

SONY

# Q1 FY2021 Consolidated Financial Results

(Three months ended June 30, 2021)

August 4, 2021

Sony Group Corporation

## Q1 FY2021 Consolidated Results

|   | Q1 FY20    | Q1 FY21           | Change                   |
|---|------------|-------------------|--------------------------|
|   |            |                   | (Bln Yen)                |
| Sales*  | 1,962.9    | <b>2,256.8</b>    | +293.9 bln yen<br>(+15%) |
| Operating income  | 221.7      | <b>280.1</b>      | +58.3 bln yen<br>(+26%)  |
| Income before income taxes  | 268.6      | <b>283.2</b>      | +14.6 bln yen<br>(+5%)   |
| Net income attributable to<br>Sony Group Corporation's stockholders                                     | 193.6      | <b>211.8</b>      | +18.2 bln yen<br>(+9%)   |
| Net income attributable to Sony Group Corporation's<br>stockholders per share of common stock (diluted) | 155.27 yen | <b>169.22 yen</b> | +13.95 yen               |
| Average Rate  |            |                   |                          |
| 1 US dollar   | 107.6 yen  | <b>109.5 yen</b>  |                          |
| 1 Euro  | 118.5 yen  | <b>131.9 yen</b>  |                          |

\*"Sales" is used to mean "sales and financial services revenue" in accordance with International Financial Reporting Standards ("IFRS") (applies to all following pages).

## Q1 FY2021 Consolidated Results: Year-on-year Change

|                    | Year-on-year Change                                 | Contributing Factors<br>(+) Better / (-) Worse   |
|--------------------|---|--|
| Sales              | <b>+293.9 bln yen</b><br><b>+15%</b>                | <ul style="list-style-type: none"> <li>· (+) Significant increases in EP&amp;S and Music segments sales</li> <li>On a constant currency basis*, sales increased approx. 3%</li> </ul>  |
| Operating income   | <b>+58.3 bln yen</b><br><b>+26%</b>                 | <ul style="list-style-type: none"> <li>· (+) Significant improvement in operating results in EP&amp;S segment</li> <li>· (-) Significant decrease in G&amp;NS segment operating income</li> </ul>  |
| Income tax expense | <b>+5.8 bln yen</b><br>(Effective tax rate 24%→25%) | <ul style="list-style-type: none"> <li>· (-) In the same quarter of the previous fiscal year, Sony did not record a tax expense for the use of certain temporary differences, operating loss carryforwards, and tax credit carryforwards, due to a significant portion of the deferred tax assets of the Japan consolidated tax filing group and the deferred tax assets for credits of the U.S. consolidated tax filing group staying unrecognized</li> <li>· (+) In the current quarter, the amount of the income tax expense related to Japan controlled foreign company taxation was less than the same quarter of the previous fiscal year</li> </ul> |

\* For further details about the impact of foreign exchange rate fluctuations on sales and operating income (loss), see Note on page 20 (applies to all following pages).

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## Adjusted Operating Income (Q1)

|                  | Operating Income | Adjusted Operating Income      | Adjusted Operating Income excludes the following items*  |
|------------------|------------------|--------------------------------|--|
| Q1 FY20          | 221.7 bln yen    | <b>217.8 bln yen</b>           | <ul style="list-style-type: none"> <li>■ Gain on the sale of a portion of shares of Pledis Entertainment Co., Ltd. (Music segment: +7.2 bln yen)</li> <li>■ Expenses related to the Sony Global Relief Fund for COVID-19 (Corporate and elimination: -3.3 bln yen)</li> </ul>  |
| Q1 FY21          | 280.1 bln yen    | <b>291.4 bln yen</b>           | <ul style="list-style-type: none"> <li>■ One-time loss recorded at a subsidiary of Sony Life (Financial Services segment: -16.8 bln yen)</li> <li>■ Settlement gain in connection with the termination of the defined benefit pension plan at certain U.S. subsidiaries (mainly in Corporate and elimination: +5.5 bln yen)</li> </ul> |
| Change from FY20 | +58.3 bln yen    | <b>+73.6 bln yen</b><br>(+34%) |  |

\* These monetary amounts are disclosed in the Quarterly Financial Statements, the Presentation Slides and the Quarterly Securities Reports for the relevant quarters.  
Adjusted operating income is not a measure in accordance with IFRS. However, Sony believes that this disclosure may be useful information to investors.

