SONY

Q1 FY2025 Consolidated Financial Results

(Three months ended June 30, 2025)

August 7, 2025

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.

- **Q1 FY2025 Financial Results and FY2025 Results Forecast (Continuing Operations)**
- **Segments Outlook**

- Today I will explain the content shown here. After that, Mr. Endo will explain the financial results of the Sony Financial Group.

Q1 FY2025 Results for Continuing Operations[*1]

(Bln Yen)	Q1 FY24	Q1 FY25	Change
Sales	2,565.4	**2,621.6**	+56.3 (+2%)
Operating income	249.1	**340.0**	+90.8 (+36%)
Operating income margin	9.7%	**13.0%**	+3.3 pts
Income before income taxes	286.9	**356.6**	+69.7 (+24%)
Net income attributable to Sony Group Corporation's stockholders	210.2	**259.0**	+48.9 (+23%)
Net income attributable to Sony Group Corporation's stockholders per share of common stock (diluted) [*2]	34.37 yen	**42.84 yen**	+8.47 yen
Average Rate			
1 US dollar	155.6 yen	**144.6 yen**	
1 Euro	167.6 yen	**163.6 yen**	

*1 The above results represent the results for continuing operations. For Q1 FY25 results on a consolidated basis including the discontinued operation, refer to "Consolidated Financial Summary for the First Quarter Ended June 30, 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 for the quarter increased 2% compared to the same quarter of the previous fiscal year ("year-on-year") to 2 trillion 621.6 billion yen, and operating income increased 36% to 340.0 billion yen, both of which were record highs for the first quarter.
- Net income increased 23% to 259.0 billion yen.

Q1 FY2025 Results by Segment

(Bln Yen)

		Q1 FY24	Q1 FY25	Change	FX Impact
Game & Network Services (G&NS)	Sales	864.9	**936.5**	+71.6	-44.9
	Operating income	65.2	**148.0**	+82.7	-0.1
Music	Sales	442.0	**465.3**	+23.3	-27.8
	Operating income	85.9	**92.8**	+6.9	
Pictures	Sales	337.3	**327.1**	-10.2	-25.2
	Operating income	11.3	**18.7**	+7.4	
Entertainment, Technology & Services (ET&S)	Sales	600.9	**534.3**	-66.7	-25.1
	Operating income	64.1	**43.1**	-20.9	-7.8
Imaging & Sensing Solutions (I&SS)	Sales	353.5	**408.2**	+54.7	-21.2
	Operating income	36.6	**54.3**	+17.6	-10.6
All Other	Sales	21.1	**19.3**	-1.8	
	Operating income	1.3	**-5.0**	-6.2	
Corporate and elimination	Sales	-54.4	**-69.1**	-14.7	
	Operating income	-15.3	**-11.9**	+3.4	
Continuing Operations	Sales	2,565.4	**2,621.6**	+56.3	
	Operating income	249.1	**340.0**	+90.8	

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

(Bln Yen)

	FY24		FY25 FCT*1 May	FY25 FCT*1 August	FY25 FCT*1 Change from May
Sales	12,034.9	Before tariff impact*2	11,700	**11,700**	–
Operating income	1,276.6	Before tariff impact*2	1,380	**1,400**	+20 (+1%)
(Estimated tariff impact on operating income*2)	–		-100	**-70**	+30
Operating income	1,276.6	After tariff impact*2	1,280	**1,330**	+50 (+4%)
Operating income margin	10.6%	After tariff impact*2	10.9%	**11.4%**	+0.4 pts
Income before income taxes	1,343.2	After tariff impact*2	1,280	**1,350**	+70 (+5%)
Net income attributable to Sony Group Corporation's stockholders	1,067.4	After tariff impact*2	930	**970**	+40 (+4%)
Operating Cash Flow	1,972.4	After tariff impact*2	1,240	**1,270**	+30 (+2%)

Foreign exchange rate	Actual･Average	Q1-Q4 (Assumption)	**Q2-Q4 (Assumption)**
1 US dollar	152.5 yen	Approx. 143 yen	**Approx. 143 yen**
1 Euro	163.6 yen	Approx. 153 yen	**Approx. 157 yen**

Dividend per Share (Planned)*3			
Interim	Year-end	**Total**	Year-on-year Change
12.5 yen	12.5 yen	25 yen	+5 yen

- The situation surrounding the additional U.S. tariffs is still fluid, and we intend to continue to monitor it and take action to minimize its impact.
- The impact of the additional U.S. tariffs on operating income is estimated to be approximately 70 bln yen, a decrease of 30 bln yen from the previous forecast.

*1 The above results forecast for FY25 represents the forecast for continuing operations. Sony has not included the share of profit (loss) of investments accounted for using the equity method in SFGI after the Spin-off in the above results forecast for FY25, and does not disclose forecasts for the discontinued operation or for consolidated results for FY25 (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 August 1, 2025. 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.

