

**SONY**

# **FY2025 Consolidated Financial Results**

**(Fiscal year ended March 31, 2026)**

**May 8, 2026**

**Sony Group Corporation**

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

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

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

The background of the slide features a dark, abstract visualization of financial data. It includes a candlestick chart with green and red bars, overlaid with several moving average lines in blue, red, and white. The overall aesthetic is technical and data-driven.

**Financial Results for the FY25 (Continuing Operations)  
and Consolidated Results Forecast for the FY26**

**Segment Outlook**

**Progress of the Fifth Mid-Range Plan**

- Today I will explain the content shown here.

## FY2025 Results for Continuing Operations\*1

(Bln Yen)	FY24	FY25	Change
Sales	12,034.9	<b>12,479.6</b>	+444.7 (+4%)
Operating income	1,276.6	<b>1,447.5</b>	+170.9 (+13%)
Operating income margin	10.6%	<b>11.6%</b>	+1.0 pts
Income before income taxes	1,343.2	<b>1,422.4</b>	+79.2 (+6%)
Net income attributable to Sony Group Corporation's stockholders	1,067.4	<b>1,030.9</b>	-36.5 (-3%)
Net income attributable to Sony Group Corporation's stockholders per share of common stock (diluted) *2	175.71 yen	<b>171.44 yen</b>	-4.27 yen
Operating Cash Flow	1,971.3	<b>1,966.3</b>	-5.1 (-0%)
Average Rate			Dividend per Share*3
1 US dollar	152.5 yen	<b>150.7 yen</b>	Interim Year-end Total Year-on-year Change
1 Euro	163.6 yen	<b>174.7 yen</b>	12.5 yen 12.5 yen 25 yen +5 yen

\*1 The above results represent the results for continuing operations. For FY25 results on a consolidated basis including the discontinued operation, refer to "Consolidated Financial Summary for the Fiscal Year Ended March 31, 2026" (applies to all following pages).

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

\*3 The above year-on-year change amount of dividend per share represents the amount after the stock split. In addition, the amounts of dividend per share do not include the dividends in kind of the shares of SFGI from the Spin-off in FY25.

- Sales of continuing operations in FY25 increased 4% compared to the previous fiscal year ("year-on-year") to 12 trillion 479.6 billion yen, and operating income increased 13% to 1 trillion 447.5 billion yen, both record highs.
- Net income decreased 3% to 1 trillion 30.9 billion yen, primarily due to the absence of a decrease in tax expense from the dissolution of a subsidiary recorded in the previous fiscal year.

## FY2025 Results by Segment

(Bln Yen)

