SONY

Q1 FY2022 Consolidated Financial Results

(Three months ended June 30, 2022)

July 29, 2022

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.

- Today, I will start by talking about the business environment surrounding our company.
- The results forecast we announced in May incorporated an outlook for the growth of the global economy developed in January as well as major risks contemplated at the time of the forecast such as the direct impact of the situation in Ukraine and the impact of COVID-19 in China.
- Since then, the business environment has changed significantly, and there are concerns that the global economy will further decelerate primarily due to recent rapid inflation and monetary policies several countries are pursuing to respond to it.
- We are working to identify the impact of these business environment changes and take prompt action to address them as a top priority in the management of our business, and the forecast we have disclosed today incorporates this impact to a reasonable degree based on current circumstances.
- In addition to the Entertainment, Technology & Services (“ET&S”) and Imaging & Sensing Solutions (“I&SS”) segments, which have a relatively high degree of sensitivity to changes in the macro environment, we are paying close attention to changes in the business environment of all our segments including Game & Network Services (“G&NS”), Music, Pictures and Financial Services, and we are taking steps to mitigate risk when managing our business.

- **Q1 FY2022 Consolidated Financial Results and FY2022 Consolidated Results Forecast**
- **Segments Outlook**

- Now I will explain the following topics: the consolidated results for the first quarter ended June 30, 2022 (“FY22 Q1”) and the consolidated results forecast for the fiscal year ending March 31, 2023 (“FY22”), as well as the state of each of our business segments.

Q1 FY2022 Consolidated Results

(Bln Yen)

	Q1 FY21	Q1 FY22	Change
Sales*	2,256.8	**2,311.5**	+54.7 bln yen (+2%)
Operating income	280.1	**307.0**	+26.9 bln yen (+10%)
Income before income taxes	283.2	**291.4**	+8.2 bln yen (+3%)
Net income attributable to Sony Group Corporation's stockholders	211.8	**218.2**	+6.4 bln yen (+3%)
Net income attributable to Sony Group Corporation's stockholders per share of common stock (diluted)	169.22 yen	**175.21 yen**	+5.99 yen
Average Rate			
1 US dollar	109.5 yen	**129.4 yen**	
1 Euro	131.9 yen	**138.0 yen**	

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

- FY22 Q1 consolidated sales increased 2% compared to the same quarter of the previous fiscal year ("year-on-year") to 2 trillion 311.5 billion yen, and consolidated operating income increased 26.9 billion yen to 307.0 billion yen, both of which were record highs for the first quarter.
- Income before income taxes increased 8.2 billion yen year-on-year to 291.4 billion yen, and net income attributable to Sony Group Corporation's shareholders increased 6.4 billion yen to 218.2 billion yen.
- Consolidated operating cash flow excluding the Financial Services segment was an outflow of 167.4 billion yen primarily due to an increase in working capital and the impact of currency adjustments associated with the depreciation of the yen.

Q1 FY2022 Results by Segment

(Bln Yen)

Segment		Q1 FY21	Q1 FY22	Change	FX Impact
Game & Network Services (G&NS)	Sales	615.8	**604.1**	-11.7	+57.9
	Operating income	83.3	**52.8**	-30.5	-4.8
Music	Sales	254.9	**308.1**	+53.2	+35.9
	Operating income	55.4	**61.0**	+5.6	
Pictures	Sales	204.7	**341.4**	+136.6	+52.4
	Operating income	25.4	**50.7**	+25.3	
Entertainment, Technology & Services (ET&S) *	Sales	576.3	**552.3**	-24.0	+48.1
	Operating income	71.8	**53.6**	-18.2	+6.2
Imaging & Sensing Solutions (I&SS)	Sales	218.1	**237.8**	+19.8	+26.1
	Operating income	30.5	**21.7**	-8.8	+11.0
Financial Services	Revenue	414.4	**297.8**	-116.6	
	Operating income	24.0	**81.3**	+57.3	
All Other	Sales	22.0	**19.3**	-2.7	
	Operating income	4.2	**2.9**	-1.3	
Corporate and elimination	Sales	-49.3	**-49.3**	-	
	Operating income	-14.3	**-16.9**	-2.5	
Consolidated total	Sales	2,256.8	**2,311.5**	+54.7	
	Operating income	280.1	**307.0**	+26.9	

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).