- Next, I will explain our full-year results forecast.
- Our sales forecast is unchanged from our previous forecast of 11 trillion 700 billion yen, and we have upwardly revised our operating income forecast from our previous forecast by 4% to 1 trillion 330 billion yen and our net income forecast by 4% to 970 billion yen.
- We raised our forecast for operating cash flow by 2% to 1 trillion 270 billion yen.

FY2025 Results Forecast by Segment

(Bln Yen)

			FY24		FY25 FCT		
					May	August	Change from May
Game & Network Services (G&NS)	Sales		4,670.0	Before tariff impact	4,300	**4,320**	+20
	Operating income		414.8		480	**500**	+20
Music	Sales		1,842.6		1,850	**1,870**	+20
	Operating income		357.3		355	**360**	+5
Pictures	Sales		1,505.9		1,500	**1,500**	–
	Operating income		117.3		125	**125**	–
Entertainment, Technology & Services (ET&S)	Sales		2,409.3		2,280	**2,280**	–
	Operating income		190.9		180	**180**	–
Imaging & Sensing Solutions (I&SS)	Sales		1,799.0		1,960	**1,960**	–
	Operating income		261.1		280	**280**	–
All Other, Corporate and elimination	Operating income		-64.8		-40	**-45**	-5
Continuing Operations (Before tariff impact)	Sales		12,034.9		11,700	**11,700**	–
	Operating income		1,276.6		1,380	**1,400**	+20
Estimated tariff impact on operating income	Operating income		–	After tariff impact	-100	**-70**	+30
Continuing Operations (After tariff impact)	Operating income		1,276.6		1,280	**1,330**	+50

- The forecasts for each segment are shown here.



Impact of Additional U.S. Tariffs

- Now I will provide an update on the impact of additional U.S. tariffs.
- Although there have been significant developments in the past few weeks regarding the situation surrounding the additional tariffs, there are still some fluid aspects such as product-specific tariffs. We plan to carefully assess the impact and our response throughout this fiscal year, based on multiple scenarios.
- Furthermore, we need to carefully consider the impact on each business of the product and pricing strategies we aim to undertake in response to the additional tariffs.

FY2025 Results Forecast by Segment

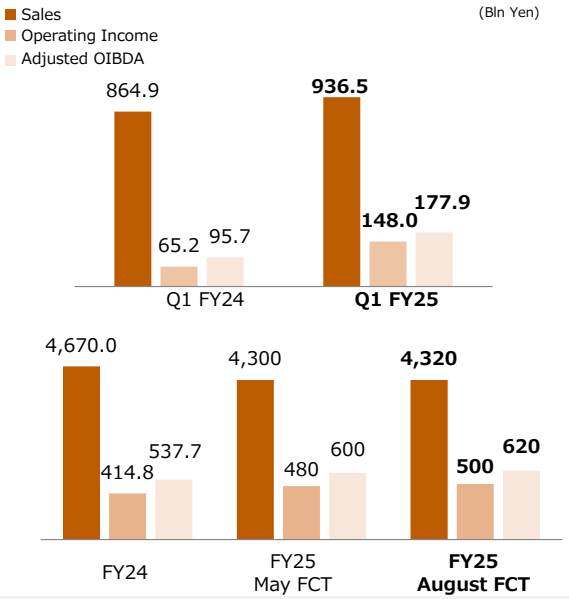
(Bln Yen)

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Estimated tariff impact on operating income	Operating income		–	After tariff impact	-100	**-70**	+30
Continuing Operations (After tariff impact)	Operating income		1,276.6		1,280	**1,330**	+50

- Taking this into consideration, we have decided to present the impact of the additional tariffs as an estimate for all of our continuing operations, as was the case in the previous forecast.
- We expect the impact on operating income for FY25 to be approximately 70 billion yen, which is a decrease of 30 billion yen from the previous forecast, based on the tariff rates announced as of August 1st.
- We had nearly completed the diversification of the production locations of our main products by the end of the quarter, and we expect to complete the measures we are planning by the end of the first half of the fiscal year.
- We intend to continue to monitor the situation and take action to minimize the impact.
- Now, I will turn to an overview of each business.

Game & Network Services Segment (G&NS Segment)

Sales, Operating Income and Adjusted OIBDA



Q1 FY2025 (year-on-year)

- Sales: 71.6 bln yen (8%) increase (FX Impact: -44.9 bln yen)
  - ·(+) Increase in sales of non-first-party game software titles including add-on content
  - ·(+) Increase in sales from network services
  - ·(−) Impact of foreign exchange rates
- OI: 82.7 bln yen (127%) increase (FX Impact: -0.1 bln yen)
  - ·(+) Impact of increase in sales of non-first-party game software titles
  - ·(+) Impact of increase in sales from network services

FY2025 Forecast (change from May forecast)

- Sales: Essentially flat
  - ·(+) Impact of foreign exchange rates
  - ·(+) Increase in sales from network services
  - ·(−) Impact of a delay in the launch timing of a first-party title
- OI: 20 bln yen (4%) upward revision
  - ·(+) Impact of increase in sales from network services
  - ·(+) Positive impact of foreign exchange rates
  - ·(−) Impact of a delay in the launch timing of a first-party title