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## Adjusted Income Before Income Taxes (Q1)

|                  | Income Before<br>Income Taxes | Adjusted Income<br>Before Income Taxes | Adjusted Income Before Income Taxes excludes the following items*  |
|------------------|-------------------------------|--|--|
| Q1 FY20          | 268.6 bln yen                 | <b>264.7</b> bln yen                   | <ul style="list-style-type: none"> <li>Gain on the sale of a portion of shares of Pledis Entertainment Co., Ltd. (Music segment: +7.2 bln yen)</li> <li>Expenses related to the Sony Global Relief Fund for COVID-19 (Corporate and elimination: -3.3 bln yen)</li> </ul>  |
| Q1 FY21          | 283.2 bln yen                 | <b>294.5</b> bln yen                   | <ul style="list-style-type: none"> <li>One-time loss recorded at a subsidiary of Sony Life (Financial Services segment: -16.8 bln yen)</li> <li>Settlement gain in connection with the termination of the defined benefit pension plan at certain U.S. subsidiaries (mainly in Corporate and elimination: +5.5 bln yen)</li> </ul> |
| Change from FY20 | +14.6 bln yen                 | <b>+29.8</b> bln yen<br>(+11%)         |  |

\* These monetary amounts are disclosed in the Quarterly Financial Statements, the Presentation Slides and the Quarterly Securities Reports for the relevant quarters.  
Adjusted income before income taxes is not a measure in accordance with IFRS. However, Sony believes that this disclosure may be useful information to investors.

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## Adjusted Net Income Attributable to Sony Group Corporation's Stockholders (Q1)

|                  | Net Income<br>Attributable to<br>Sony Group<br>Corporation's<br>Stockholders | Adjusted Net Income<br>Attributable to Sony<br>Group Corporation's<br>Stockholders | Adjusted Net Income Attributable to Sony Group Corporation's<br>Stockholders excludes the following items*   |
|------------------|--|--|--|
| Q1 FY20          | 193.6 bln yen  | <b>190.6</b> bln yen   | <ul style="list-style-type: none"> <li>Gain on the sale of a portion of shares of Pledis Entertainment Co., Ltd. (Music segment: +7.2 bln yen)</li> <li>Expenses related to the Sony Global Relief Fund for COVID-19 (Corporate and elimination: -3.3 bln yen)</li> <li>Tax adjustment with regard to the above two items (-0.9 bln yen)</li> </ul>  |
| Q1 FY21          | 211.8 bln yen  | <b>220.4</b> bln yen   | <ul style="list-style-type: none"> <li>One-time loss recorded at a subsidiary of Sony Life (Financial Services segment: -16.8 bln yen)</li> <li>Settlement gain in connection with the termination of the defined benefit pension plan at certain U.S. subsidiaries (mainly in Corporate and elimination: +5.5 bln yen)</li> <li>Tax adjustment with regard to the above two items (+2.8 bln yen)</li> </ul> |
| Change from FY20 | +18.2 bln yen  | <b>+29.7</b> bln yen<br>(+16%)   |  |

\* These monetary amounts are disclosed in the Quarterly Financial Statements, the Presentation Slides and the Quarterly Securities Reports for the relevant quarters.  
Adjusted net income attributable to Sony Group Corporation's stockholders is not a measure in accordance with IFRS. However, Sony believes that this disclosure may be useful information to investors.

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## Adjusted Net Income Attributable to Sony Group Corporation's Stockholders (Q1)

### FY20

(Bln Yen)

|   | Income Before<br>Income Taxes | Taxes       | Effective<br>Tax Rate | Net Income Attributable<br>to Sony Group<br>Corporation's<br>Stockholders |
|---|-------------------------------|-------------|-----------------------|---|
| <b>Financial results</b>                    | <b>268.6</b>                  | <b>64.3</b> | <b>24.0%</b>          | <b>193.6</b>  |
| Adjusted items impacting effective tax rate | -                             | -           | -                     | -   |
| <b>Subtotal</b>                             | <b>268.6</b>                  | <b>64.3</b> | <b>24.0%</b>          | <b>193.6</b>  |
| Other adjusted items*                       | -3.9                          | -0.9        | 24.0%                 | -3.0  |
| <b>Adjusted results</b>                     | <b>264.7</b>                  | <b>63.4</b> | <b>24.0%</b>          | <b>190.6</b>  |

### FY21

|   | Income Before<br>Income Taxes | Taxes       | Effective<br>Tax Rate | Net Income Attributable<br>to Sony Group<br>Corporation's<br>Stockholders |
|---|-------------------------------|-------------|-----------------------|---|
| <b>Financial results</b>                    | <b>283.2</b>                  | <b>70.1</b> | <b>24.8%</b>          | <b>211.8</b>  |
| Adjusted items impacting effective tax rate | -                             | -           | -                     | -   |
| <b>Subtotal</b>                             | <b>283.2</b>                  | <b>70.1</b> | <b>24.8%</b>          | <b>211.8</b>  |
| Other adjusted items*                       | +11.3                         | +2.8        | 24.8%                 | +8.5  |
| <b>Adjusted results</b>                     | <b>294.5</b>                  | <b>72.9</b> | <b>24.8%</b>          | <b>220.4</b>  |

\* See page 5 for details regarding adjusted items.