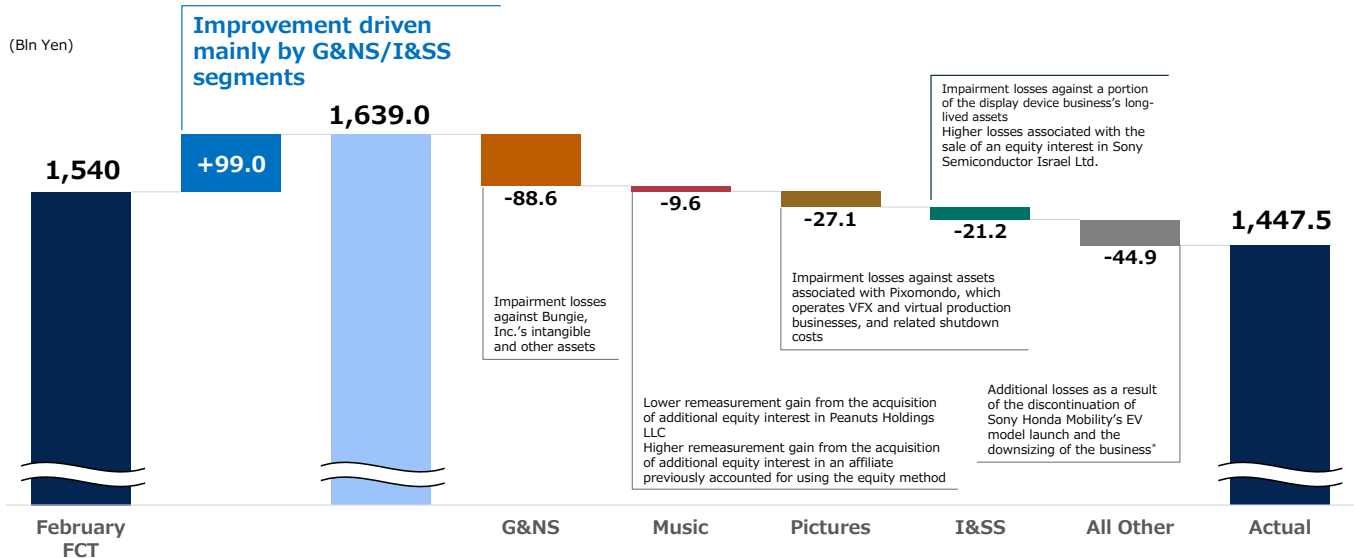
		FY24	FY25	Change	FX Impact
<b>Game &amp; Network Services (G&amp;NS)</b>	Sales	4,670.0	<b>4,685.7</b>	+15.6	+87.3
	Operating income	414.8	<b>463.3</b>	+48.4	+54.3
<b>Music</b>	Sales	1,842.6	<b>2,120.1</b>	+277.5	-16.9
	Operating income	357.3	<b>447.0</b>	+89.7	
<b>Pictures</b>	Sales	1,505.9	<b>1,499.3</b>	-6.7	-9.9
	Operating income	117.3	<b>104.9</b>	-12.4	
<b>Entertainment, Technology &amp; Services (ET&amp;S)</b>	Sales	2,409.3	<b>2,260.5</b>	-148.7	+7.1
	Operating income	190.9	<b>158.6</b>	-32.3	+5.3
<b>Imaging &amp; Sensing Solutions (I&amp;SS)</b>	Sales	1,799.0	<b>2,151.5</b>	+352.5	-15.0
	Operating income	261.1	<b>357.3</b>	+96.2	-12.5
<b>All Other</b>	Sales	96.3	<b>89.1</b>	-7.3	
	Operating income	-18.0	<b>-74.6</b>	-56.7	
<b>Corporate and elimination</b>	Sales	-288.3	<b>-326.6</b>	-38.3	
	Operating income	-46.8	<b>-8.9</b>	+37.9	
<b>Continuing Operations</b>	Sales	12,034.9	<b>12,479.6</b>	+444.7	
	Operating income	1,276.6	<b>1,447.5</b>	+170.9	

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

- The financial results by segment are shown here.

## Change in FY2025 Continuing Operations Operating Income (vs. February FCT)

Even though costs to streamline risk assets and strengthen the business foundation increased, business performance remained solid.



\* The additional losses have been recorded in FY2025 and are expected to be recorded in FY2026. These losses are already incorporated in the FY2026 operating income forecast.

- When you look at the factors causing the change from our February forecast for operating income, you can see that we recorded approximately 190 billion yen in items not included in our previous forecast, including impairment losses on assets at Bungie (Bungie, Inc.) and Pixomondo, as well as losses related to the downsizing of the business of Sony Honda Mobility.
- Excluding these items, operating income significantly exceeded our forecast overall, primarily due to increased profit in the G&NS and I&SS segments.

## FY2026 Consolidated Results Forecast

(Bln Yen)	FY25	FY26 FCT	Change from FY25
Sales	12,479.6	<b>12,300</b>	-179.6 (-1%)
Operating income	1,447.5	<b>1,600</b>	+152.5 (+11%)
Operating income margin	11.6%	<b>13.0%</b>	+1.4 pts
Income before income taxes	1,422.4	<b>1,615</b>	+192.6 (+14%)
Net income attributable to Sony Group Corporation's stockholders* <sup>1</sup>	1,030.9	<b>1,160</b>	+129.1 (+13%)
Operating Cash Flow* <sup>1</sup>	1,966.3	<b>1,500</b>	-466.3 (-24%)
Foreign exchange rate	Actual·Average	<b>Assumption</b>	Dividend per Share (Planned)
1 US dollar	150.7 yen	<b>Approx. 150 yen</b>	Interim Year-end <b>Total</b> Year-on-year Change* <sup>2</sup>
1 Euro	174.7 yen	<b>Approx. 173 yen</b>	17.5 yen 17.5 yen <b>35 yen</b> +10 yen

\*<sup>1</sup> Net income attributable to Sony Group Corporation's stockholders and Operating Cash Flow for FY25 represent the figures for continuing operations. As net income (loss) and operating cash flow from discontinued operations are not expected to be incurred in the FY26 forecast, there is no difference between the figures for continuing operations and the consolidated figures (applies to all following pages).