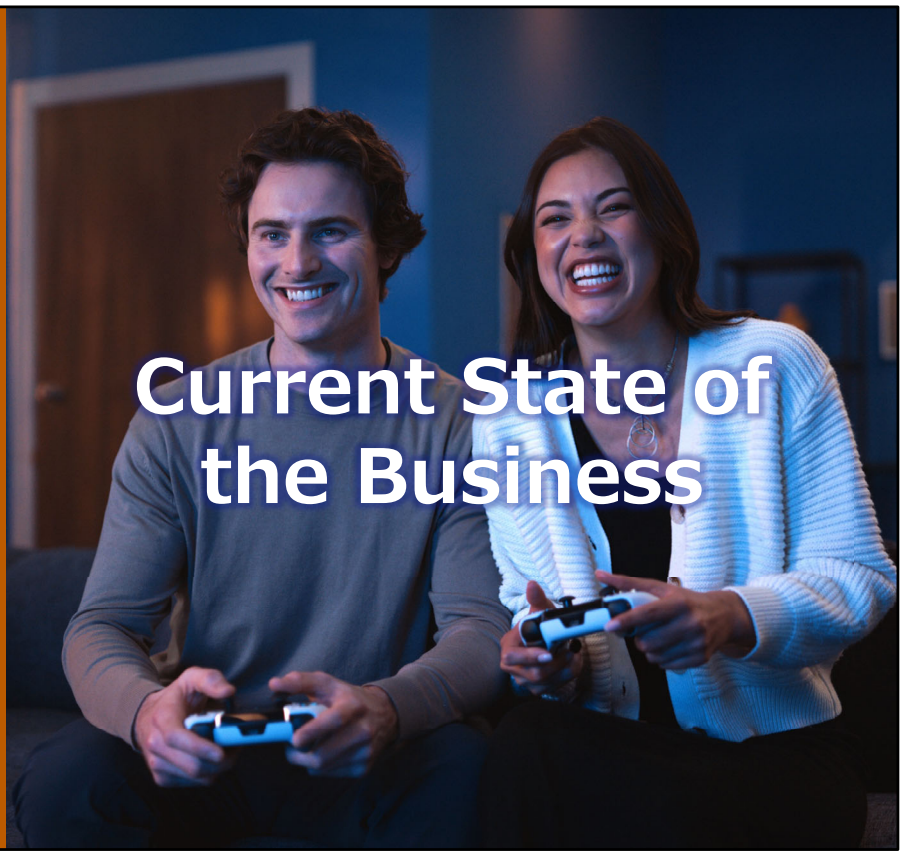
- User engagement continued its strong momentum, with Monthly Active Users* in June and total gameplay hours across PlayStation® during Q1 FY25 both increasing 6% year-on-year.
- Based on the current strong engagement trends, we have upwardly revised our operating income forecast.

* 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") believes that this disclosure may be useful information to investors.
For formulas for Adjusted OIBDA, see page 14. For its reconciliation, see "Supplemental Information for the Consolidated Financial Results for the First Quarter Ended June 30, 2025" (applies to all following pages).

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- First is the G&NS segment.
- FY25 Q1 sales increased 8% year-on-year to 936.5 billion yen, primarily due to an increase in third-party software sales, partially offset by the negative impact of foreign exchange rates.
- User engagement continued to increase year-on-year with the number of monthly active users (MAUs) across all of PlayStation in June increasing 6% compared to the same month of the previous year to 123 million accounts and total play time for the quarter also increasing 6% year-on-year.
- Operating income increased approximately 2.3 times year-on-year to 148.0 billion yen, a new quarterly record high for the segment, primarily due to the impact of the increased sales of third-party software and an increase in network services revenue.
- As a consequence of the recent strong user engagement trend, we have upwardly revised our FY25 forecast for sales slightly from last time to 4 trillion 320 billion yen and our FY25 forecast for operating income by 4% to 500 billion yen.
- The improvement in operating income for FY25 compared to the previous fiscal year is expected to be driven primarily by an increase in our strong network services revenue, cost reduction and an increase in first-party software revenue.

Game & Network Services



Current State of the Business

- In our studio business, our live service game revenue is steadily growing thanks to the *MLB The Show* series, *Destiny 2* and *Helldivers 2*, and it contributed more than 40% of our first-party software revenue during the quarter.

- In the single-player AAA titles space, we plan to release *Ghost of Yōtei* in October following the release in June of *Death Stranding 2: On the Beach*, which received a Metacritic score of 90. We look forward to many game fans enjoying these titles.