* The former Electronics Products & Solutions (EP&S) segment has been renamed the Entertainment, Technology & Services (ET&S) segment effective from April 2022. This change has not resulted in any reclassification of businesses across segments (applies to all following pages).

- This slide shows the results by segment for FY22 Q1.

FY2022 Consolidated Results Forecast

(Bln Yen)

	FY21	FY22 May FCT	FY22 July FCT	Change from May FCT
Sales	9,921.5	11,400	**11,500**	+100 bln yen (+1%)
Operating income	1,202.3	1,160	**1,110**	-50 bln yen (-4%)
Income before income taxes	1,117.5	1,130	**1,070**	-60 bln yen (-5%)
Net income attributable to Sony Group Corporation's stockholders	882.2	830	**800**	-30 bln yen (-4%)
Operating Cash Flow (Sony without Financial Services)	813.3	1,050	**820**	-230 bln yen (-22%)

Average rate	Actual	Assumption	Assumption (Q2-Q4 FY22)
1 US dollar	112.3 yen	Approx. 123 yen	Approx. 130 yen
1 Euro	130.5 yen	Approx. 135 yen	Approx. 138 yen

Dividend per Share (Planned)	
Interim	35 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.

- Next, I will explain the FY22 consolidated results forecast.
- Consolidated sales are expected to be 11 trillion 500 billion yen, 100 billion yen higher than the previous forecast and operating income is expected to be 1 trillion 110 billion yen, 50 billion yen lower than the previous forecast.
- Although Q1 results were higher than our previous forecast, uncertainties in the business environment from the second quarter onward remain, so we decided to maintain the full-fiscal year operating income forecast we announced in May for the five segments other than G&NS where we have revised our view as to the overall game market.
- Consolidated operating cash flow excluding the Financial Services segment is expected to be 820 billion yen, 230 billion yen lower than the previous forecast due to the incorporation of the actual results of Q1.
- The assumed foreign currency exchange rates have been updated to approximately 130 yen to the U.S. dollar and approximately 138 yen to Euro.

FY2022 Results Forecast by Segment

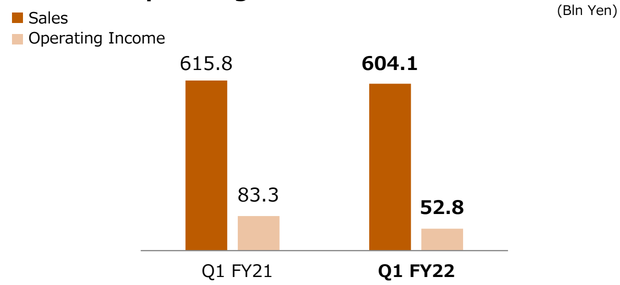
(Bln Yen)

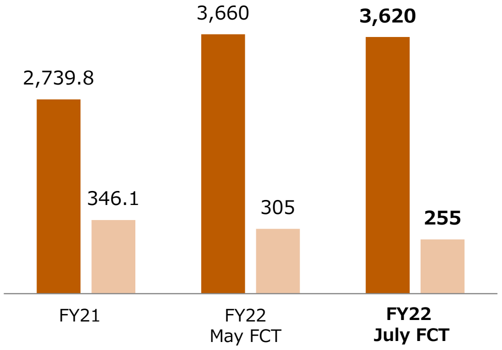
Segment		FY21	FY22 May FCT	FY22 July FCT	Change from May FCT
Game & Network Services (G&NS)	Sales	2,739.8	3,660	**3,620**	-40
	Operating income	346.1	305	**255**	-50
Music	Sales	1,116.9	1,240	**1,280**	+40
	Operating income	210.9	230	**230**	-
Pictures	Sales	1,238.9	1,330	**1,380**	+50
	Operating income	217.4	100	**100**	-
Entertainment, Technology & Services (ET&S)	Sales	2,339.2	2,400	**2,450**	+50
	Operating income	212.9	180	**180**	-
Imaging & Sensing Solutions (I&SS)	Sales	1,076.4	1,470	**1,440**	-30
	Operating income	155.6	200	**200**	-
Financial Services	Revenue	1,533.8	1,440	**1,440**	-
	Operating income	150.1	220	**220**	-
All Other, Corporate and elimination	Operating income	-90.7	-75	**-75**	-
Consolidated total	Sales	9,921.5	11,400	**11,500**	+100
	Operating income	1,202.3	1,160	**1,110**	-50

