

SONY

Q2 FY2023 Consolidated Financial Results

(Three months ended September 30, 2023)

November 9, 2023

Sony Group Corporation

Q2 FY2023 Consolidated Results

	(Reference) IFRS 4 Q2 FY22	Q2 FY22	Q2 FY23	Change
Sales*	2,751.9	2,625.5	2,828.6	+203.2 (+8%)
Operating income	344.0	369.4	263.0	-106.4 (-29%)
Income before income taxes	345.8	371.1	257.6	-113.5 (-31%)
Net income attributable to Sony Group Corporation's stockholders	264.0	281.7	200.1	-81.6 (-29%)
Net income attributable to Sony Group Corporation's stockholders per share of common stock (diluted)	212.29 yen	226.54 yen	161.74 yen	-64.80 yen
Adjusted OIBDA	451.8	477.1	425.9	-51.2 (-11%)
Adjusted EBITDA	461.8	487.2	426.4	-60.8 (-12%)
Average Rate				
1 US dollar	138.2 yen	138.2 yen	144.4 yen	
1 Euro	139.3 yen	139.3 yen	157.2 yen	

* "Sales" is used to mean "sales and financial services revenue" in accordance with International Financial Reporting Standards ("IFRS") (applies to all following pages).
Sony has adopted IFRS 17 "Insurance Contracts" ("IFRS 17") from Q1 FY23, in lieu of the previously applied IFRS 4 "Insurance Contracts". Figures for FY22 are restated in accordance with IFRS 17 (applies to all following pages).
Adjusted OIBDA and Adjusted EBITDA are not measures in accordance with IFRS. However, Sony believes that these disclosures may be useful information to investors.
For further details about Adjusted OIBDA and Adjusted EBITDA including their formulas and reconciliations, see page 17-23 (applies to all following pages).

Q2 FY2023 Consolidated Results: Year-on-year Change

	Year-on-year Change	Contributing Factors (+) Better / (-) Worse
Sales	+203.2 bln yen +8%	<ul style="list-style-type: none"> • (+) Significant increases in G&NS, Pictures and Music segments sales • (-) Significant decrease in Financial Services segment sales • (-) Decreases in ET&S segment sales <p>On a constant currency basis*, sales increased approx. 3%</p>
Operating income	-106.4 bln yen -29%	<ul style="list-style-type: none"> • (-) Significant decreases in Financial Services, I&SS and ET&S segments operating income
Income tax expense	-29.3 bln yen <small>(Effective tax rate 23%→22%)</small>	<ul style="list-style-type: none"> • (+) Impact of a lower tax rate in Japan resulting mainly from a change in the rules for research and development credits
Adjusted OIBDA	-51.2 bln yen -11%	<ul style="list-style-type: none"> • (-) Significant decrease in Financial Services segment Adjusted OIBDA • (-) Decreases in I&SS and ET&S segments Adjusted OIBDA
Adjusted EBITDA	-60.8 bln yen -12%	<ul style="list-style-type: none"> • (+) Significant increase in G&NS segment Adjusted OIBDA

* For further details about the impact of foreign exchange rate fluctuations on sales and operating income (loss), see page 23 (applies to all following pages).

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Adjusted Income^{*1} (Q2)

	Q2 FY22			Q2 FY23			Change from Q2 FY22	
	Before adjustment	Non-recurring (profit) / loss ^{*2}	Adjusted	Before adjustment	Non-recurring (profit) / loss ^{*2}	Adjusted	Before adjustment	Adjusted
	(Bln Yen)							
Operating income	369.4	-27.8	341.6	263.0	-	263.0	-106.4 (-29%)	-78.6 (-23%)
Income before income taxes	371.1	-27.8	343.3	257.6	-	257.6	-113.5 (-31%)	-85.7 (-25%)
Income taxes	85.7 <small>(Effective tax rate 23%)</small>	-6.4	79.3 <small>(Effective tax rate 23%)</small>	56.4 <small>(Effective tax rate 22%)</small>	-	56.4 <small>(Effective tax rate 22%)</small>	-29.3 (-34%)	-22.9 (-29%)
Net income attributable to Sony Group Corporation's stockholders	281.7	-21.4	260.3	200.1	-	200.1	-81.6 (-29%)	-60.2 (-23%)

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

*1 Adjusted Income does not include non-recurring profit and loss.