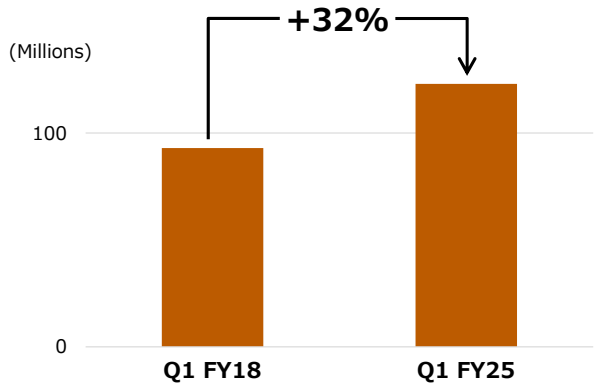
- We decided to postpone the release of *Marathon* to further improve the quality of the gameplay.

- Based on community feedback, we think we can further enhance the overall gaming experience by deepening gameplay and elevating narrative immersion, so we are working hard to do that.

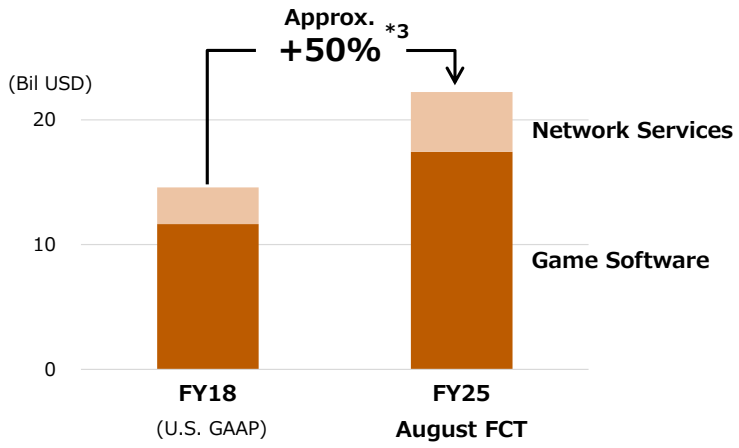
Platform Growth

Compared to the same period for PS4,
PlayStation has achieved significant platform expansion

Monthly Active Users[*1]



Content/Services Revenue[*2]

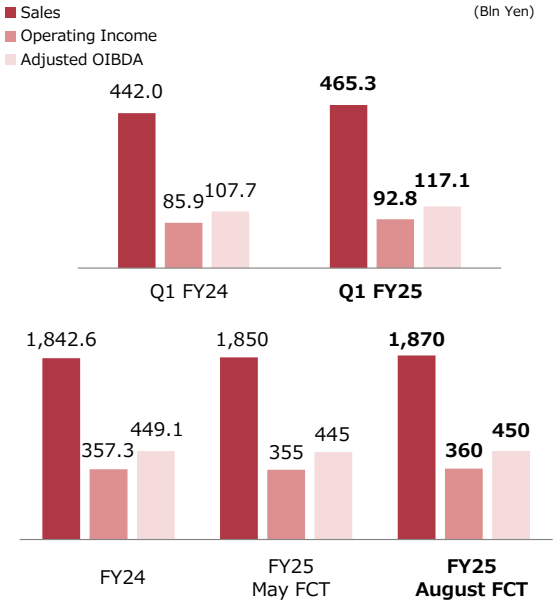


*1 Monthly Active Users is an estimated total number of unique accounts that played games or used services on the PlayStation™Network during the last month of the quarter and is based on company research and may be updated in the future.
*2 Content/Services revenue is the aggregate of "Game Software" and "Network Services" sales in the G&NS segment in the Supplemental Information for the Consolidated Financial Results..
*3 Content/Services Revenue is based on US GAAP for FY18 and on IFRS for FY25 August FCT. Sony believes that the difference between US GAAP and IFRS for Content/Services Revenue is not material.

- MAU in June, 4 years and 7 months after the launch of PS5, increased 32% from the 93 million MAU accounts in June 2018, the same period after the launch of PS4, and they continue to consistently grow.
- Content and service revenue is expected to grow approximately 50% on a U.S. dollar basis in the current fiscal year forecast compared to the level recorded in the fiscal year ended March 31, 2019, exceeding the MAU growth. This indicates that in addition to the increase in the number of users, an increase in spending per user is contributing to revenue growth.
- We expect content and service revenue to continue to grow steadily from next fiscal year onwards as well, thanks to the user community we have cultivated to date.

Music Segment

Sales, Operating Income and Adjusted OIBDA



Q1 FY2025 (year-on-year)

- Sales: 23.3 bln yen (5%) increase (FX Impact: -27.8 bln yen)
  - ・(+) Higher revenues from streaming services in Recorded Music and Music Publishing
  - ・(+) Higher revenues from mobile game application in Visual Media & Platform
  - ・(+) Impact of the consolidation of eplus inc. in Visual Media & Platform
  - ・(−) Impact of foreign exchange rates
- OI: 6.9 bln yen (8%) increase (FX Impact: -6.0 bln yen)
  - ・(+) Impact of increase in sales

FY2025 Forecast (change from May forecast)

- Sales: 20.0 bln yen (1%) upward revision
  - ・(+) Higher revenues in Recorded Music resulting mainly from an increase in revenues from streaming services
- OI: Essentially flat

■ Q1 FY25 streaming revenue year-on-year growth rates on a U.S. dollar basis were +7% for Recorded Music and +8% for Music Publishing.