- This slide shows our forecast by segment for FY22.
- I will now explain the situation in each of our business segments.

Game & Network Services Segment (G&NS Segment)

Sales and Operating Income





Q1 FY2022 (year-on-year)

- Sales: 11.7 bln yen (2%) decrease (FX Impact: +57.9 bln yen)
  - ·(−) Decrease in sales of non-first-party titles including add-on content
  - ·(−) Decrease in sales of first-party titles
  - ·(+) Impact of foreign exchange rates
- OI: 30.5 bln yen (37%) significant decrease (FX Impact: -4.8 bln yen)
  - ·(−) Impact of decrease in sales of non-first-party titles including add-on content
  - ·(−) Impact of decrease in sales of first-party titles
  - ·(−) Increase in costs, mainly for game software development at existing studios

FY2022 Forecast (change from May forecast)

- Sales: 40 bln yen (1%) downward revision
  - ·(−) Decrease in sales of non-first-party titles including add-on content
  - ·(+) Impact of foreign exchange rates
- OI: 50 bln yen (16%) downward revision
  - ·(−) Impact of decrease in sales of non-first-party titles including add-on content
  - ·(−) Negative impact of foreign exchange rates
  - ·(−) Increase in expenses* associated with acquisitions, mainly due to the acquisition of Bungie, Inc. being completed earlier than the assumed timing (approx. 13 bln yen increase: approx. 44 bln yen → approx. 57 bln yen)

* Regarding expenses associated with acquisitions completed within the current fiscal year, Sony has included the estimated impact of these acquisitions based on certain assumptions in the forecast for the current fiscal year. However, the actual amount of expenses to be recorded in the current fiscal year is subject to change depending on factors such as the accounting treatment to be finalized after the closing dates.

- First is the G&NS segment.
- FY22 Q1 sales decreased 2% year-on-year to 604.1 billion yen primarily due to a decrease in software sales including add-on content, partially offset by the favorable impact of foreign exchange rates.
- Operating income decreased a significant 30.5 billion yen year-on-year to 52.8 billion yen primarily due to the impact of the decrease in software sales and an increase in game software development costs.
- Despite the benefit of an increase in sales resulting from foreign exchange rates, FY22 sales are expected to decrease 40 billion yen from our previous forecast to 3 trillion 620 billion yen primarily due to a revision in the software sales forecast for the year reflecting the results of Q1.
- Primarily due to a decrease in software sales, the negative impact of foreign exchange rates and a 13 billion yen increase in expenses associated with acquisitions in FY22 resulting from the earlier-than-expected closing of the acquisition of Bungie, Inc. ("Bungie"), FY22 operating income is expected to decrease 50 billion yen from our previous forecast to 255 billion yen.

Current State of Business

- Total gameplay time for PlayStation users declined 15% year-on-year in Q1. Gameplay time in the month of June improved 3% compared with May and was down only 10% versus June 2021, but this is a much lower level of engagement than we anticipated in our previous forecast.

- We believe the primary reason for this is that the growth of the overall game market has recently decelerated as opportunities have increased for users to go outside due to a reduction in COVID-19 infections in key markets.