*2 For further details about non-recurring profit and loss, see page 4 (applies to all following pages).

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Non-Recurring Profit and Loss

(Bln Yen)

	Q2 FY22	1H FY22	FY22		Q2 FY23	1H FY23
Items included in operating income (before adjustment)	+27.8	+27.8	+27.8	Items included in operating income (before adjustment)	-	+6.0
Impact of litigation settlements, net of expenses, received in relation to lawsuits for Recorded Music and Music Publishing (Music segment·Q2)	+5.7	+5.7	+5.7	Remeasurement gain resulting from the consolidation of a company previously accounted for using the equity method (Music segment·Q1)	-	+6.0
Recovery of an unauthorized withdrawal of funds at a subsidiary of Sony Life in FY21 (Financial Services segment·Q2)	+22.1	+22.1	+22.1			
Items included in Financial income (expense)	-	-	-	Items included in Financial income (expense)	-	-
Items included in income before income taxes (before adjustment)	+27.8	+27.8	+27.8	Items included in income before income taxes (before adjustment)	-	+6.0
Items included in income taxes (before adjustment)	+6.4	+6.7	+5.6	Items included in income taxes (before adjustment)	-	+1.3
Tax effect with regard to the above two items	+6.4	+6.7	+5.6	Tax effect with regard to the above item	-	+1.3
Items included in net income attributable to noncontrolling interests	-	-	-	Items included in net income attributable to noncontrolling interests	-	-
Items included in net income attributable to Sony Group Corporation's stockholders (before adjustment)	+21.4	+21.1	+22.2	Items included in net income attributable to Sony Group Corporation's stockholders (before adjustment)	-	+4.7

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Q2 FY2023 Results by Segment

		Q2 FY22	Q2 FY23	Change	FX Impact	(Bln Yen)
Game & Network Services (G&NS)	Sales	720.7	954.1	+233.4	+59.3	
	Operating income	42.1	48.9	+6.8	+15.3	
	Adjusted OIBDA	64.2	83.1	+18.9		
Music	Sales	359.3	408.7	+49.4	+12.7	
	Operating income	78.7	81.0	+2.3		
	Adjusted OIBDA	87.5	97.0	+9.6		
Pictures	Sales	337.5	399.6	+62.2	+17.3	
	Operating income	27.6	29.4	+1.8		
	Adjusted OIBDA	40.4	42.6	+2.2		
Entertainment, Technology & Services (ET&S)	Sales	677.0	613.5	-63.5	+20.4	
	Operating income	77.8	61.0	-16.8	+5.4	
	Adjusted OIBDA	102.6	87.6	-15.0		
Imaging & Sensing Solutions (I&SS)	Sales	398.4	406.3	+8.0	+24.0	
	Operating income	74.0	46.4	-27.6	+18.3	
	Adjusted OIBDA	122.2	107.1	-15.0		
Financial Services	Revenue	178.1	103.9	-74.1		
	Operating income	80.0	15.7	-64.3		
	Adjusted OIBDA	64.4	22.7	-41.8		
All Other	Sales	20.7	24.2	+3.5		
	Operating income	4.8	2.1	-2.8		
	Adjusted OIBDA	5.8	3.1	-2.7		
Corporate and elimination	Operating income	-15.7	-21.5	-5.7		
	Adjusted OIBDA	-9.9	-17.2	-7.3		
Consolidated total	Sales	2,625.5	2,828.6	+203.2		
	Operating income	369.4	263.0	-106.4		
	Adjusted OIBDA	477.1	425.9	-51.2		
	Adjusted EBITDA*	487.2	426.4	-60.8		

Sales in each business segment represents sales and revenue recorded before intersegment transactions are eliminated (applies to all following pages). 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).

Adjusted OIBDA and Adjusted EBITDA are not measures in accordance with IFRS. However, Sony believes that these disclosures may be useful information to investors.

* The differences between Adjusted EBITDA and Adjusted OIBDA on a consolidated basis represent financial income and financial expenses (excluding interest expenses, net, and gains on revaluation of equity instruments, net). Adjusted EBITDA by segment is not calculated and disclosed because Sony does not include financial income and financial expenses in its performance evaluations by segment, mainly due to the fact that Sony manages its foreign exchange exposure centrally and globally, except for the Financial Services segment (applies to all following pages).