Adjusted results are not a measure in accordance with IFRS. However, Sony believes that this disclosure may be useful information to investors.

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## Q1 FY2021 Results by Segment

(Bln Yen)

|  |                  | Q1 FY20 | Q1 FY21        | Change | FX Impact |
|--|------------------|---------|----------------|--------|-----------|
| <b>Game &amp; Network Services (G&amp;NS)</b>          | Sales            | 606.1   | <b>615.8</b>   | +9.7   | +25.5     |
|  | Operating income | 123.9   | <b>83.3</b>    | -40.6  | +9.7      |
| <b>Music</b>   | Sales            | 177.1   | <b>254.9</b>   | +77.8  | +3.0      |
|  | Operating income | 35.6    | <b>55.4</b>    | +19.7  | -         |
| <b>Pictures</b>  | Sales            | 175.1   | <b>204.7</b>   | +29.6  | +3.3      |
|  | Operating income | 27.0    | <b>25.4</b>    | -1.7   | -         |
| <b>Electronics Products &amp; Solutions (EP&amp;S)</b> | Sales            | 361.4   | <b>576.3</b>   | +214.9 | +23.6     |
|  | Operating income | -8.9    | <b>71.8</b>    | +80.6  | +13.2     |
| <b>Imaging &amp; Sensing Solutions (I&amp;SS)</b>      | Sales            | 206.2   | <b>218.1</b>   | +11.9  | +3.7      |
|  | Operating income | 26.2    | <b>30.5</b>    | +4.3   | -2.0      |
| <b>Financial Services</b>                              | Revenue          | 440.2   | <b>414.4</b>   | -25.9  | -         |
|  | Operating income | 36.0    | <b>24.0</b>    | -12.0  | -         |
| <b>All Other</b>                                       | Sales            | 25.3    | <b>22.0</b>    | -3.3   | -         |
|  | Operating income | 3.5     | <b>4.2</b>     | +0.6   | -         |
| <b>Corporate and elimination</b>                       | Sales            | -28.5   | <b>-49.3</b>   | -20.8  | -         |
|  | Operating income | -21.7   | <b>-14.3</b>   | +7.4   | -         |
| <b>Consolidated total</b>                              | Sales            | 1,962.9 | <b>2,256.8</b> | +293.9 | -         |
|  | Operating income | 221.7   | <b>280.1</b>   | +58.3  | -         |

Due to organizational changes as of April 1, 2021, from Q1 FY21, Sony transferred some of the businesses and functions previously included within All Other and Corporate and elimination to the EP&S segment. Sales and operating income (loss) of each segment for FY20 are presented to conform to the organizational structure for FY21 (applies to all following pages).

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

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## FY2021 Consolidated Results Forecast

(Bln Yen)

|   | FY20      | FY21<br>April FCT  | FY21<br>August FCT         | Change from<br>April FCT        |
|---|-----------|--------------------|----------------------------|---------------------------------|
| Sales   | 8,998.7   | 9,700              | <b>9,700</b>               | -                               |
| Operating income  | 955.3     | 930                | <b>980</b>                 | +50 bln yen<br>(+5%)            |
| Income before income taxes  | 998.0     | 905                | <b>955</b>                 | +50 bln yen<br>(+6%)            |
| Net income attributable to Sony Group<br>Corporation's stockholders | 1,029.6   | 660                | <b>700</b>                 | +40 bln yen<br>(+6%)            |
| Operating Cash Flow<br>(Sony without Financial Services)            | 1,150.3   | 910                | <b>890</b>                 | -20 bln yen<br>(-2%)            |
| Average rate  | Actual    | Assumption         | Assumption<br>(Q2-Q4 FY21) | Dividend per Share<br>(Planned) |
| 1 US dollar   | 106.1 yen | Approx.<br>107 yen | Approx.<br>110 yen         | Interim 30 yen                  |
| 1 Euro  | 123.7 yen | Approx.<br>126 yen | Approx.<br>131 yen         | Year-end Undecided              |

Consolidated Operating Cash Flow (Sony without Financial Services) is not a measure in accordance with IFRS. However, Sony believes that this disclosure may be useful information to investors.