\*<sup>2</sup> Year-on-year Change of the above dividend forecast does not include the dividends in kind of the shares of SFGI from the Spin-off in FY25.

- Our consolidated results forecast for FY26 is sales of 12 trillion 300 billion yen, operating income of 1 trillion 600 billion yen, and net income of 1 trillion 160 billion yen.
- We expect operating cash flow to be 1 trillion 500 billion yen.

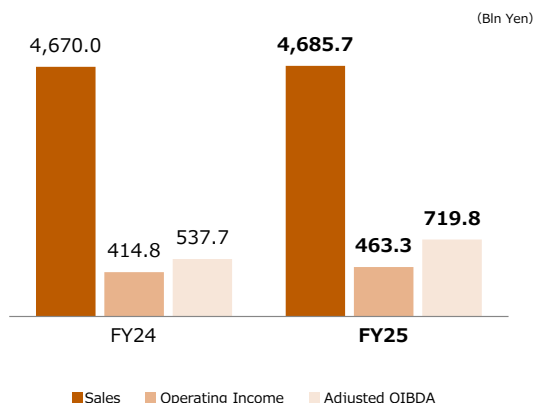
## FY2026 Results Forecast by Segment

(Bln Yen)		FY25	FY26 FCT	Change
<b>Game &amp; Network Services (G&amp;NS)</b>	Sales	4,685.7	<b>4,420</b>	-265.7
	Operating income	463.3	<b>600</b>	+136.7
<b>Music</b>	Sales	2,120.1	<b>2,140</b>	+19.9
	Operating income	447.0	<b>400</b>	-47.0
<b>Pictures</b>	Sales	1,499.3	<b>1,630</b>	+130.7
	Operating income	104.9	<b>145</b>	+40.1
<b>Entertainment, Technology &amp; Services (ET&amp;S)</b>	Sales	2,260.5	<b>2,250</b>	-10.5
	Operating income	158.6	<b>150</b>	-8.6
<b>Imaging &amp; Sensing Solutions (I&amp;SS)</b>	Sales	2,151.5	<b>2,070</b>	-81.5
	Operating income	357.3	<b>400</b>	+42.7
<b>All Other, Corporate and elimination</b>	Operating Income	-83.5	<b>-95</b>	-11.5
<b>Consolidated</b>	Sales	12,479.6	<b>12,300</b>	-179.6
	Operating income	1,447.5	<b>1,600</b>	+152.5

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

## Game & Network Services Segment

### Sales, Operating Income and Adjusted OIBDA



### FY2025 (year-on-year)

#### ■ Sales: Essentially flat

(FX Impact: +87.3 bln yen)

- (+) Impact of foreign exchange rates
- (+) Increase in sales from network services
- (+) Increase in sales of non-first-party game software titles
- (-) Decrease in sales of hardware due to a decrease in unit sales

#### ■ OI: 48.4 bln yen (12%) increase

(FX Impact: +54.3 bln yen)

- (+) Impact of increase in sales from network services
- (+) Positive impact of foreign exchange rates
- (-) Recording of impairment losses against Bungie, Inc.'s intangible and other assets (Q2: 31.5 bln yen, Q4: 88.6 bln yen, FY25 total: 120.1 bln yen)

- Operating income reached a record high for the segment and increased 45% year-on-year excluding one-time items<sup>\*1</sup>.
- User engagement remained solid, with Monthly Active Users<sup>\*2</sup> in March increasing 1% year-on-year to 125 million accounts, a record high for Q4, and total play time in Q4 FY25 increasing 1% year-on-year.

<sup>\*1</sup> Impairment losses against Bungie, Inc.'s intangible and other assets (120.1 bln yen) and expenses resulting from a correction in the amount of certain previously capitalized development costs (18.3 bln yen) recorded in FY25.