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1H FY2023 Consolidated Results

(Bln Yen)

	(Reference) IFRS 4 1H FY22	1H FY22	1H FY23	Change
Sales	5,063.4	4,855.2	5,792.3	+937.1 (+19%)
Operating income	651.0	734.3	516.1	-218.2 (-30%)
Income before income taxes	637.1	720.4	533.6	-186.8 (-26%)
Net income attributable to Sony Group Corporation's stockholders	482.2	542.8	417.7	-125.1 (-23%)
Net income attributable to Sony Group Corporation's stockholders per share of common stock (diluted)	387.46 yen	436.17 yen	337.39 yen	-98.78 yen
Adjusted OIBDA	882.8	966.0	822.0	-144.0 (-15%)
Adjusted EBITDA	900.8	984.0	832.6	-151.5 (-15%)
Average Rate				
1 US dollar	133.8 yen	133.8 yen	140.7 yen	
1 Euro	138.7 yen	138.7 yen	153.2 yen	

Adjusted OIBDA and Adjusted EBITDA are not measures in accordance with IFRS. However, Sony believes that these disclosures may be useful information to investors.

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Adjusted Income* (1H)

(Bln Yen)

	1H FY22			1H FY23			Change from 1H FY22	
	Before adjustment	Non-recurring (profit) / loss	Adjusted	Before adjustment	Non-recurring (profit) / loss	Adjusted	Before adjustment	Adjusted
Operating income	734.3	-27.8	706.5	516.1	-6.0	510.0	-218.2 (-30%)	-196.4 (-28%)
Income before income taxes	720.4	-27.8	692.6	533.6	-6.0	527.6	-186.8 (-26%)	-165.0 (-24%)
Income taxes	173.8 <small>(Effective tax rate 24%)</small>	-6.7	167.1 <small>(Effective tax rate 24%)</small>	114.5 <small>(Effective tax rate 22%)</small>	-1.3	113.2 <small>(Effective tax rate 22%)</small>	-59.3 (-34%)	-53.9 (-32%)
Net income attributable to Sony Group Corporation's stockholders	542.8	-21.1	521.7	417.7	-4.7	412.9	-125.1 (-23%)	-108.8 (-21%)

Adjusted Income is not a measure in accordance with IFRS. However, Sony believes that this disclosure may be useful information to investors.
* Adjusted Income does not include non-recurring profit and loss.

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1H FY2023 Results by Segment

		1H FY22	1H FY23	Change	FX Impact	(Bln Yen)
Game & Network Services (G&NS)	Sales	1,324.9	1,726.0	+401.1		+99.9
	Operating income	94.9	98.1	+3.2		+17.8
	Adjusted OIBDA	134.4	158.9	+24.5		
Music	Sales	667.4	766.9	+99.6		+27.9
	Operating income	139.7	154.4	+14.7		
	Adjusted OIBDA	162.3	180.0	+17.7		
Pictures	Sales	678.8	720.0	+41.2		+34.9
	Operating income	78.3	45.4	-32.9		
	Adjusted OIBDA	102.2	71.0	-31.2		
Entertainment, Technology & Services (ET&S)	Sales	1,229.4	1,185.3	-44.0		+37.2
	Operating income	131.4	116.7	-14.7		+6.8
	Adjusted OIBDA	179.5	168.4	-11.1		
Imaging & Sensing Solutions (I&SS)	Sales	636.2	699.1	+62.8		+47.2
	Operating income	95.7	59.1	-36.6		+36.5
	Adjusted OIBDA	189.5	177.2	-12.3		
Financial Services	Revenue	394.1	785.3	+391.2		
	Operating income	219.2	70.2	-149.0		
	Adjusted OIBDA	210.0	84.1	-125.9		
All Other	Sales	40.1	43.7	+3.7		
	Operating income	7.7	4.5	-3.2		
	Adjusted OIBDA	9.7	6.8	-3.0		
Corporate and elimination	Operating income	-32.6	-32.3	+0.3		
	Adjusted OIBDA	-21.6	-24.3	-2.7		
Consolidated total	Sales	4,855.2	5,792.3	+937.1		
	Operating income	734.3	516.1	-218.2		
	Adjusted OIBDA	966.0	822.0	-144.0		
	Adjusted EBITDA	984.0	832.6	-151.5		

Adjusted OIBDA and Adjusted EBITDA are not measures in accordance with IFRS. However, Sony believes that these disclosures may be useful information to investors.