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## FY2021 Results Forecast by Segment

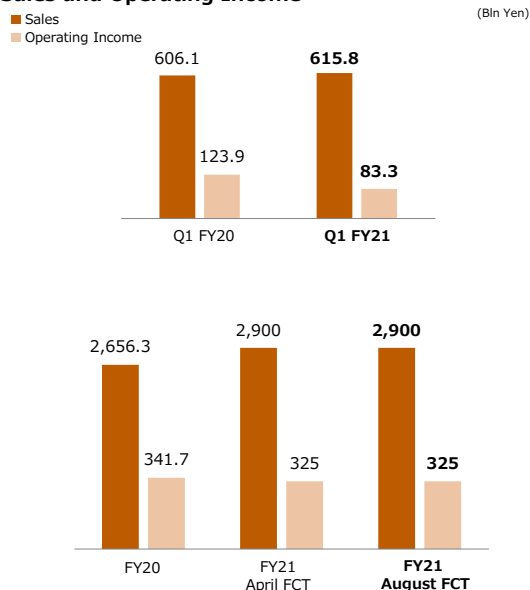
(Bln Yen)

|  |                  | FY20    | FY21<br>April FCT | FY21<br>August FCT | Change from<br>April FCT |
|--|------------------|---------|-------------------|--------------------|--------------------------|
| <b>Game &amp; Network Services (G&amp;NS)</b>          | Sales            | 2,656.3 | 2,900             | <b>2,900</b>       | -                        |
|  | Operating income | 341.7   | 325               | <b>325</b>         | -                        |
| <b>Music</b>   | Sales            | 939.9   | 990               | <b>1,040</b>       | +50                      |
|  | Operating income | 184.8   | 162               | <b>190</b>         | +28                      |
| <b>Pictures</b>  | Sales            | 753.0   | 1,140             | <b>1,120</b>       | -20                      |
|  | Operating income | 79.9    | 83                | <b>90</b>          | +7                       |
| <b>Electronics Products &amp; Solutions (EP&amp;S)</b> | Sales            | 2,068.1 | 2,260             | <b>2,320</b>       | +60                      |
|  | Operating income | 127.9   | 148               | <b>170</b>         | +22                      |
| <b>Imaging &amp; Sensing Solutions (I&amp;SS)</b>      | Sales            | 1,012.5 | 1,130             | <b>1,100</b>       | -30                      |
|  | Operating income | 145.9   | 140               | <b>140</b>         | -                        |
| <b>Financial Services</b>                              | Revenue          | 1,674.0 | 1,400             | <b>1,400</b>       | -                        |
|  | Operating income | 154.8   | 170               | <b>153</b>         | -17                      |
| <b>All Other, Corporate and elimination</b>            | Operating income | -79.6   | -98               | <b>-88</b>         | +10                      |
| <b>Consolidated total</b>                              | Sales            | 8,998.7 | 9,700             | <b>9,700</b>       | -                        |
|  | Operating income | 955.3   | 930               | <b>980</b>         | +50                      |

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## Game & Network Services Segment (G&NS Segment)

### Sales and Operating Income



#### Q1 FY2021 (year-on-year)

- Sales: 9.7 bln yen (2%) increase (FX Impact: +25.5 bln yen)
  - (+ ) Increase in sales of hardware and peripheral devices
  - (+ ) Impact of foreign exchange rates
  - (- ) Decrease in sales of non-first-party titles including add-on content
- OI: 40.6 bln yen significant decrease (FX Impact: +9.7 bln yen)
  - (- ) Decrease in sales of non-first-party titles including add-on content
  - (- ) Deterioration of operating results for hardware
    - (- ) Loss resulting from strategic price points for PlayStation®5 hardware that were set lower than manufacturing costs
    - (- ) Decrease in unit sales of PlayStation®4 hardware
  - (- ) Increase in selling, general and administrative expenses
  - (+ ) Positive impact of foreign exchange rates