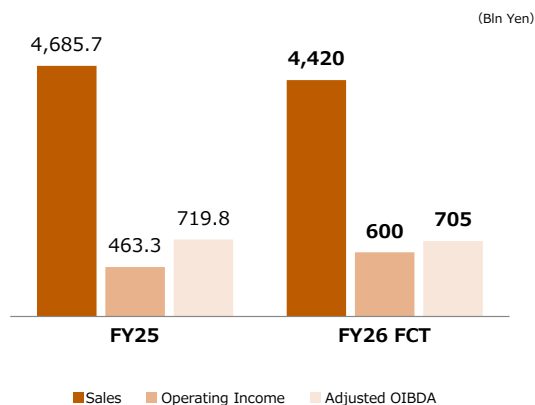
<sup>\*2</sup> Monthly Active Users is an estimated total number of unique accounts that played games or used services online on PlayStation during the last month of the quarter and is based on company research and may be updated in the future.

Adjusted OIBDA is not a measure in accordance with IFRS Accounting Standards. However, Sony Group Corporation and its consolidated subsidiaries ("Sony") believe that this disclosure may be useful information to investors. For the formula for Adjusted OIBDA, see page xx. For its reconciliation, see "Supplemental Information for the Consolidated Financial Results for the Fourth Quarter Ended March 31, 2026" (applies to all following pages).

- First is the G&NS segment.
- In FY25, sales were essentially flat year-on-year at 4 trillion 685.7 billion yen, as the decline in PlayStation 5 (PS5) hardware sales was offset mainly by foreign exchange rates and higher revenue from network services and third-party software.
- Operating income increased 12% year-on-year to 463.3 billion yen and reached a record high for the segment, primarily due to the higher sales and the positive impact of foreign exchange rates, despite the impairment of assets at Bungie. Excluding the 138.4 billion yen in one-time items, operating income increased 45% year-on-year.

## Game & Network Services Segment

### Sales, Operating Income and Adjusted OIBDA



### FY2026 Forecast (year-on-year)

#### ■ Sales: 265.7 bln yen (6%) decrease

- (-) Decrease in sales of hardware due to a decrease in unit sales
- (+) Increase in sales of first-party game software titles

#### ■ OI: 136.7 bln yen (30%) increase

- (+) Absence of impairment losses against Bungie, Inc.'s intangible and other assets recorded in FY25 (120.1 bln yen)
- (+) Impact of increase in sales of first-party game software titles
- (-) Increase in costs

- Compared to the FY25 operating income results excluding one-time items\*, the FY26 operating income forecast is essentially flat year-on-year, which is due to the incorporation of an increase in investments for the next-generation platform. Excluding these factors, profit generated by our current business is expected to grow steadily at a double-digit rate.
- We plan to base our PS5 hardware sales in FY26 on the volume of memory we can procure at reasonable prices and we expect hardware profitability to be essentially the same as FY25.

\* Impairment losses against Bungie, Inc.'s intangible and other assets (120.1 bln yen) and expenses resulting from a correction in the amount of certain previously capitalized development costs (18.3 bln yen) recorded in FY25.

- For FY26, we forecast sales of 4 trillion 420 billion yen and operating income of 600 billion yen.
- Compared to the results of FY25 excluding one-time items, this operating income forecast is essentially flat year-on-year. That is because we have incorporated an increase in investments for the next-generation platform in the FY26 forecast. Excluding these factors, we expect steady double-digit growth in the profit generated by our current business.