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- Next is the Music segment.
- FY25 Q1 sales increased 5% year-on-year to 465.3 billion yen, primarily due to higher revenue from streaming services and an increase in revenue from a mobile game, partially offset by the impact of foreign exchange rates. Operating income increased 8% to 92.8 billion yen.
- On a U.S. dollar basis, streaming revenues for the quarter increased 7% year-on-year in Recorded Music and 8% in Music Publishing.
- We have upwardly revised our previous FY25 forecast for sales and operating income slightly to 1 trillion 870 billion yen and 360 billion yen, respectively.

Music



Current State of The Business

- In Recorded Music, albums from SME (Sony Music Entertainment) owned and distributed labels claimed 42% of the weekly top 10 global albums on Spotify during the quarter with Bad Bunny's new release taking the #1 spot for 6 consecutive weeks.

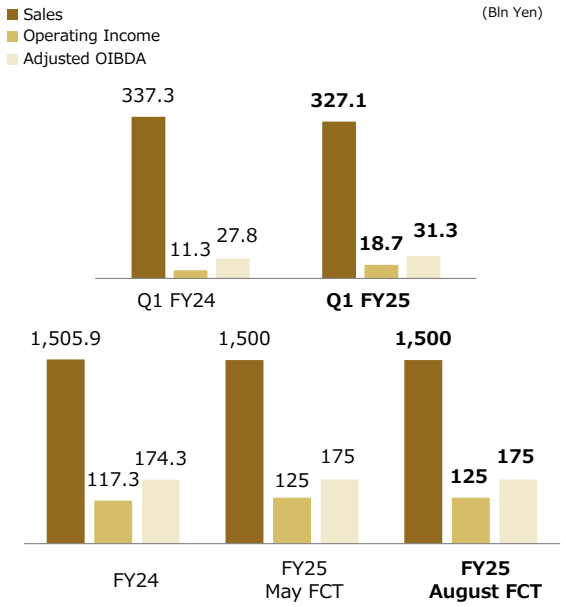
- The contribution of catalog products to our revenue continues to increase, and we remain committed to acquiring catalogs in both the Recorded Music and Music Publishing businesses since we believe that the opportunity to increase the monetization of these assets by acquiring more of them will continue.

- In Visual Media and Platform, *Demon Slayer: Kimetsu no Yaiba – The Movie: Infinity Castle*, which was released on July 18th in Japan, has been a massive hit attracting 12.55 million people to theaters and generating 17.6 billion yen in box office revenue as of August 3rd.

- We plan to release the film in the U.S, Europe, and certain countries and territories in Asia, Central and South America, distributing it along with Crunchyroll and Sony Pictures, and we look forward to it being a major global success.

Pictures Segment

Sales, Operating Income and Adjusted OIBDA



Q1 FY2025 (year-on-year)

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

- Sales: 10.2 bln yen (3%) decrease (U.S. dollar basis: +96 mil USD / +4%)
  - ·(+) Increase in series deliveries in Television Productions
  - ·(−) Lower revenues from theatrical releases in the current fiscal year
  - ·(−) Lower licensing revenues from catalog product in Television Productions
- OI: 7.4 bln yen (65%) increase (U.S. dollar basis: +56 mil USD / +76%)
  - ·(+) Impact of increase in series deliveries in Television Productions
  - ·(+) Higher contribution from catalog product in Motion Pictures
  - ·(−) Lower contribution from catalog product in Television Productions

FY2025 Forecast (change from May forecast)