- Taking this situation into account, we intend to take action to increase user engagement in the second half of the fiscal year, during which major titles including first party software are scheduled to be released, primarily by increasing the supply of PlayStation®5 (“PS5™”) hardware and promoting the new PlayStation Plus service.

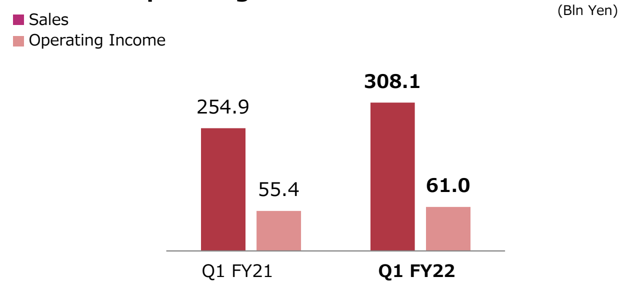
- At this point in time, we have made no change to our 18 million unit sales forecast for PS5™ hardware in FY22, but since we are seeing a recovery from the impact of the lockdown in Shanghai and a significant improvement in the supply of components, we are working to bring-forward more supply into the year-end holiday selling season.

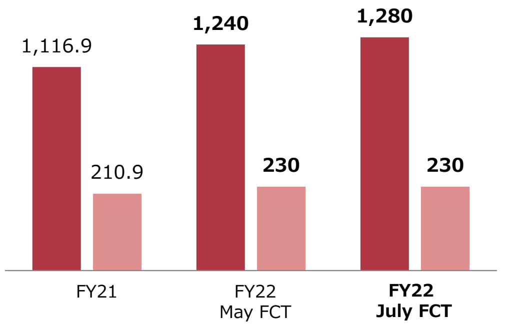
- Sony Interactive Entertainment LLC completed its acquisition of Bungie on July 15 of this year and collaboration between the two companies has begun.

- In addition, the acquisition of Haven Entertainment Studios, announced in March, was completed on June 27. In addition to enhancing the content development capability of our existing studios, we are working to strengthen our first-party software by creating new IP and accelerating the roll-out of live game services and multi-platform titles through synergies with the studios we have acquired.

Music Segment

Sales and Operating Income





Q1 FY2022 (year-on-year)

- Sales: 53.2. bln yen (21%) significant increase (FX Impact: +35.9 bln yen)
  - ・(+) Impact of foreign exchange rates
  - ・(+) Higher sales for Recorded Music and Music Publishing from paid subscription streaming services which also benefited from the success of a number of new releases in Recorded Music
  - ・(+) Higher revenues for live performances and merchandise sales in Recorded Music
  - ・(−) Lower sales for Visual and Media Platform due to a decrease in sales in the anime business
- OI: 5.6 bln yen (10%) increase
  - ・(+) Positive impact of foreign exchange rates

FY2022 Forecast (change from May forecast)

- Sales: 40 bln yen (3%) upward revision
  - ・(+) Impact of foreign exchange rates
- OI: Remains unchanged from May forecast

- Next is the Music segment.
- Q1 sales increased a significant 21% year-on-year to 308.1 billion yen, primarily due to the impact of foreign exchange rates and an increase in streaming revenue.
- Operating income increased 5.6 billion yen year-on-year to 61.0 billion yen, primarily due to the positive impact of foreign exchange rates.
- The contribution to operating income from Visual Media and Platform accounted for slightly more than 10% of the operating income of the segment for the quarter.
- FY22 sales are expected to increase 40 billion yen from our previous forecast to 1 trillion 280 billion yen, primarily due to the impact of foreign exchange rates.
- The forecast for operating income is unchanged from our previous forecast.

Current State of Business

- Q1 streaming revenue continued to grow with Recorded Music growing 27% and Music Publishing growing 42% year-on-year; 8% and 20%, respectively, on a U.S. dollar basis.

- We are monitoring the impact of the global economic slowdown on streaming services, but we have not changed our view that the global music market, including both Recorded Music and Music Publishing, will grow steadily over the next several years at a growth rate in the high single digits.