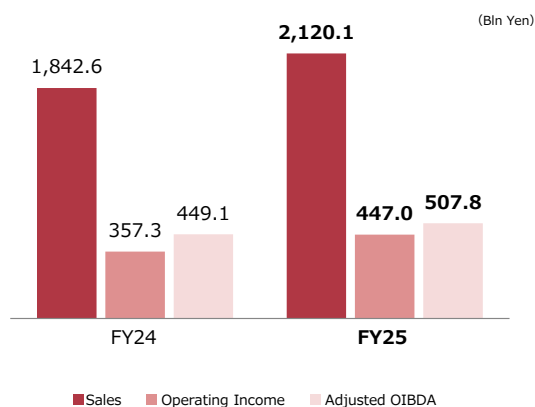
## Game & Network Services

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

- The number of monthly active users (MAUs) across the PlayStation platform in March increased 1% compared to last March to 125 million accounts, a record high, and total play time in the fourth quarter ended March 31, 2026 (“Q4”) increased 1% compared to the same quarter of the previous fiscal year, with user engagement remaining solid.
- Cumulative PS5 unit sales as of the end of March exceeded 93 million. This expanded installed base contributed to stable profits from software and network services.
- We plan to base our PS5 hardware sales in FY26 on the volume of memory we can procure at reasonable prices and we expect hardware profitability to be essentially the same as FY25.
- If circumstances change going forward, we plan to manage the impact on profitability by flexibly adjusting, among other things, unit sales and promotional plans.
- In our studio business, earnings from Bungie’s title portfolio did not reach our expectations, so we downwardly revised our business plan and impaired the full amount of the fixed assets related to Bungie except for goodwill.
- Player reception to *Marathon* is strong, with the game receiving a Metacritic score of 82 and more than 90% of the player reviews on Steam being positive. Engagement metrics such as retention also remain at a high level.
- Going forward, we aim to improve the performance of the game by working to retain highly engaged core users through the introduction of additional content, further improvements in the gameplay experience and expansion of the user base.
- We have many appealing first-party titles scheduled in FY26 including *SAROS*, released in April, and *Marvel’s Wolverine*, slated for release in September. We expect the contribution to earnings of first-party titles to exceed FY25.

## Music Segment

### Sales, Operating Income and Adjusted OIBDA



- Even when excluding one-time items\*, operating income reached a record high.
- FY25 full-year streaming revenue growth rates on a U.S. dollar basis were +9% year-on-year for Recorded Music and +14% for Music Publishing.

\* Remeasurement gains from the acquisition of additional equity interest in Peanuts Holdings LLC (34.7 bln yen) and an affiliate previously accounted for using the equity method (7.2 bln)

### FY2025 (year-on-year)

#### ■ Sales: 277.5 bln yen (15%) increase

(FX Impact: -16.9 bln yen)

- (+) Higher revenues from streaming services in Recorded Music and Music Publishing
- (+) Higher revenues from live events and merchandising in Recorded Music
- (+) Higher revenues in Visual Media & Platform
  - (+) Contributions from *Demon Slayer: Kimetsu no Yaiba Infinity Castle* and *Kokuho* released in FY25
  - (+) Higher revenues from game applications, mainly for mobile

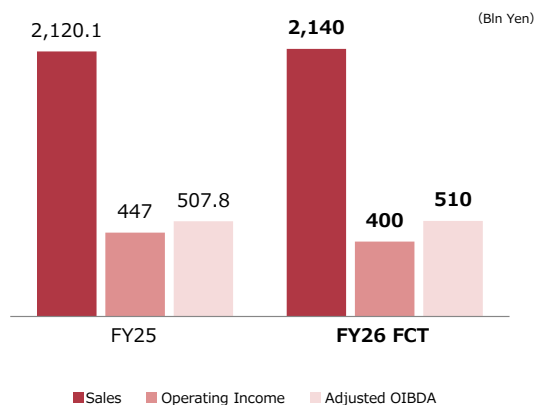
#### ■ OI: 89.7 bln yen (25%) increase

- (+) Impact of increase in sales
- (+) Recording of remeasurement gain from the acquisition of additional equity interest in Peanuts Holdings LLC (34.7 bln yen)

- Next is the Music segment.
- In FY25, sales increased 15% year-on-year to 2 trillion 120.1 billion yen.
- Operating income increased 25% year-on-year to 447.0 billion yen, primarily due to the impact of the higher sales and a revaluation gain recorded in connection with the acquisition of an additional equity interest in Peanuts Holdings (Peanuts Holdings LLC). Even when excluding these one-time items, operating income reached a record high.

## Music Segment

### Sales, Operating Income and Adjusted OIBDA



### FY2026 Forecast (year-on-year)

#### ■ Sales: Essentially flat

- (+) Higher revenues from streaming services in Recorded Music and Music Publishing
- (-) Lower revenues from live events and merchandising in Recorded Music
- (-) Lower revenues in Visual Media & Platform
  - (-) Lower revenues from game applications, mainly for mobile
  - (-) Decrease in contributions from *Demon Slayer: Kimetsu no Yaiba Infinity Castle* and *Kokuho* released in FY25

#### ■ OI: 47 bln yen (11%) decrease

- (-) Absence of the recording of remeasurement gains associated with investments made in FY25
- (-) Impact of lower revenues in Visual Media & Platform
- (+) Impact of the above-mentioned higher revenues from streaming services

■ Excluding one-time items\* recorded in FY25, operating income is expected to be at the same level, primarily because growth in streaming revenue is expected to be offset mainly by the absence of the prior fiscal year hit *Demon Slayer: Kimetsu no Yaiba Infinity Castle*.

