Last Dance* and licensing revenue from other theatrically released films.

- Next is the Pictures segment.
- FY25 Q3 sales decreased 11% year-on-year and operating income decreased 9%, primarily because the same quarter of the previous fiscal year benefitted from the contribution of the blockbuster film *Venom: The Last Dance* and licensing revenue from other theatrically released films.
- Our forecast is unchanged from the previous forecast.



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Pictures

- Global Pay-1 Licensing Agreement with Netflix

- In January, SPE (Sony Pictures Entertainment Inc.) signed a new Pay-1 licensing agreement with Netflix (Netflix, Inc.).
- Through this agreement, Netflix will stream, on a global basis, SPE's future theatrical films in the Pay-1 window, the initial window within the long TV licensing period that follows the theatrical and home entertainment periods.
- This agreement is an industry-first global licensing deal that will enable SPE to secure an even more stable revenue base during the period of the deal.
- Furthermore, the signing of this agreement is proof of SPE's excellent production capabilities and the power of its appealing IP. As an independent production company, we will continue to pursue other licensing opportunities with a wide range of distribution partners beyond the Pay-1 window.

Additional Investment in PEANUTS IP

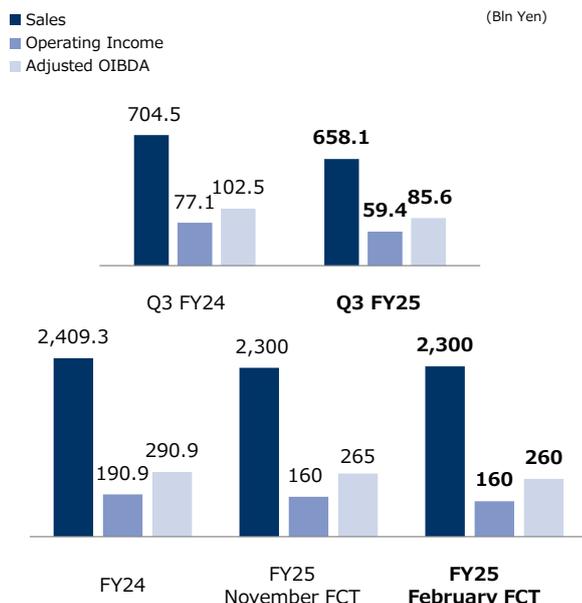


©Peanuts Worldwide LLC
Courtesy of Peanuts Worldwide

- Now I will explain our additional investment in PEANUTS IP, which we announced in December as an initiative that spans our Music and Pictures segments.
- Through this transaction, Sony will gain ownership of 80% of Peanuts Worldwide (Peanuts Worldwide LLC), which owns the rights and manages the business of PEANUTS IP, one of the world's leading "evergreen" IPs.
- While closely collaborating with the family of Mr. Schulz, the creator of PEANUTS, which owns the remaining 20%, we aim to further grow the scale of the business and further increase the value of the brand over the long term by leveraging the strengths of the Sony Group.
- Specifically, we aim to enhance SMEJ's (Sony Music Entertainment (Japan) Inc.) music, video and event business by leveraging PEANUTS IP and collaborating with SMEJ's artists and content. Furthermore, by utilizing SPE's production capabilities and distribution network, we aim to make PEANUTS IP more accessible to a wider audience and share its charm with people all over the world.
- The transaction is expected to close during the current fiscal year, subject to certain closing conditions, including regulatory approvals by the relevant authorities.

Entertainment, Technology & Services Segment

Sales, Operating Income and Adjusted OIBDA



Q3 FY2025 (year-on-year)

- Sales: 46.4 bln yen (7%) decrease (FX Impact: +14.9 bln yen)
 - (-) Decrease in unit sales in Displays
- OI: 17.7 bln yen (23%) decrease (FX Impact: +6.8 bln yen)
 - (-) Impact of decrease in sales in Displays
 - (+) Reductions in operating expenses

FY2025 Forecast (change from November forecast)

- Sales: Remains unchanged from November forecast
- OI: Remains unchanged from November forecast

- Despite a continued decline in sales in China due to reduced government subsidies and overall market weakness during the Singles' Day shopping season, demand in the global interchangeable lens camera market in Q3 FY25 remained strong year-on-year, mainly in Asia.
- The a7 V, released last December, has been selling well as a new product positioned in the volume zone of the full-frame mirrorless single-lens reflex camera market, and we expect it will continue to contribute to sales in Q4 FY25.

- Next is the ET&S segment.
- FY25 Q3 sales decreased 7% year-on-year, and operating income decreased 23% year-on-year, primarily due to the impact of lower sales, partially offset by an improvement in operating expenses.
- Our full-year forecast remains unchanged from the previous forecast.