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FY2023 Consolidated Results Forecast

	FY22	FY23 August FCT	FY23 November FCT	Change from August FCT	(Bln Yen)
Sales	10,974.4	12,200	12,400	+200 (+2%)	
Operating income	1,302.4	1,170	1,170	-	
Income before income taxes	1,274.5	1,140	1,160	+20 (+2%)	
Net income attributable to Sony Group Corporation's stockholders	1,005.3	860	880	+20 (+2%)	
Adjusted OIBDA	1,816.9	1,770	1,785	+15 (+1%)	
Adjusted EBITDA	1,797.6	1,750	1,785	+35 (+2%)	
Operating Cash Flow (Sony without Financial Services)	415.5	1,250	1,160	-90 (-7%)	
Foreign exchange rate	Actual (Average)	Assumption (Q2-Q4 FY2023)	Assumption (Q3-Q4 FY2023)	Dividend per Share	
1 US dollar	135.4 yen	Approx. 135 yen	Approx. 142 yen	Interim	40 yen
1 Euro	140.9 yen	Approx. 146 yen	Approx. 152 yen	Year-end	Undecided

Adjusted OIBDA, Adjusted EBITDA and Consolidated Operating Cash Flow (Sony without Financial Services) are not measures in accordance with IFRS. However, Sony believes that these disclosures may be useful information to investors.

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FY2023 Results Forecast by Segment

(Bln Yen)

		FY22	FY23 August FCT	FY23 November FCT	Change from August FCT
Game & Network Services (G&NS)	Sales	3,644.6	4,170	4,360	+190
	Operating income	250.0	270	270	-
	Adjusted OIBDA	337.0	375	385	+10
Music	Sales	1,380.6	1,490	1,560	+70
	Operating income	263.1	280	295	+15
	Adjusted OIBDA	316.4	335	350	+15
Pictures	Sales	1,369.4	1,470	1,460	-10
	Operating income	119.3	120	115	-5
	Adjusted OIBDA	168.2	165	165	-
Entertainment, Technology & Services (ET&S)	Sales	2,476.0	2,430	2,440	+10
	Operating income	179.5	180	180	-
	Adjusted OIBDA	276.9	280	280	-
Imaging & Sensing Solutions (I&SS)	Sales	1,402.2	1,560	1,590	+30
	Operating income	212.2	180	195	+15
	Adjusted OIBDA	408.9	425	440	+15
Financial Services	Revenue	889.1	1,320	1,210	-110
	Operating income	318.1	180	155	-25
	Adjusted OIBDA	322.4	205	180	-25
All Other, Corporate and elimination	Operating income	-39.8	-40	-40	-
	Adjusted OIBDA	-12.9	-15	-15	-
	Consolidated total	Sales	10,974.4	12,200	12,400
	Operating income	1,302.4	1,170	1,170	-
	Adjusted OIBDA	1,816.9	1,770	1,785	+15
	Adjusted EBITDA	1,797.6	1,750	1,785	+35

Adjusted OIBDA and Adjusted EBITDA are not measures in accordance with IFRS. However, Sony believes that these disclosures may be useful information to investors.

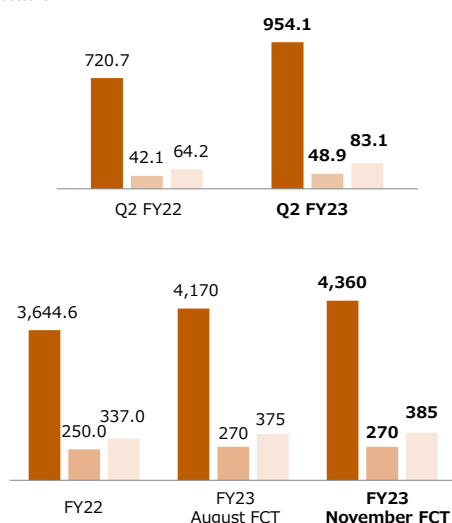
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Game & Network Services Segment (G&NS Segment)

Sales, Operating Income and Adjusted OIBDA

(Bln Yen)

■ Sales
■ Operating Income
■ Adjusted OIBDA



Q2 FY2023 (year-on-year)

- Sales: 233.4 bln yen (32%) significant increase (FX Impact: +59.3 bln yen)
 - (+) Increase in sales of hardware
 - (+) Increase in sales of non-first-party titles including add-on content
 - (+) Impact of foreign exchange rates