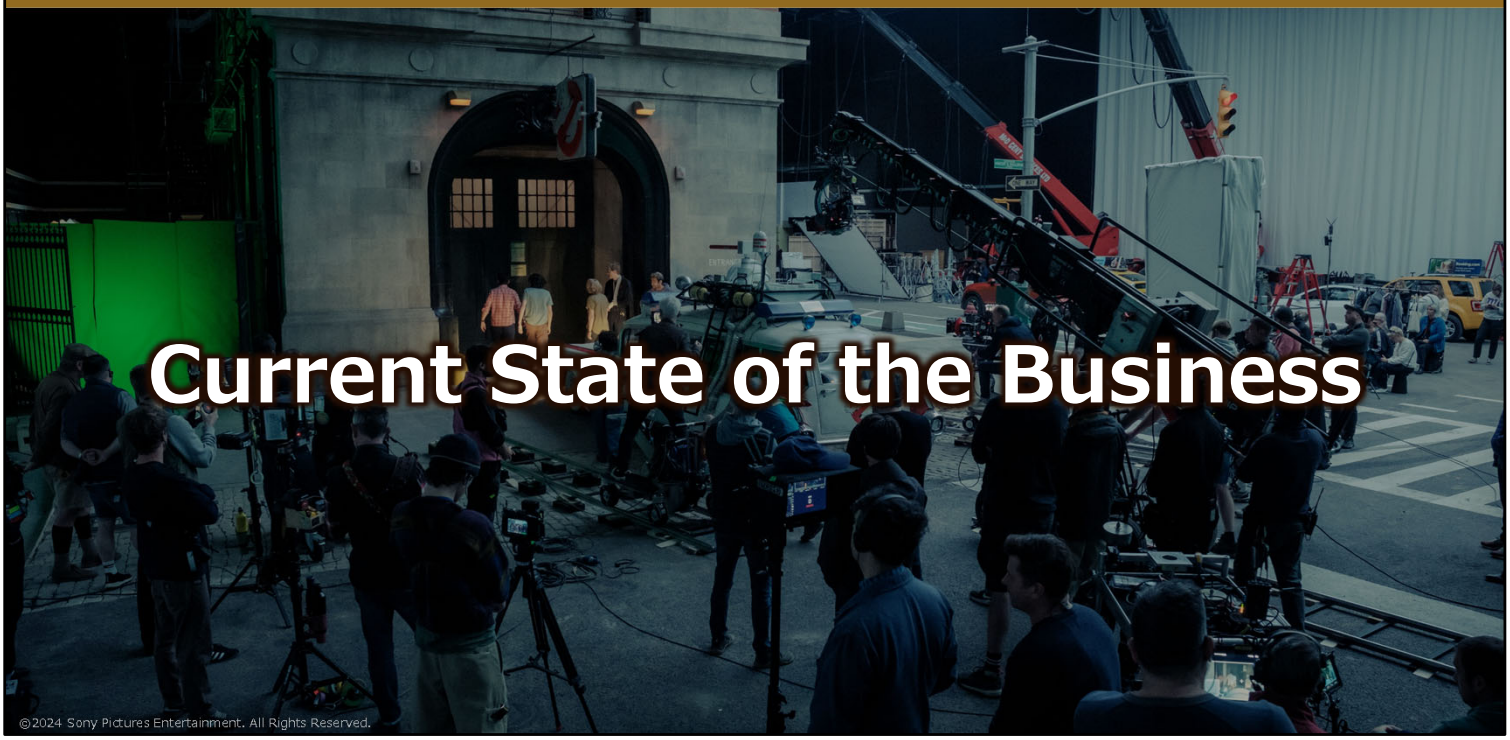
- Sales: Remains unchanged from May forecast
- OI: Remains unchanged from May forecast

- In Q1 FY25, both sales and operating income increased year-on-year on a U.S. dollar basis primarily due to an increase in series deliveries in Television Productions.

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- Next is the Pictures segment.
- FY25 Q1 sales decreased 3% year-on-year to 327.1 billion yen and operating income increased 65% to 18.7 billion yen.
- On a U.S. dollar basis, sales increased 4% year-on-year and operating income increased 76%, primarily due to higher series deliveries in Television Productions.
- There is no change to our forecast from the previous forecast.

Pictures



- In Television Productions, the second season of *The Last of Us*, which was renewed for a third season, received several Emmy nominations.
- In feature films, *28 Years Later* has become a box office hit after crossing $150 million globally, and *KPop Demon Hunters*, produced by Sony Pictures Animation, has achieved massive success, becoming the most-watched Netflix original animated film of all time.
- Crunchyroll is steadily growing its paying subscribers and is expanding the global anime community through such activities as hosting the Crunchyroll Anime Awards in Tokyo in May.

Strategic Partnership with Bandai Namco Holdings Inc.





- **Focus on expanding the fan community for IP such as anime and manga around the world and strengthening engagement**
- **Integrate the strengths of both companies to create new opportunities and venues for delivering new and emotionally moving experiences to fans, and to maximize IP value**

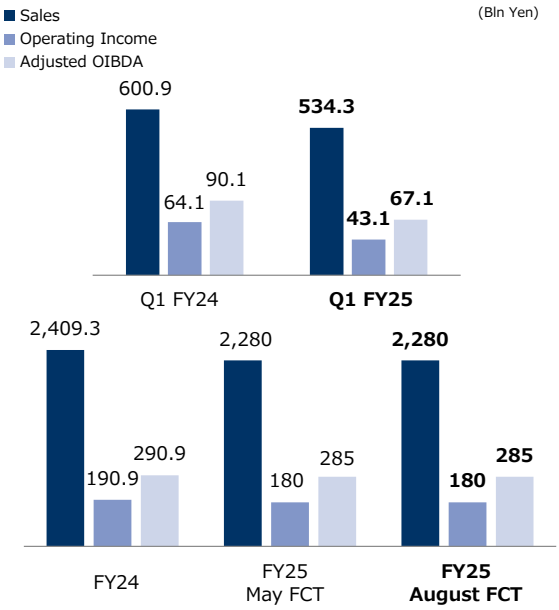
- Now, I will explain our strategic partnership with Bandai Namco, which we announced on July 24th.

- Through this partnership, we plan to accelerate our collaboration with Bandai Namco even more than before, working to do such things as co-create new IP, collaborate on video production, distribution and merchandising in the anime and manga fields, as well as strengthen marketing through the sharing of data.