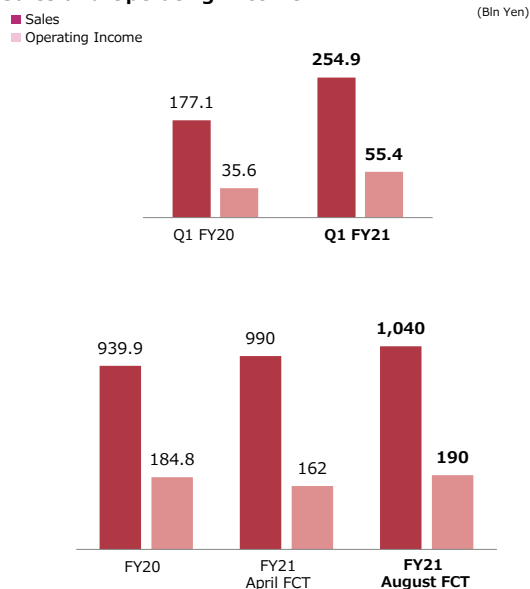
#### FY2021 Forecast (change from April forecast)

- Sales / OI: Remain unchanged from April forecast

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## Music Segment

### Sales and Operating Income



#### Q1 FY2021 (year-on-year)

- Sales: 77.8 bln yen (44%) significant increase
  - (+ ) Higher sales for Recorded Music and Music Publishing
  - (+ ) Increase in revenue from paid subscription streaming services
  - (+ ) Increase in revenue from advertising-supported streaming services and physical media which were impacted by COVID-19 in Q1 FY20
  - (+ ) Higher sales for Visual Media and Platform
    - (+ ) Increase in sales in the anime business, primarily reflecting the contribution of physical media revenue from *Demon Slayer – Kimetsu no Yaiba – the Movie: Mugen Train*
- OI: 19.7 bln yen significant increase
  - (+ ) Impact of increase in sales
  - (- ) Absence of gain recorded on the sale of a portion of shares of Pledis in Q1 FY20 (7.2 bln yen)

#### FY2021 Forecast (change from April forecast)

- Sales: 50 bln yen (5%) upward revision
  - (+ ) Higher sales for Recorded Music resulting from an increase in revenue from streaming services
  - (+ ) Impact of foreign exchange rates
- OI: 28 bln yen upward revision
  - (+ ) Impact of increase in sales

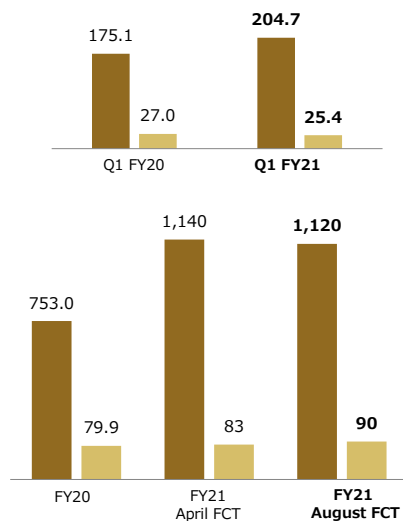
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## Pictures Segment

### Sales and Operating Income

■ Sales  
■ Operating Income

(Bln Yen)



### Q1 FY2021 (year-on-year)

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

- Sales: 29.6 bln yen (17%) significant increase (U.S. dollar basis: 245 mil USD / 15 %)
  - (+) Higher sales for Media Networks due to higher advertising and subscription revenues
  - (+) Higher sales for Motion Pictures
    - (+) Increase in television licensing revenue
    - (-) Decrease in sales such as home entertainment due to limited prior year theatrical releases
  - (-) Lower licensing revenues in Television Productions
- OI: 1.7 bln yen decrease
  - (-) Decrease in sales, higher production costs in Television Productions
  - (+) Impact of increase in sales for Media Networks and Motion Pictures

### FY2021 Forecast (change from April forecast)

- Sales: 20 bln yen (2%) downward revision
  - (-) Decrease in sales for Motion Pictures and Television Productions
  - (-) Delays in some theatrical releases and deliveries of television episodes due in part to the impact of COVID-19
- OI: 7 bln yen upward revision
  - (+) Higher-than-expected television licensing sales in Motion Pictures and Television Productions
  - (-) Impact of decrease in sales

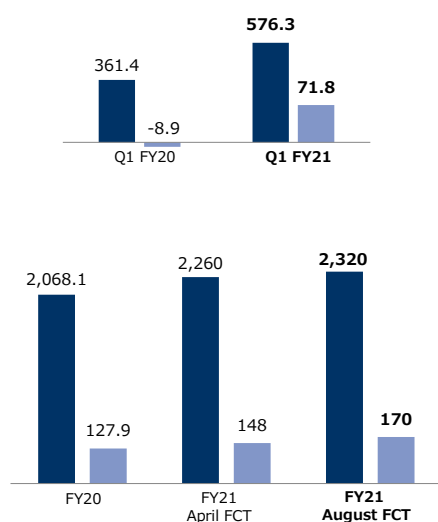
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## Electronics Products & Solutions Segment (EP&S Segment)