- OI: 6.8 bln yen (16%) increase (FX Impact: +15.3 bln yen)
/ Adjusted OIBDA: 18.9 bln yen (29%) significant increase
 - (+) Impact of increase in sales of non-first-party titles including add-on content
 - (-) Increase in losses from hardware

FY2023 Forecast (change from August forecast)

- Sales: 190 bln yen (5%) upward revision
 - (+) Impact of foreign exchange rates
 - (+) Increase in sales of non-first-party titles including add-on content
- OI: Remains unchanged from August forecast
/ Adjusted OIBDA: 10 bln yen (3%) upward revision*
 - (+) Impact of increase in sales of non-first-party titles including add-on content
 - (-) Impact of changes in the launch dates of a portion of first-party titles

* An increase in depreciation and amortization expense included within operating income is not included in factors for change in Adjusted OIBDA. As a result, the forecast for operating income remains unchanged while the forecast for Adjusted OIBDA has been upwardly revised.

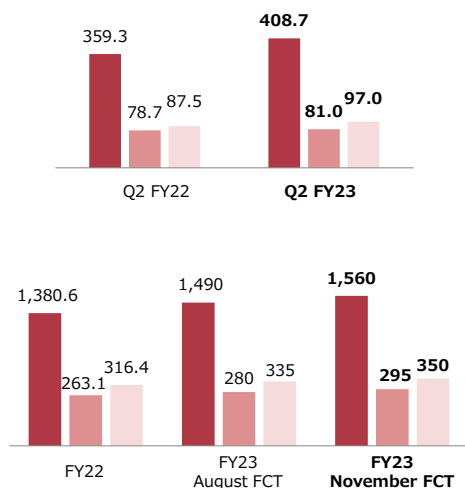
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Music Segment

Sales, Operating Income and Adjusted OIBDA

(Bln Yen)

- Sales
- Operating Income
- Adjusted OIBDA



Q2 FY2023 (year-on-year)

- Sales: 49.4 bln yen (14%) significant increase (FX Impact: +12.7 bln yen)
 - (+ Higher sales for Recorded Music and Music Publishing from paid subscription streaming services
 - (+ Impact of foreign exchange rates
 - (+ Higher sales in the anime business for Visual Media & Platform
- OI: 2.3 bln yen (3%) increase / Adjusted OIBDA: 9.6 bln yen (11%) increase
 - (+ Impact of increase in Recorded Music and Music Publishing sales
 - (-) Impact of litigation settlements received during Q2 FY22 in relation to lawsuits for Recorded Music and Music Publishing (net of expenses, 5.7 bln yen)*
 - (-) Increase in selling, general and administrative expenses

FY2023 Forecast (change from August forecast)

- Sales: 70 bln yen (5%) upward revision
 - (+ Impact of foreign exchange rates
 - (+ Higher sales in mobile game applications in Visual Media & Platform
 - (+ Increase in revenues from streaming services in Music Publishing
- OI: 15 bln yen (5%) upward revision / Adjusted OIBDA: 15 bln (4%) yen upward revision
 - (+ Positive impact of foreign exchange rates
 - (+ Impact of increase in sales

* Factor for change in operating income only, not included in factors for change in Adjusted OIBDA.

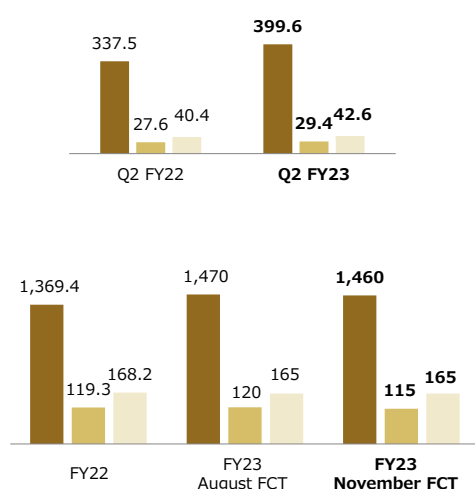
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Pictures Segment

Sales, Operating Income and Adjusted OIBDA

(Bln Yen)

- Sales
- Operating Income
- Adjusted OIBDA



Q2 FY2023 (year-on-year)