- Additionally, in the field of experiential entertainment, we aim to create new Kando experiences by bringing together the strengths of both companies such as Bandai Namco's knowledge and venues and Sony's technology.

Entertainment, Technology & Services Segment (ET&S Segment)

Sales, Operating Income and Adjusted OIBDA



Q1 FY2025 (year-on-year)

- Sales: 66.7 bln yen (11%) decrease (FX Impact: -25.1 bln yen)
  - ·(−) Decrease in unit sales in Displays
  - ·(−) Impact of foreign exchange rates
- OI: 20.9 bln yen (33%) decrease (FX Impact: -7.8 bln yen)
  - ·(−) Impact of decrease in unit sales in Displays
  - ·(−) Negative impact of foreign exchange rates
  - ·(+) Reductions in operating expenses

FY2025 Forecast (change from May forecast)

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

- Except for televisions, where competitors engaged in more aggressive pricing than we had anticipated, market conditions during Q1 FY25 progressed generally in line with our expectations across the other major product categories.

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- Next is the ET&S segment.
- FY25 Q1 sales decreased 11% year-on-year to 534.3 billion yen, primarily due to a decrease in unit sales of TVs, and the impact of foreign exchange rates.
- Operating income decreased 33% to 43.1 billion yen primarily due to the impact of the decrease in sales and the impact of foreign exchange rates.
- There is no change to our forecast from the previous forecast.

Entertainment, Technology & Services Segment



- Except for televisions, where competitors engaged in more aggressive pricing than we had anticipated, market conditions during the quarter progressed generally in line with our expectations across the other major product categories.

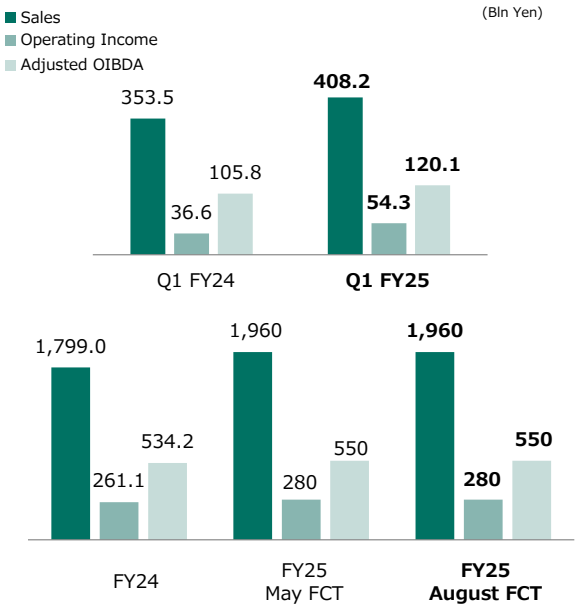
- The Imaging Business performed well, essentially in-line with our original projection, supported by the continued tailwind of the subsidy program in China.

- Last June, at the largest Hollywood film production equipment exhibition “Cine Gear Expo 2025,” we exhibited a system that links XYN(/zin/)'s spatial reproduction display with the VENICE Extension System Mini as a form of new content creation. It attracted strong interest from the film production creators in attendance.

- In this segment, we aim to accelerate the expansion of our creation-centered business through these products and solution services.

Imaging & Sensing Solutions Segment (I&SS Segment)

Sales, Operating Income and Adjusted OIBDA



Q1 FY2025 (year-on-year)

- Sales: 54.7 bln yen (15%) increase (FX Impact: -21.2 bln yen)
  - ·(+) Increase in sales of image sensors for mobile products
    - ·(+) Increase in unit sales
    - ·(+) Improvement in product mix
  - ·(+) Increase in sales of image sensors for digital cameras
  - ·(−) Impact of foreign exchange rates
- OI: 17.6 bln yen (48%) increase (FX Impact: -10.6 bln yen)
  - ·(+) Impact of increase in sales
  - ·(−) Negative impact of foreign exchange rates

FY2025 Forecast (change from May forecast)