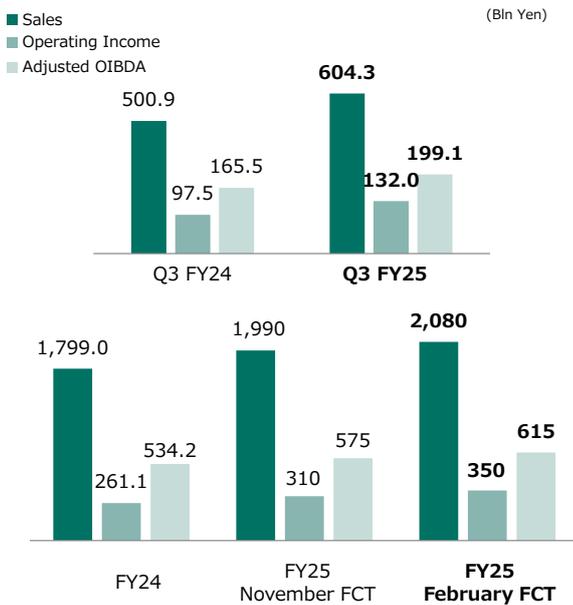
Entertainment, Technology & Services

- **Imaging Business**
- **Impact of Memory Market Conditions**
- **Memorandum of Understanding for Strategic Partnership with TCL in Home Entertainment Field**

- Despite a continued decline in sales in China due to reduced government subsidies and weakness in the overall market during the shopping season for Singles' Day, demand in the global interchangeable lens camera market during the quarter remained strong year-on-year, mainly in Asia.
- The α7 V, released in December, has been selling well as a new product for the volume zone of the full-frame mirrorless single-lens reflex camera market, and we expect it will continue to contribute to sales in the fourth quarter ending March 31, 2026 ("FY25 Q4").
- Regarding the impact of the situation in the market for memory, we are almost in a position to secure the quantity we need through the year-end selling season of next fiscal year. We will continue to monitor the situation while working to minimize the impact on profitability.
- On January 20, Sony signed an MoU (memorandum of understanding) with TCL (TCL Electronics Holdings Limited) aimed at forming a strategic partnership in the home entertainment field.
- In the MoU, both companies agreed that a joint venture between the two companies would operate Sony's home entertainment business, and we are negotiating the details with the intention of executing a definitive agreement by the end of March.
- By leveraging Sony's high-definition and high-fidelity technology, brand strength and operational management capability while utilizing TCL's advanced display technology, cost competitiveness and vertical supply chain strength, the joint venture aims to further strengthen the competitiveness of this business and realize sustainable growth.

Imaging & Sensing Solutions Segment

Sales, Operating Income and Adjusted OIBDA



Q3 FY2025 (year-on-year)

- Sales: 103.4 bln yen (21%) increase (FX Impact: +3.6 bln yen)
 - (+) Increase in sales of image sensors for mobile products
 - (+) Increase in unit sales
 - (+) Improvement in product mix
- OI: 34.4 bln yen (35%) increase (FX Impact: -0.3 bln yen)
 - (+) Impact of increase in sales

FY2025 Forecast (change from November forecast)

- Sales: 90 bln yen (5%) upward revision
 - (+) Increase in sales of image sensors for mobile products
 - (+) Impact of foreign exchange rates
- OI: 40 bln yen (13%) upward revision
 - (+) Impact of increase in sales
 - (+) Positive impact of foreign exchange rates
 - (-) Increase in restructuring costs

- Sales of image sensors for mobile products increased significantly year-on-year in Q3 FY25 due to a gradual recovery in the smartphone market, strong shipments for new products from our major customer, and higher die-sized sensors.
- We are continuing to take action to address low-margin businesses to improve the profitability of the business. As a part of that, we have incorporated additional expenses for resource and asset optimization of the relevant businesses in our forecast for Q4 FY25.

- Last is the I&SS segment.
- FY25 Q3 sales increased 21% year-on-year and operating income increased 35%, both of which were record highs for the third quarter for the segment. These are primarily due to an increase in sales volume and unit prices of mobile image sensors.
- We upwardly revised our sales forecast 5% to 2 trillion 80 billion yen and operating income forecast 13% to 350 billion yen, primarily driven by the increase in sales volume of sensors for mobile devices and the impact of foreign exchange rates.



Imaging & Sensing Solutions

- **Mobile Image Sensor Business**
- **Impact of Memory Market Conditions**
- **Actions to Improve Profitability**

- Mobile image sensor sales during the quarter increased significantly year-on-year due to a gradual recovery in the smartphone market, strong shipments for new products from our major customer and higher die-sized sensors.
- Because recent orders are stable, we believe that the supply chain concerns we mentioned at the previous earnings announcement have receded, and we have upwardly revised our annual shipment forecast for mobile image sensors.
- Going forward, we think that the impact of the situation in the memory market will become more apparent mainly in the form of fewer smartphones made, primarily for the low-end market. Since Sony's image sensors are primarily for the high-end market, at this time, we think the impact will be relatively small.
- We will continue to monitor the situation while keeping in close contact with our customers.
- In addition, we are continuing to take action to address low-margin businesses, as we mentioned at the previous earnings announcement. As a part of that, we have incorporated additional expenses for resource and asset optimization of the relevant businesses in our forecast for FY25 Q4.
- We will continue to focus on improving our business portfolio and raising our profitability.