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

- Sales: 62.2 bln yen (18%) significant increase (U.S. dollar basis: +328 mil USD / +13%)
 - (+ Increase in series deliveries in Television Productions
 - (-) Lower television and digital streaming service licensing revenues compared to Q2 FY22, which benefitted from the contribution of several franchise films released theatrically in FY21
- OI: 1.8 bln yen (7%) increase (U.S. dollar basis: +2 mil USD / +1%) / Adjusted OIBDA: 2.2 bln yen (5%) increase (U.S. dollar basis: +1 mil USD / +0%)
 - (+ Impact of increase in sales
 - (-) Impact of lower television and digital streaming service licensing revenues

FY2023 Forecast (change from August forecast)

- Sales: 10 bln yen (1%) downward revision
 - (-) Impact of strikes in Hollywood, which is expected to lead to lower revenues mainly due to the impact of release date changes for some theatrical releases and restrictions on promotional activities in Motion Pictures and delays in series deliveries in Television Productions
 - (+ Impact of foreign exchange rates
- OI: 5 bln yen (4%) downward revision / Adjusted OIBDA remains unchanged from August forecast*
 - (-) Impact of decrease in sales in connection with strikes
 - (+ Positive impact of foreign exchange rates

* Adjusted OIBDA is expected to be more affected by the positive impact of foreign exchange rates compared to operating income. As a result, the forecast for Adjusted OIBDA remains unchanged while the forecast for operating income has been downwardly revised.

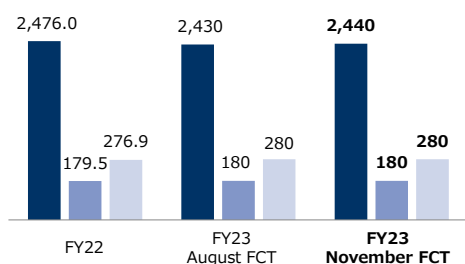
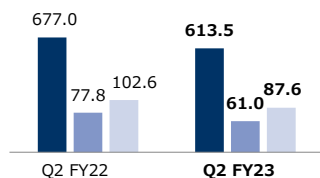
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Entertainment, Technology & Services Segment (ET&S Segment)

Sales, Operating Income and Adjusted OIBDA

(Bln Yen)

- Sales
- Operating Income
- Adjusted OIBDA



Q2 FY2023 (year-on-year)

- Sales: 63.5 bln yen (9%) decrease (FX Impact: +20.4 bln yen)
 - (-) Decrease in sales of televisions due to a decrease in unit sales
 - (+ Impact of foreign exchange rates
- OI: 16.8 bln yen (22%) significant decrease (FX Impact: +5.4 bln yen) / Adjusted OIBDA: 15.0 bln yen (15%) decrease
 - (-) Impact of decrease in sales of televisions due to a decrease in unit sales
 - (+ Positive impact of foreign exchange rates

FY2023 Forecast (change from August forecast)

- Sales: 10 bln yen (0%) upward revision
 - (+ Impact of foreign exchange rates
 - (-) Decrease in sales of televisions and smartphones due to a decrease in unit sales
- OI / Adjusted OIBDA: Remain unchanged from August forecast
 - (-) Impact of decrease in sales of televisions due to a decrease in unit sales
 - (+ Positive impact of foreign exchange rates

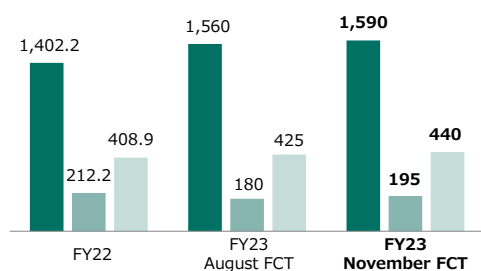
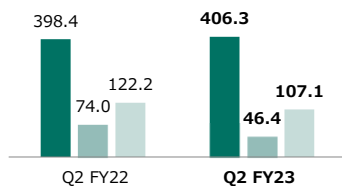
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Imaging & Sensing Solutions Segment (I&SS Segment)

Sales, Operating Income and Adjusted OIBDA

(Bln Yen)

- Sales
- Operating Income
- Adjusted OIBDA



Q2 FY2023 (year-on-year)