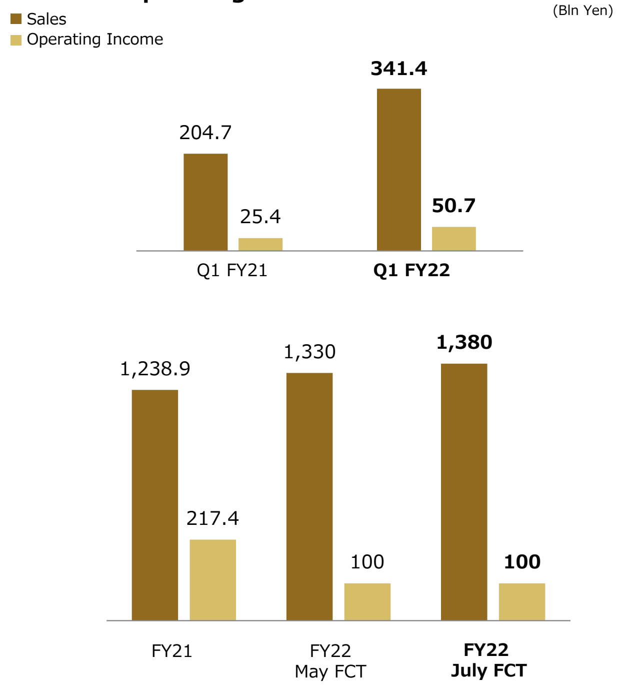
- In Recorded Music, we are producing many hits such as Harry Styles' album *Harry's House*, which has become a huge hit worldwide.

- As a result, we had an average of 47 songs in Spotify's weekly global top 100 songs for the quarter, a significant increase from the average of 36 songs we recorded last fiscal year.

- In addition to strengthening our ability to continue to generate hits, we are working to expand and diversify our foundation of profitability by enhancing services for artists through The Orchard and AWAL, expanding our business in emerging markets, and collaborating with business partners in new areas such as social and gaming.

Pictures Segment

Sales and Operating Income



Q1 FY2022 (year-on-year)

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

- Sales: 136.6 bln yen (67%) significant increase
  (U.S. dollar basis: 769 mil USD / 41%)
  ·(+) Increase in series deliveries in Television Productions
  ·(+) Higher television licensing and home entertainment revenues for titles released in FY21 in Motion Pictures
  ·(+) Higher sales for anime streaming services, including the impact of the acquisition of Crunchyroll
  ·(+) Impact of the acquisition of Industrial Media
  ·(−) Impact of fewer new releases in Motion Pictures
- OI: 25.3 bln yen (100%) significant increase
  (U.S. dollar basis: 162 mil USD / 70%)
  ·(+) Impact of increase in sales for Motion Pictures and Television Productions

FY2022 Forecast (change from May forecast)

- Sales: 50.0 bln yen (4%) upward revision
  ·(+) Impact of foreign exchange rates
- OI: Remains unchanged from May forecast

- Next is the Pictures segment.
- FY22 Q1 sales increased a significant 67% year-on-year to 341.4 billion yen primarily due to the impact of foreign exchange rates, an increase in the delivery of product in Television Productions and an increase in revenue from films released in the previous fiscal year in Motion Pictures.
- Operating income increased a significant 25.3 billion yen year-on-year to 50.7 billion yen, due to the impact of the increase in the overall sales of the segment.
- FY22 sales are expected to increase 50 billion yen compared to our previous forecast to 1 trillion 380 billion yen, primarily due to the impact of foreign exchange rates.
- The forecast for operating income is unchanged from our previous forecast.

Current State of Business

- Theatrical revenue in the U.S. appears to be on a recovery trend with box office revenue in some weeks exceeding that of 2019 levels, thanks not only to large-scale films aimed at young audiences but also hits in the family genre, where it was believed COVID-19 would make it difficult to attract audiences.

- We are also looking forward to the movie *Bullet Train*, starring Brad Pitt, which will be released in August in the U.S.