### Sales and Operating Income

■ Sales  
■ Operating income

(Bln Yen)



### Q1 FY2021 (year-on-year)

- Sales: 214.9 bln yen (59%) significant increase (FX Impact: +23.6 bln yen)
  - (+) Increase in sales of televisions, digital cameras and Audio and Video due to an improvement in the product mix and increase in unit sales
- OI: 80.6 bln yen significant improvement (FX Impact: +13.2 bln yen)
  - (+) Impact of increase in sales
  - (+) Positive impact of foreign exchange rates

### FY2021 Forecast (change from April forecast)

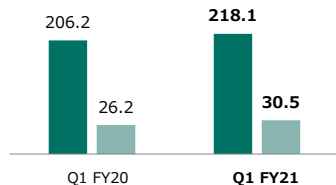
- Sales: 60 bln yen (3%) upward revision
  - (+) Impact of foreign exchange rates
  - (+) Higher-than-expected sales of digital cameras due to an increase in unit sales
  - (-) Lower-than-expected sales of televisions due to a decrease in unit sales
- OI: 22 bln yen upward revision
  - (+) Increase in unit sales and improvement in the product mix of digital cameras
  - (+) Positive impact of foreign exchange rates
  - (-) Decrease in unit sales of televisions

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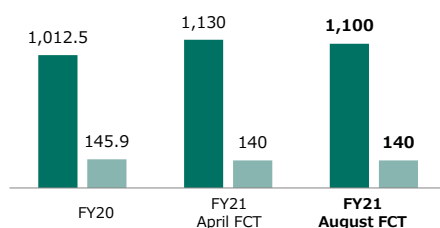
## Imaging & Sensing Solutions Segment (I&SS Segment)

### Sales and Operating Income

■ Sales  
■ Operating Income (Bln Yen)



|                     |       |       |
|---------------------|-------|-------|
| Image Sensors Sales | 179.9 | 187.2 |
|---------------------|-------|-------|



|   |       |     |     |
|---|-------|-----|-----|
| Image Sensors Sales                             | 872.2 | 970 | 945 |
| Additions to long-lived assets for I&SS Segment | 194.0 | 305 | 305 |
| for Image Sensors (included above)              | 180.0 | 285 | 285 |

### Q1 FY2021 (year-on-year)

- Sales: 11.9 bln yen (6%) increase (FX Impact: +3.7 bln yen)
  - (+ ) Increase in unit sales of image sensors for digital cameras due to the recovery from the impact of COVID-19
  - (- ) Decrease in sales of image sensors for mobile products
    - (- ) Deterioration of the product mix
    - (+ ) Increase in unit sales
- OI: 4.3 bln yen increase (FX Impact: -2.0 bln yen)
  - (+ ) Impact of increase in sales

### FY2021 Forecast (change from April forecast)

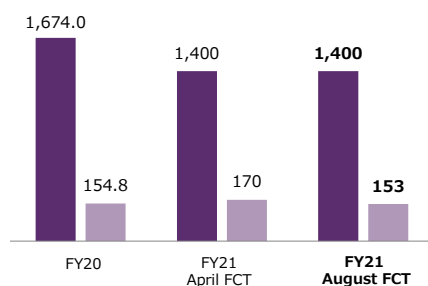
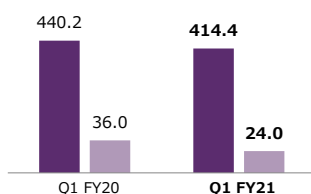
- Sales: 30 bln yen (3%) downward revision
  - (- ) Decrease in unit sales of image sensors for mobile products
  - (+ ) Impact of foreign exchange rates
- OI: Remain unchanged from April forecast
  - (+ ) Positive impact of foreign exchange rates
  - (- ) Impact of decrease in sales

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## Financial Services Segment

### Financial Services Revenue and Operating Income

■ Financial Services Revenue  
■ Operating Income (Bln Yen)



### Q1 FY2021 (year-on-year)

- Revenue: 25.9 bln yen (6%) decrease
  - (- ) Decrease in revenue at Sony Life (17.0 bln yen decrease, revenue: 371.4 bln yen)
  - (- ) Decrease in net gains on investments in the separate accounts
  - (+ ) Increase in insurance premium revenue
- OI: 12.0 bln yen significant decrease
  - (- ) One-time loss recorded at a subsidiary of Sony Life (-16.8 bln yen)
  - (- ) Deterioration in valuation gains and losses on securities at Sony Bank
  - (- ) Increase in the loss ratio for automobile insurance at Sony Assurance
  - (+ ) Increase in OI at Sony Life (11.9 bln yen increase, OI: 35.1 bln yen)
    - (+ ) Decrease in expenses for various provisions related to COVID-19
    - (+ ) Decrease in policy reserves due to a review of the basic rates associated with the integration of the annuity business