\* Remeasurement gains from the acquisition of additional equity interest in Peanuts Holdings LLC (34.7 bln yen) and an affiliate previously accounted for using the equity method (7.2 bln)

- For FY26, we forecast sales of 2 trillion 140 billion yen and operating income of 400 billion yen.
- Excluding one-time items, we expect the amount of operating income to be at the same level as the previous fiscal year, primarily because growth in streaming revenue is expected to be offset primarily by the absence of the prior fiscal year hit title *Demon Slayer: Kimetsu no Yaiba – The Movie: Infinity Castle (Demon Slayer)*.



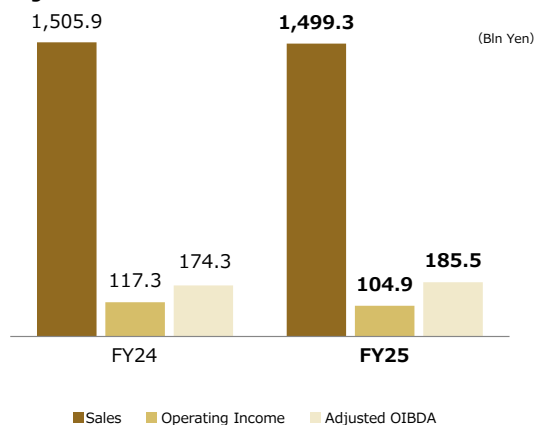
## Music

- **Streaming Revenue Growth**
- **Expanding and Leveraging IP Assets**

- In FY25, U.S. dollar basis streaming revenue increased 9% year-on-year in Recorded Music and 14% in Music Publishing.
- We expect the mid- to long-term average growth rate of the music market to be in the mid- to high-single digits, and we intend to continue to invest in high-quality music catalogs going forward, with the aim of growing stable earnings.
- Due to the release of *Michael*, a biopic about Michael Jackson, sales at SMG (Sony Music Group) have increased due to a significant increase in streams of music by *Michael Jackson*, whose music catalog SMG jointly owns.
- We expect that streams in other countries will also increase as the film is released theatrically around the world, including in Japan.

## Pictures Segment

### Sales, Operating Income and Adjusted OIBDA



### FY2025 (year-on-year)

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

#### ■ Sales: Essentially flat

(U.S. dollar basis: +18 mil USD / +0%)

- (+) Higher revenues from Crunchyroll mainly due to paid subscriber growth and the worldwide theatrical distribution of *Demon Slayer: Kimetsu no Yaiba Infinity Castle*\*
- (+) Increase in series deliveries in Television Productions
- (-) Lower revenues from theatrical releases in the current fiscal year in Motion Pictures

#### ■ OI: 12.4 bln yen (11%) decrease

(U.S. dollar basis: -87 mil USD / -11%)

- (-) Impairment losses against assets associated with Pixomondo, which operates VFX and virtual production businesses, and related shutdown costs (27.1 bln yen)
- (-) Impact of decrease in sales for Motion Pictures
- (+) Higher contribution from catalog product in Motion Pictures
- (+) Impact of higher revenues from Crunchyroll

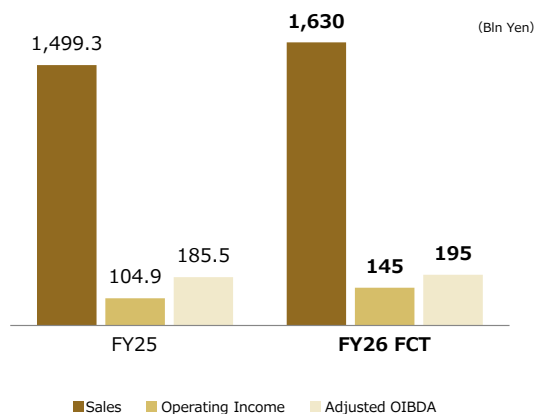
- FY25 operating income on a yen basis increased approximately 13% year-on-year excluding the impairment losses against assets associated with Pixomondo, and related shutdown costs.