Closing

- To summarize, the G&NS, Music and I&SS segments achieved record high operating income and are driving the profit growth of the Sony Group overall this quarter. We believe that the structural profitability of the Group is further improving.
- Given the continued uncertain business environment, we plan to carefully manage our business and consistently produce results as we approach the fiscal year end. We intend to take actions this fiscal year to get off to a good start next fiscal year.
- As for shareholder returns, today we increased the maximum of our share repurchase facility established in November 2025 from 100 billion yen to 150 billion yen.
- This concludes my remarks.

SONY

Notes

Notes about Adjusted OIBDA

Adjusted OIBDA (Operating Income Before Depreciation and Amortization) is calculated by the following formula:

Adjusted OIBDA = Operating income + Depreciation and amortization expense* - the profit and loss amount that Sony deems non-recurring

* In the above formula, depreciation and amortization expense excludes amortization for film costs and broadcasting rights, as well as for internally developed game content and master recordings included in Content assets.

Adjusted OIBDA is not a measure in accordance with IFRS Accounting Standards. However, Sony believes that this disclosure may be useful information to investors. Adjusted OIBDA should be considered in addition to, not as a substitute for, Sony's results in accordance with IFRS Accounting Standards.

Sales on a Constant Currency Basis and the Impact of Foreign Exchange Rate Fluctuations

The descriptions of sales on a constant currency basis reflect sales calculated by applying the yen's monthly average exchange rates from the same period of the previous fiscal year to local currency-denominated monthly sales in the relevant period of the current fiscal year. For Sony Music Entertainment ("SME") and Sony Music Publishing LLC ("SMP") in the Music segment, and in the Pictures segment, the constant currency amounts are calculated by applying the monthly average U.S. dollar / yen exchange rates after aggregation on a U.S. dollar basis.

Results for the Pictures segment are described on a U.S. dollar basis as the Pictures segment reflects the operations of Sony Pictures Entertainment Inc. ("SPE"), a U.S.-based operation that aggregates the results of its worldwide subsidiaries in U.S. dollars.

The impact of foreign exchange rate fluctuations on sales is calculated by applying the change in the yen's periodic weighted average exchange rate for the same period of the previous fiscal year from the relevant period of the current fiscal year to the major transactional currencies in which the sales are denominated. The impact of foreign exchange rate fluctuations on operating income (loss) is calculated by subtracting from the impact on sales the impact on cost of sales and selling, general and administrative expenses calculated by applying the same major transactional currencies calculation process to cost of sales and selling, general and administrative expenses as for the impact on sales. The I&SS segment enters into its own foreign exchange hedging transactions, and the impact of those transactions is included in the impact of foreign exchange rate fluctuations on sales and operating income (loss) for that segment.

This information is not a substitute for Sony's consolidated financial statements and condensed consolidated financial statements measured in accordance with IFRS Accounting Standards. However, Sony believes that these disclosures provide additional useful analytical information to investors regarding the operating performance of Sony.

Notes about Financial Performance of the Music and Pictures segments

The Music segment results include the yen-based results of Sony Music Entertainment (Japan) Inc. and the yen-translated results of SME and SMP, which aggregate the results of their worldwide subsidiaries on a U.S. dollar basis.

The Pictures segment results are the yen-translated results of SPE, which aggregates the results of its worldwide subsidiaries on a U.S. dollar basis. Management analyzes the results of SPE in U.S. dollars, so discussion of certain portions of its results is specified as being on "a U.S. dollar basis."

Cautionary Statement

Statements made in this material with respect to Sony's current plans, estimates, strategies and beliefs and other statements that are not historical facts are forward-looking statements about the future performance of Sony. Forward-looking statements include, but are not limited to, those statements using words such as "believe," "expect," "plans," "strategy," "prospects," "forecast," "estimate," "project," "anticipate," "aim," "intend," "seek," "may," "might," "could" or "should," and words of similar meaning in connection with a discussion of future operations, financial performance, events or conditions. From time to time, oral or written forward-looking statements may also be included in other materials released to the public. These statements are based on management's assumptions, judgments and beliefs in light of the information currently available to it. Sony cautions investors that a number of important risks and uncertainties could cause actual results to differ materially from those discussed in the forward-looking statements, and therefore investors should not place undue reliance on them. Investors also should not rely on any obligation of Sony to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Sony disclaims any such obligation. Risks and uncertainties that might affect Sony include, but are not limited to:

- (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 equity and bond markets on the revenue and operating income of the Financial Services business;
- (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 business;
- (xvi) risks related to catastrophic disasters, geopolitical conflicts, pandemic disease or similar events;
- (xvii) the ability of Sony, its third-party service providers or business partners to anticipate and manage cybersecurity risk, including the risk of unauthorized access to Sony's business information and the personally identifiable information of its employees and customers, potential business disruptions or financial losses; and
- (xviii) the outcome of pending and/or future legal and/or regulatory proceedings.

Risks and uncertainties also include the impact of any future events with material adverse impact. The continued impact of developments relating to the situations in Ukraine and Russia and in the Middle East, as well as the series of changes in U.S. tariff policy, 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.