### FY2021 Forecast (change from April forecast)

- Revenue : Remain unchanged from April forecast
- OI: 17 bln yen downward revision
  - (- ) Above-mentioned one-time loss recorded at a subsidiary of Sony Life

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## Major Impacts on FY2020 Consolidated Results from IFRS Transition

(Bln Yen)

|   | U.S. GAAP | IFRS           | Difference | Major Factors  |
|---|-----------|----------------|------------|--|
| <b>Sales*<sup>1</sup></b>   | 8,999.4   | <b>8,998.7</b> | -0.7       | Please refer to Page 17.   |
| <b>Operating income</b>   | 971.9     | <b>955.3</b>   | -16.6      | Please refer to Page 17.   |
| <b>Income before income taxes</b>                                       | 1,192.4   | <b>998.0</b>   | -194.4     | (-) Reclassification of gains and losses on equity securities such as stocks, in all segments excluding Financial Services, from profit or loss ("P&L") to other comprehensive income ("OCI")* <sup>2</sup><br>(-) All the differences to operating income |
| <b>Net income attributable to Sony Group Corporation's stockholders</b> | 1,171.8   | <b>1,029.6</b> | -142.2     | (-) All the differences to income before income taxes<br>(+) Difference in income tax expense due to the recording of tax effects on the differences to income before income taxes   |

\*<sup>1</sup> "Sales" is used to mean "sales and operating revenue" in accordance with U.S. GAAP and "sales and financial services revenue" in accordance with IFRS (applies to all following pages).  
\*<sup>2</sup> Except for certain securities.

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## Major Impacts on FY2020 Results by Segment from IFRS Transition

(Bln yen)

|  |                  | U.S. GAAP | IFRS           | Differences | Major Factors   |
|--|------------------|-----------|----------------|-------------|---|
| <b>Game &amp; Network Services (G&amp;NS)</b>          | Sales            | 2,656.3   | <b>2,656.3</b> | -           |   |
|  | Operating income | 342.2     | <b>341.7</b>   | -0.5        |   |
| <b>Music</b>   | Sales            | 939.9     | <b>939.9</b>   | -           |   |
|  | Operating income | 188.1     | <b>184.8</b>   | -3.3        | (-) Timing difference in recording of employee termination benefits   |
| <b>Pictures</b>  | Sales            | 758.8     | <b>753.0</b>   | -5.8        | (-) Difference in accounting for sale of film titles  |
|  | Operating income | 80.5      | <b>79.9</b>    | -0.6        |   |
| <b>Electronics Products &amp; Solutions (EP&amp;S)</b> | Sales            | 2,066.5   | <b>2,068.1</b> | +1.6        | (+) Difference in the scope of consolidation  |
|  | Operating income | 134.1     | <b>127.9</b>   | -6.2        | (-) Difference in recognition and measurement for impairment of certain intangible assets   |
| <b>Imaging &amp; Sensing Solutions (I&amp;SS)</b>      | Sales            | 1,012.5   | <b>1,012.5</b> | -           |   |
|  | Operating income | 145.9     | <b>145.9</b>   | +0          |   |
| <b>Financial Services</b>                              | Revenue          | 1,668.9   | <b>1,674.0</b> | +5.1        | (+) Change in presentation of service revenue and expense to gross basis<br>(+) Reclassification of exchange difference for debt securities denominated in foreign currencies from OCI to P&L<br>(-) Change in measurement method for certain debt securities |
|  | Operating income | 164.6     | <b>154.8</b>   | -9.8        | (-) Change in measurement method for certain debt securities<br>(+) Reclassification of exchange difference for debt securities denominated in foreign currencies from OCI to P&L   |
| <b>All Other, Corporate and elimination</b>            | Operating income | -83.4     | <b>-79.6</b>   | +3.8        | (+) Difference in P&L classification and measurement method of lease-related expense  |
| <b>Consolidated total</b>                              | Sales            | 8,999.4   | <b>8,998.7</b> | -0.7        |   |
|  | Operating income | 971.9     | <b>955.3</b>   | -16.6       |   |