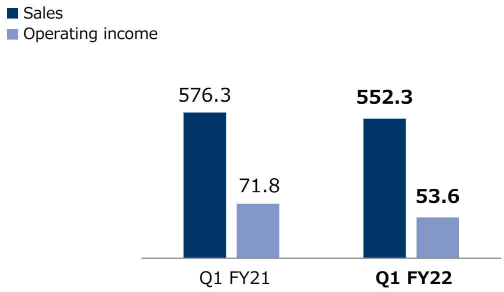
- Demand for premium content continues to be strong due to increased competition between the video distribution services. As an independent major studio that provides product to a variety of partners, we see this as an opportunity.

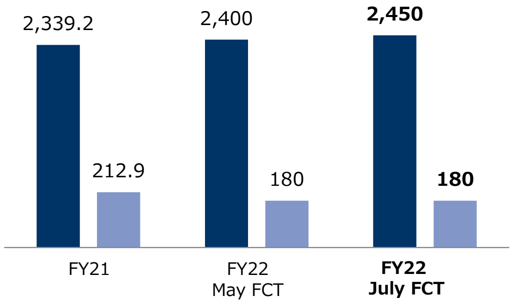
- In addition, in Media Networks, the service integration between Crunchyroll and Funimation, which is an anime distribution business, is proceeding smoothly, and the number of paying subscribers and the businesses' financial performance are growing at a pace that exceeds expectations against the backdrop of the growth of the anime market outside Japan.

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

Sales and Operating Income

(Bln Yen)





Q1 FY2022 (year-on-year)

- Sales: 24.0 bln yen (4%) decrease (FX Impact: +48.1 bln yen)
  - ·(−) Decrease in sales of televisions due to a decrease in unit sales
  - ·(+) Impact of foreign exchange rates
- OI: 18.2 bln yen (25%) significant decrease (FX Impact: +6.2 bln yen)
  - ·(−) Deterioration of operating results for televisions due to a decrease in unit sales

FY2022 Forecast (change from May forecast)

- Sales: 50.0 bln yen (2%) upward revision
  - ·(+) Impact of foreign exchange rates
- OI: Remains unchanged from May forecast
  - ·(+) Impact of increase in sales of digital cameras due to an increase in unit sales
  - ·(−) Impact of decrease in sales of televisions due to a decrease in unit sales

- Next is the Entertainment Technology & Services segment (ET&S).
- FY22 Q1 sales decreased 4% year-on-year to 552.3 billion yen, primarily due to a decrease in television unit sales resulting from the impact of lockdowns in Shanghai and worsening market conditions, partially offset by the favorable impact of foreign exchange rates.
- Operating income decreased 18.2 billion yen year-on-year to 53.6 billion yen, primarily due to the impact of the decrease in television sales.
- FY22 sales are expected to increase 50 billion yen from our previous forecast to 2 trillion 450 billion yen, primarily due to the impact of foreign exchange rates, partially offset by our incorporating the risk of market deceleration into our forecast for the second half of the fiscal year.
- The forecast for operating income is unchanged from our previous forecast.

Current State of Business

- Due to a faster than expected improvement in the utilization of our manufacturing facility following the Shanghai lockdown and a faster than expected improvement in supply constraints for components, centered on semiconductors primarily for digital cameras, Q1 operating income significantly exceeded our previous forecast.

- On the other hand, new risks such as the global economic slowdown, especially in Europe, and the adverse effects of the strong dollar on our financial results have recently become apparent.

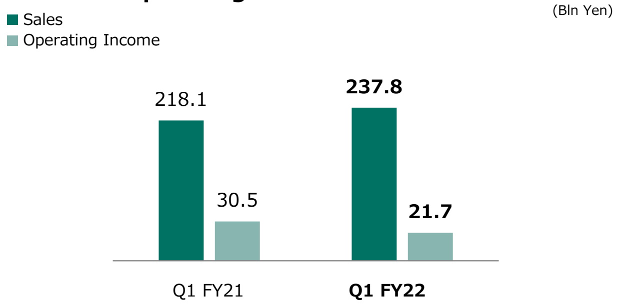
- We plan to apply the upside to profit we enjoyed in Q1 to these risks and implement additional measures such as improvements in product mix and cost controls in anticipation of even more risks.