\*Crunchyroll and Sony Pictures distributed the film theatrically worldwide, excluding Japan and select Asian territories.

- Next is the Pictures segment.
- In FY25, sales were essentially flat year-on-year at 1 trillion 499.3 billion yen, because lower revenue from theatrically released films was offset primarily by increased Crunchyroll revenue resulting from higher paid subscribers and the hit *Demon Slayer*.
- Operating income increased approximately 13% year-on-year excluding the impairment losses on the assets of Pixomondo, which operates VFX and virtual production businesses, and related shutdown costs. However, including these factors, operating income decreased 11% year-on-year to 104.9 billion yen.

## Pictures Segment

### Sales, Operating Income and Adjusted OIBDA



### FY2026 Forecast (year-on-year)

#### ■ Sales: 130.7 bln yen (9%) increase

- (+) Higher revenues from theatrical releases in the current fiscal year including several franchise films in Motion Pictures
- (+) Higher revenues for Crunchyroll mainly due to paid subscriber growth
- (-) Lower series deliveries in Television Productions
- (-) Impact of foreign exchange rates
- (-) Lower licensing revenues from catalog product in Motion Pictures

#### ■ OI: 40.1 bln yen (38%) increase

- (+) Impact of increase in sales
- (+) Absence of impairment losses against assets associated with Pixomondo, which operates VFX and virtual production businesses, and related shutdown costs recorded in FY25
- (-) Lower contribution from catalog product in Motion Pictures

- We are focusing on creating and strengthening franchises, and we plan to release *Spider-Man: Brand New Day* and *Jumanji: Open World* in FY26.

- For FY26, we forecast sales of 1 trillion 630 billion yen and operating income of 145 billion yen.



## Pictures

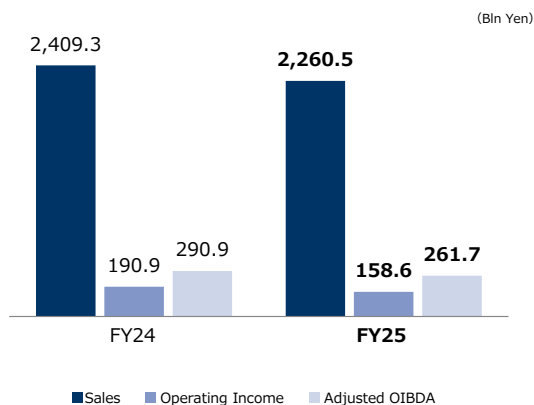
### - Creation and Strengthening of Franchises

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- At SPE (Sony Pictures Entertainment Inc.), we are continuing to work to create and strengthen franchises by adapting appealing fan-supported IP into films.
- Recently, SPE and PlayStation Productions announced the film adaptation of the *Bloodborne* game IP owned by SIE (Sony Interactive Entertainment) and preparations for the film adaptation of *Helldivers* have begun.
- In addition, we plan to release *Spider-Man: Brand New Day* in July 2026 and *Jumanji: Open World* in December 2026.
- The trailer for *Spider-Man*, released in March, surpassed 1 billion views in the first four days after its release, a record high in the film industry, reflecting exceptionally strong anticipation from fans worldwide.

## Entertainment, Technology & Services Segment

### Sales, Operating Income and Adjusted OIBDA



### FY2025 (year-on-year)

■ **Sales: 148.7 bln yen (6%) decrease**  
(FX Impact: +7.1 bln yen)

(-) Decrease in unit sales in Displays

■ **OI: 32.3 bln yen (17%) decrease**  
(FX Impact: +5.3 bln yen)