- Sales: 8.0 bln yen (2%) increase (FX Impact: +24.0 bln yen)
 - (+ Impact of foreign exchange rates
 - (-) Decrease in sales of image sensors for industrial and social infrastructure
- OI: 27.6 bln yen (37%) significant decrease (FX Impact: +18.3 bln yen) / Adjusted OIBDA: 15.0 bln yen (12%) decrease
 - (-) Increase in depreciation and amortization expenses*
 - (-) Increase in costs associated with the launch of mass production of a new image sensor for mobile products
 - (-) Increase in manufacturing costs
 - (-) Impact of decrease in sales of image sensors for industrial and social infrastructure
 - (+ Positive impact of foreign exchange rates

FY2023 Forecast (change from August forecast)

- Sales: 30 bln yen (2%) upward revision
 - (+ Impact of foreign exchange rates
 - (-) Decrease in sales of image sensors for automotive and for industrial and social infrastructure
- OI: 15 bln yen (8%) upward revision / Adjusted OIBDA: 15 bln yen (4%) upward revision
 - (+ Positive impact of foreign exchange rates
 - (+ Cost reductions
 - (-) Impact of decrease in sales

* Factor for change in operating income only, not included in factors for change in Adjusted OIBDA.

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Financial Services Segment

Financial Services Revenue, Operating Income and Adjusted OIBDA



*1 Insurance service result = Insurance revenue - Insurance service expenses
 *2 Other profit and loss = Other financial services revenue - Insurance finance expenses (income) - Other financial services expense
 *3 Factor for change in operating income only, not included in factors for change in Adjusted OIBDA.

Reconciliation Table for Adjusted EBITDA (Q2)

(Bln Yen)

	Q2 FY22	Q2 FY23
Net income attributable to Sony Group Corporation's stockholders	281.7	200.1
Net income attributable to noncontrolling interests	3.7	1.1
Income taxes	85.7	56.4
Interest expenses, net, recorded in Financial income (expense)	1.4	2.1
(Gain) / loss on revaluation of equity instruments, net, recorded in Financial income (expense)	6.9	3.7
Depreciation and amortization expense ^{*1}	135.5	162.9
Non-recurring (profit) / loss ^{*2}	-27.8	-
Adjusted EBITDA	487.2	426.4

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

*1 Depreciation and amortization expense excludes amortization for film costs, broadcasting rights and internally developed game content and master recordings included in Content assets.
 *2 Items included in operating income.

Reconciliation Table for Adjusted OIBDA (Q2)

(Bln Yen)

	Q2 FY22				Q2 FY23			
	Operating Income	Depreciation and Amortization* ¹	Non-recurring (profit) / loss* ²	Adjusted OIBDA	Operating Income	Depreciation and Amortization* ¹	Non-recurring (profit) / loss* ²	Adjusted OIBDA
Game & Network Services (G&NS)	42.1	22.0	–	64.2	48.9	34.2	–	83.1
Music	78.7	14.5	-5.7	87.5	81.0	16.0	–	97.0
Pictures	27.6	12.8	–	40.4	29.4	13.1	–	42.6
Entertainment, Technology & Services (ET&S)	77.8	24.8	–	102.6	61.0	26.5	–	87.6
Imaging & Sensing Solutions (I&SS)	74.0	48.2	–	122.2	46.4	60.8	–	107.1
Financial Services	80.0	6.5	-22.1	64.4	15.7	7.0	–	22.7
All Other	4.8	0.9	–	5.8	2.1	1.0	–	3.1
Corporate and elimination	-15.7	5.8	–	-9.9	-21.5	4.2	–	-17.2
Consolidated total	369.4	135.5	-27.8	477.1	263.0	162.9	–	425.9

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

*1 Depreciation and Amortization excludes amortization for film costs, broadcasting rights and internally developed game content and master recordings included in Content assets.

*2 Items included in operating income.

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Reconciliation Table for Adjusted EBITDA (1H)

(Bln Yen)

	1H FY22	1H FY23
Net income attributable to Sony Group Corporation's stockholders	542.8	417.7
Net income attributable to noncontrolling interests	3.8	1.4
Income taxes	173.8	114.5
Interest expenses, net, recorded in Financial income (expense)	2.2	2.6
(Gain) / loss on revaluation of equity instruments, net, recorded in Financial income (expense)	29.7	-9.6
Depreciation and amortization expense* ¹	259.5	312.0
Non-recurring (profit) / loss* ²	-27.8	-6.0
Adjusted EBITDA	984.0	832.6

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

*1 Depreciation and amortization expense excludes amortization for film costs, broadcasting rights and internally developed game content and master recordings included in Content assets.