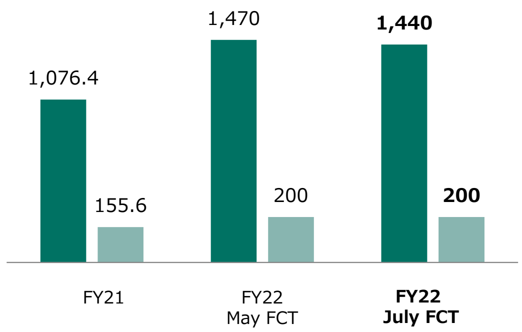
- The inventory level at the end of June is a little high even when we exclude the increase in valuation of the inventory due to the depreciation of the yen and the strategic stockpile of parts that we are concerned about procuring, and we plan to adjust that level in preparation for the expected softening of demand in the product markets going forward.

- Moreover, we are steadily promoting the transfer of production across multiple facilities, decentralizing the production of key components and digitizing and further optimizing our operations. We will continue to strive to maintain and improve our profitability by responding swiftly to market changes.

Imaging & Sensing Solutions Segment (I&SS Segment)

Sales and Operating Income





Q1 FY2022 (year-on-year)

- Sales: 19.8 bln yen (9%) increase (FX Impact: +26.1 bln yen)
  - ·(+) Impact of foreign exchange rates
- OI: 8.8 bln yen (29%) decrease (FX Impact: +11.0 bln yen)
  - ·(−) Increase in research and development expenses as well as depreciation and amortization expenses
  - ·(−) Increase in manufacturing costs
  - ·(+) Positive impact of foreign exchange rates

FY2022 Forecast (change from May forecast)

- Sales: 30 bln yen (2%) downward revision
  - ·(−) Lower-than-expected sales of image sensors for mobile products
    - ·(−) Decrease in unit sales
    - ·(+) Improvement in product mix
  - ·(−) Lower-than-expected sales of image sensors for industrial equipment and security cameras
  - ·(+) Impact of foreign exchange rates
- OI: Remains unchanged from May forecast
  - ·(+) Positive impact of foreign exchange rates
  - ·(−) Impact of decrease in sales of image sensors for industrial equipment and security cameras

Image sensors sales and additions to long-lived assets for the I&SS segment (and for image sensors) are disclosed in the Supplemental Information for the Consolidated Financial Results for Q1 FY22.

- Next is the Imaging & Sensing Solutions segment (I&SS).
- Sales for the quarter increased 9% year-on-year to 237.8 billion yen, primarily due to the impact of foreign exchange rates.
- Operating income decreased 8.8 billion yen year-on-year to 21.7 billion yen, primarily due to an increase in R&D and depreciation expenses, despite the positive impact of foreign exchange rates.
- FY22 sales are expected to decrease 30 billion yen from the previous forecast to 1 trillion 440 billion yen.
- The forecast for operating income is unchanged from our previous forecast.

Current State of Business

- Our forecast this time assumes that we cannot expect a recovery in the Chinese smartphone market this fiscal year after considering the trends seen in the Chinese market during Q1, and we have incorporated deceleration of the middle and low-end finished product market, as well as lower sales of mobile image sensors to reflect this deceleration.

- On the other hand, in response to growing needs for video recording, the introduction by smartphone manufacturers of our larger die-size, high-resolution image sensors in their high-end line-up is steadily progressing. We believe that this trend toward higher resolution quality and improved functionality of cameras has become even more apparent.