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## FY2020 Adjusted Income (IFRS)

|   | Income before adjustment | Adjusted income        | Adjusted Income excludes the following items*  |
|---|--------------------------|------------------------|--|
| <b>Operating income</b>   | 955.3 bln yen            | <b>962.1 bln yen</b>   | <ul style="list-style-type: none"> <li>■ Gain on the sale of a portion of shares of Pledis Entertainment (Music segment: +7.2 bln yen)</li> <li>■ Gain recorded in connection with a business transfer (Music segment: +5.9 billion yen)</li> <li>■ Impairment charge against long-lived assets in the nursing care business (Financial Services segment: -7.4 bln yen)</li> <li>■ Inventory write-downs of certain image sensors for mobile products (I&amp;SS segment: -7.2 bln yen)</li> <li>■ Expenses related to the Sony Global Relief Fund for COVID-19 (Corporate and elimination: -5.3 bln yen)</li> </ul>  |
| <b>Income before income taxes</b>                                       | 998.0 bln yen            | <b>1,004.8 bln yen</b> | <ul style="list-style-type: none"> <li>■ Total of the above adjustments to operating income (-6.8 bln yen)</li> </ul>  |
| <b>Net income attributable to Sony Group Corporation's stockholders</b> | 1,029.6 bln yen          | <b>778.2 bln yen</b>   | <ul style="list-style-type: none"> <li>■ Total of the above adjustments to income before income taxes (-6.8 bln yen)</li> <li>■ Tax adjustment with regard to the total of the above adjustments to income before income taxes (+1.4 bln yen)</li> <li>■ Reversal of a previous write-down recorded against deferred tax assets of the consolidated tax filing group in Japan (for national tax: +214.3 bln yen, for local tax: +7.6 bln yen)</li> <li>■ Reversal of a previous write-down recorded against deferred tax assets of the consolidated tax filing group in the United States (for foreign tax credits: +21.3 bln yen, for research and development credits: +13.6 bln yen)</li> </ul> |

\* These monetary amounts are disclosed in the Quarterly Financial Statements, the Presentation Slides and the Quarterly Securities Reports for the relevant quarters. (The above information is presented based on IFRS, reflecting the accounting differences between U.S. GAAP and IFRS.)

Adjusted income is not a measure in accordance with IFRS. However, Sony believes that this disclosure may be useful information to investors.

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## FY2020 Adjusted Net Income Attributable to Sony Group Corporation's Stockholders (IFRS)

### FY20

(Bln yen)

|  | Income Before Income Taxes | Taxes        | Effective Tax Rate | Net Income Attributable to Sony Group Corporation's Stockholders |
|--|----------------------------|--------------|--------------------|--|
| <b>Financial results</b>   | <b>998.0</b>               | <b>-45.9</b> | <b>-4.6%</b>       | <b>1,029.6</b>   |
| Adjusted items impacting effective tax rate  | —                          | —            | —                  | —  |
| Reversal of a previous write-down recorded against deferred tax assets of the consolidated tax filing group in Japan             | —                          | +221.9       | —                  | -221.9   |
| Reversal of a previous write-down recorded against deferred tax assets of the consolidated tax filing group in the United States | —                          | +34.9        | —                  | -34.9  |
| <b>Subtotal</b>  | <b>998.0</b>               | <b>210.9</b> | <b>21.1%</b>       | <b>772.8</b>   |
| Other adjusted items *   | +6.8                       | +1.4         | 21.1%              | +5.4   |
| <b>Adjusted results</b>  | <b>1,004.8</b>             | <b>212.3</b> | <b>21.1%</b>       | <b>778.2</b>   |

\* See page 18 for details regarding adjusted items

Adjusted results are not a measure in accordance with IFRS. However, Sony believes that this disclosure may be useful information to investors.

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## Notes

### **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, 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 operating income (loss) for that segment.

This information is not a substitute for Sony's consolidated financial statements measured in accordance with IFRS. 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, Pictures and Financial Services 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".

The Financial Services segment results include Sony Financial Holdings Inc. ("SFH") and SFH's consolidated subsidiaries such as Sony Life Insurance Co., Ltd. ("Sony Life"), Sony Assurance Inc., and Sony Bank Inc. The results of Sony Life discussed in the Financial Services segment differ from the results that SFH and Sony Life disclose separately on a Japanese statutory basis.

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## Cautionary Statement

Statements made in this presentation 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. Please note that Sony has disclosed the consolidated financial statements and its forecast for consolidated results for the fiscal year ending March 31, 2022 based on International Financial Reporting Standards (IFRS). 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 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, 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 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.

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