*2 Items included in operating income.

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Reconciliation Table for Adjusted OIBDA (1H)

(Bln Yen)

	1H FY22				1H FY23			
	Operating Income	Depreciation and Amortization* ¹	Non-recurring (profit) / loss* ²	Adjusted OIBDA	Operating Income	Depreciation and Amortization* ¹	Non-recurring (profit) / loss* ²	Adjusted OIBDA
Game & Network Services (G&NS)	94.9	39.5	–	134.4	98.1	60.9	–	158.9
Music	139.7	28.3	-5.7	162.3	154.4	31.6	-6.0	180.0
Pictures	78.3	23.9	–	102.2	45.4	25.6	–	71.0
Entertainment, Technology & Services (ET&S)	131.4	48.1	–	179.5	116.7	51.8	–	168.4
Imaging & Sensing Solutions (I&SS)	95.7	93.8	–	189.5	59.1	118.1	–	177.2
Financial Services	219.2	12.9	-22.1	210.0	70.2	13.9	–	84.1
All Other	7.7	2.0	–	9.7	4.5	2.2	–	6.8
Corporate and elimination	-32.6	11.0	–	-21.6	-32.3	8.0	–	-24.3
Consolidated total	734.3	259.5	-27.8	966.0	516.1	312.0	-6.0	822.0

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

*1 Depreciation and Amortization excludes amortization for film costs, broadcasting rights and internally developed game content and master recordings included in Content assets.

*2 Items included in operating income.

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Reconciliation Table for Adjusted EBITDA

(Bln Yen)

	FY22
Net income attributable to Sony Group Corporation's stockholders	1,005.3
Net income attributable to noncontrolling interests	6.5
Income taxes	262.7
Interest expenses, net, recorded in Financial income (expense)	4.0
(Gain) / loss on revaluation of equity instruments, net, recorded in Financial income (expense)	4.6
Depreciation and amortization expense* ¹	542.2
Non-recurring (profit) / loss* ²	-27.8
Adjusted EBITDA	1,797.6

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

*1 Depreciation and amortization expense excludes amortization for film costs, broadcasting rights and internally developed game content and master recordings included in Content assets.

*2 Items included in operating income.

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Reconciliation Table for Adjusted OIBDA

(Bln Yen)

	FY22			
	Operating Income	Depreciation and Amortization ^{*1}	Non-recurring (profit) / loss ^{*2}	Adjusted OIBDA
Game & Network Services (G&NS)	250.0	87.0	-	337.0
Music	263.1	59.0	-5.7	316.4
Pictures	119.3	48.9	-	168.2
Entertainment, Technology & Services (ET&S)	179.5	97.4	-	276.9
Imaging & Sensing Solutions (I&SS)	212.2	196.7	-	408.9
Financial Services	318.1	26.3	-22.1	322.4
All Other, Corporate and elimination	-39.8	26.8	-	-12.9
Consolidated total	1,302.4	542.2	-27.8	1,816.9

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

*1 Depreciation and Amortization excludes amortization for film costs, broadcasting rights and internally developed game content and master recordings included in Content assets.

*2 Items included in operating income.

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Notes

Notes about Adjusted OIBDA and Adjusted EBITDA

Adjusted OIBDA (Operating Income Before Depreciation and Amortization) and Adjusted EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) are calculated by the following formulas:

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

Adjusted EBITDA = Net income attributable to Sony Group Corporation's stockholders + Net income attributable to noncontrolling interests + Income taxes + Interest expenses, net, recorded in Financial income and Financial expense - Gain on revaluation of equity instruments, net, recorded in Financial income and Financial expense + Depreciation and amortization expense* - the profit and loss amount that Sony deems non-recurring

* In the above formulas, 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 and Adjusted EBITDA are not measures in accordance with IFRS. However, Sony believes that these disclosures may be useful information to investors. Adjusted OIBDA and Adjusted EBITDA should be considered in addition to, not as a substitute for, Sony's results in accordance with IFRS.

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

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

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

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

This information is not a substitute for Sony's consolidated financial statements and condensed consolidated financial statements measured in accordance with IFRS. 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 Assurance Inc., and Sony Bank Inc. The results discussed in the Financial Services segment differ from the results that SFGI and SFGI's consolidated subsidiaries 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. 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 cyber security 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 Israel and Palestine 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.