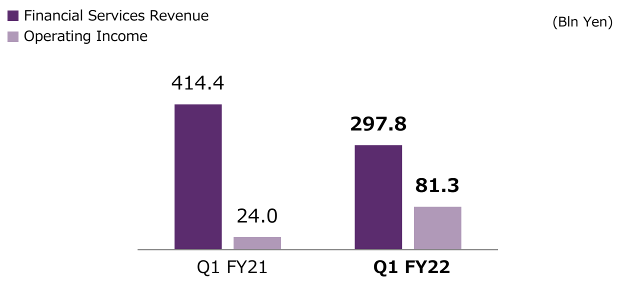
- From the second quarter onward, we anticipate that the adoption of larger die-sized sensors by customers will accelerate further and drive sales growth for mobile image sensors.

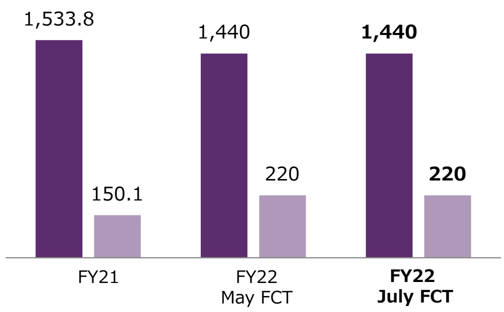
- In addition, due to an easing supply and demand equilibrium for logic semiconductors, it has become possible to gradually increase the production of high-value-added image sensors, the production of which was previously restricted due to supply constraints. Therefore, we expect that the product mix will gradually improve from the latter half of this fiscal year.

- Moreover, when it comes to automotive image sensors and our AITRIOS and other solutions businesses that are expected to grow significantly over the mid- to long-term, we will continue to proactively invest in the development of technology and the expansion of the businesses themselves.

Financial Services Segment

Financial Services Revenue and Operating Income





Q1 FY2022 **(year-on-year)**

- Revenue: 116.6 bln yen (28%) significant decrease
  - ·(−) Significant decrease in revenue at Sony Life (123.5 bln yen decrease, revenue: 247.9 bln yen)
    - ·(−) Decrease in net gains on investments in the separate accounts
- OI: 57.3 bln yen (239%) significant increase
  - ·(+) Significant increase in OI at Sony Life (40.1 bln yen increase, OI: 75.2 bln yen)
    - · (+) Gain recorded on the sale of real estate
    - · (+) Improvement in net gains and losses related to market fluctuations
  - ·(+) The absence of the loss recorded due to an unauthorized withdrawal of funds in Q1 FY21 at a subsidiary of Sony Life (-16.8 bln yen)

FY2022 Forecast **(change from May forecast)**

- Revenue / OI : Remain unchanged from May forecast

- Last is the Financial Services segment.
- FY22 Q1 financial services revenue decreased a significant 28% to 297.8 billion yen, primarily due to a decrease in net gains on investments in the separate accounts at Sony Life Insurance Ltd. ("Sony Life").
- Operating income increased a significant 57.3 billion yen year-on-year to 81.3 billion yen primarily due to the recording of a gain on the sale of real estate completed in April and the absence of a loss recorded in the same quarter of the previous fiscal year from an unauthorized withdrawal of funds, both at Sony Life.
- As Sony Life previously announced, the judicial procedures to recover the funds from the unauthorized withdrawal were completed in July.
- The FY22 financial services revenue and operating income forecast are unchanged from our previous forecast.

- With the large-scale and rapid changes in the business environment this fiscal year, the risks and issues that need to be addressed are wide-ranging and diverse.

- In each business, we aim to thoroughly grasp the situation accurately and respond promptly to changes in the business environment, and we plan to continue to operate the business with the highest level of caution.

- At the same time, we will steadily continue our efforts to achieve long-term growth.

- That concludes my remarks.

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, 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 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 Group Inc. ("SFGI") and SFGI'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 SFGI and Sony Life disclose separately on a Japanese statutory basis.

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. 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, geopolitical conflicts, pandemic disease or similar events;
(xvii) the ability of Sony, its third-party service providers or business partners to anticipate and manage cybersecurity risk, including the risk of unauthorized access to Sony's business information and the personally identifiable information of its employees and customers, potential business disruptions or financial losses; and
(xviii) the outcome of pending and/or future legal and/or regulatory proceedings.

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