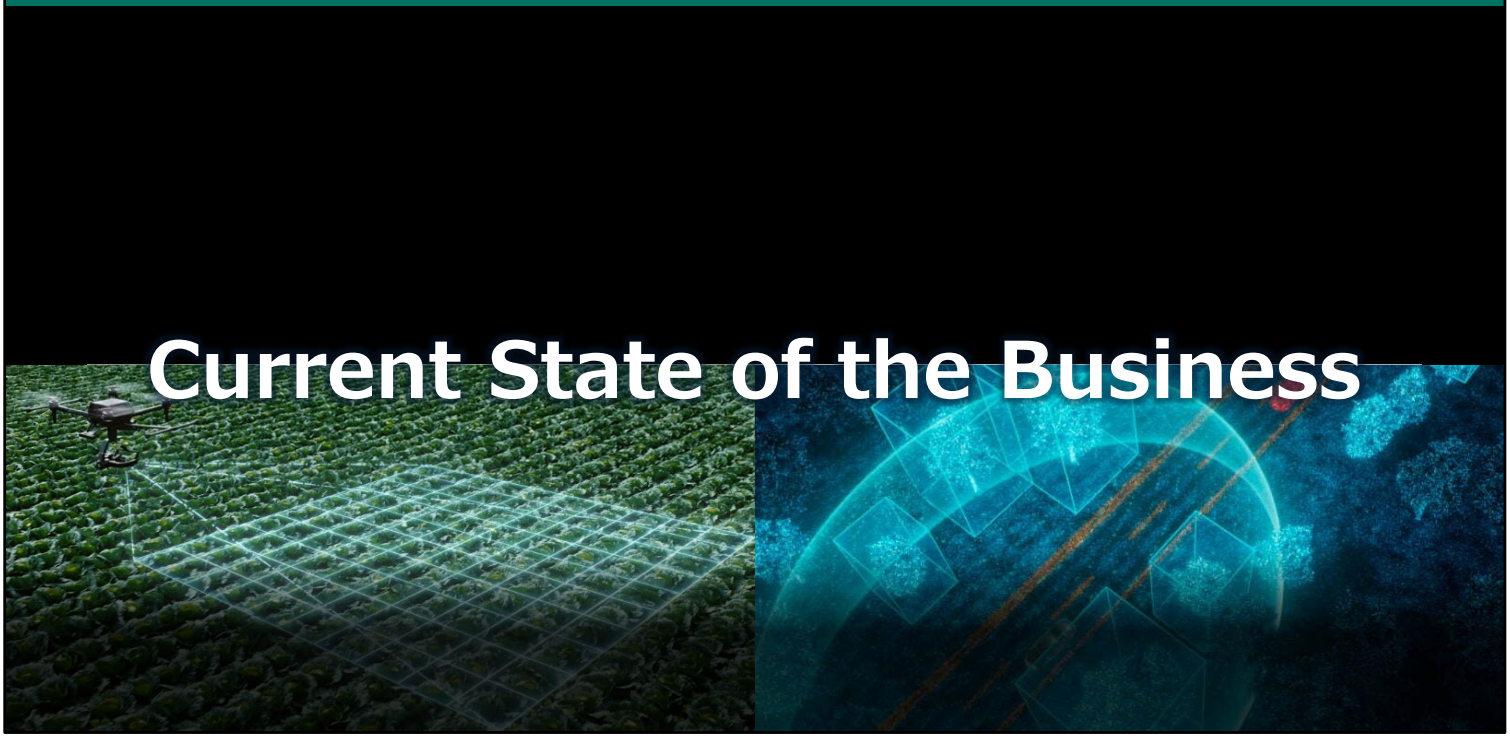
- Sales: Remains unchanged from May forecast
- OI: Remains unchanged from May forecast

- Excluding the impact of foreign exchange rates, sales of image sensors for mobile products in Q1 FY25 grew steadily, due to an increase in sensor shipment volume and an increase in unit prices on a U.S. dollar basis.
- From Q2 FY25 onwards, sales are expected to steadily increase due to rising unit prices resulting from further progress toward larger-sized sensors and higher added value, despite an expected deterioration in foreign exchange rates compared to the previous fiscal year.

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- Next is the I&SS segment.
- Despite the impact of foreign exchange rates, sales for the quarter increased 15% year-on-year to 408.2 billion yen primarily due to increased shipments of sensors for mobile phones and digital cameras.
- Operating income increased 48% to 54.3 billion yen, as the impact of the increase in sales significantly exceeded the negative impact of foreign exchange rates.
- There is no change to our forecast from the previous forecast.

Imaging & Sensing Solutions Segment



Current State of the Business

- The market for smartphones continued to recover gradually on a global basis.
- Excluding the impact of foreign exchange rates, mobile sensor sales for the quarter grew steadily, due to an increase in sensor shipment volume and an increase in unit prices on a U.S. dollar basis.
- Although recent shipment volume is increasing year-on-year, taking into account the possibility that customers are bringing forward orders due to the additional tariffs, we expect the annual shipment volume to be on par with the previous fiscal year.
- From FY25 Q2 onwards, we expect sales to steadily increase due to rising unit prices resulting from further progress toward larger-sized sensors and higher added value, despite an expected deterioration in foreign exchange rates compared to the previous fiscal year.
- In the consumer camera space, in addition to robust demand for single-lens cameras, the growing demand for video is driving demand for sensors used in new video cameras, such as handheld cameras.
- We aim to benefit from this market expansion and create new revenue opportunities.

Closing

- To summarize, we believe that, during the quarter, we made steady progress toward achieving the numerical targets we established in our 5th Mid-Range Plan as profit continued to increase, primarily in the G&NS, Music and I&SS segments.

- On the other hand, we expect that uncertainty in the business environment, such as additional tariffs in the U.S., will have a greater impact from FY25 Q2 onwards, and we will focus on conducting business operations that anticipate change while preparing for risks.

- This concludes my remarks.


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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 (semi-annual) 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.