(-) Impact of decrease in sales in Displays

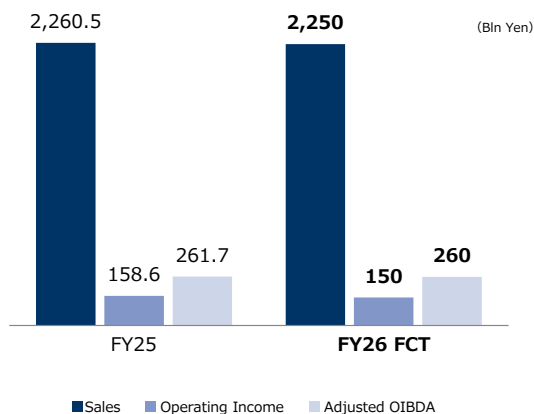
(+) Reductions in operating expenses

- The market conditions in Q4 FY25 trended essentially in line with our February forecast despite geopolitical risk in various regions and concerns about a macroeconomic slowdown. The financial results for the segment and our inventory level were also essentially in line with our forecast.

- Next is the ET&S segment.
- In FY25, sales decreased 6% year-on-year to 2 trillion 260.5 billion yen, and operating income decreased 17% to 158.6 billion yen, mainly due to the impact of lower sales.

## Entertainment, Technology & Services Segment

### Sales, Operating Income and Adjusted OIBDA



### FY2026 Forecast (year-on-year)

■ **Sales: Essentially flat**

■ **OI: 8.6 bln yen (5%) decrease**

(-) Impact of costs associated with the implementation of the strategic partnership with TCL\* in the Home Entertainment field

(+) Impact of increase in sales in Imaging

- We expect to contain at approximately 30 billion yen the impact of the increase in memory prices on our FY26 forecast through procurement, design and sales actions in various regions.
- We have incorporated approximately 20 billion yen of expenses in the FY26 operating income forecast, including project implementation costs necessary to execute the partnership, system migration costs and personnel-related costs.
- Excluding these impacts, operating income in FY26 is expected to improve across each business, led by the Imaging business.

\*TCL Electronics Holdings Limited and its subsidiaries

- For FY26, we forecast sales of 2 trillion 250 billion yen and operating income of 150 billion yen.



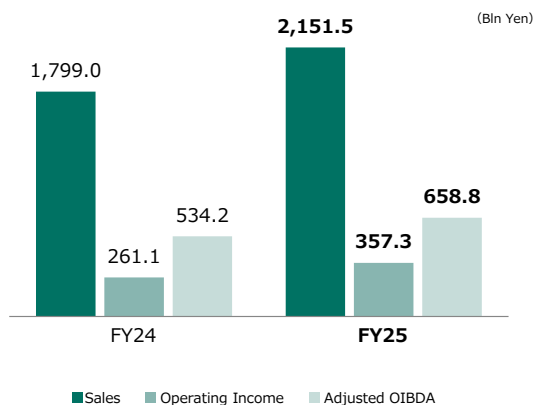
## Entertainment, Technology & Services

- **Current State of the Business**
- **Impact of Memory Market Conditions**
- **Strategic Partnership with TCL in Home Entertainment Field**

- Market conditions in Q4 trended essentially in line with our February forecast despite geopolitical risk in various regions and concerns about a macroeconomic slowdown. The financial results for the segment and our inventory level were also essentially in line with our forecast.
- In this segment, we expect to contain at approximately 30 billion yen the impact of the increase in memory prices on our FY26 forecast through procurement, design and sales actions in various regions.
- If memory prices deviate from our current assumptions going forward, we aim to maintain profitability by flexibly adjusting our sales strategy with an eye on foreign exchange rates and the competitive environment.
- At the end of March, Sony (Sony Corporation) entered into definitive agreements with TCL (TCL Electronics Holdings Limited and its subsidiary) regarding a strategic partnership in the home entertainment field.
- Based on the memorandum of understanding we signed in January, the definitive agreements codify, among other things, an outline of the new JV (joint venture) that will operate the business, the business domain covered by the JV, the enterprise value of the business in question and the consideration to be paid for the transfer.
- The JV is scheduled to commence operations in April 2027, and we have incorporated approximately 20 billion yen of expenses in the FY26 operating income forecast, including project implementation costs necessary to execute the partnership, system migration costs and personnel-related costs.
- Excluding the impact of these expenses and the impact of memory market conditions I mentioned earlier, we expect FY26 operating income to improve across our businesses, led by the Imaging business.

## Imaging & Sensing Solutions Segment

### Sales, Operating Income and Adjusted OIBDA



### FY2025 (year-on-year)

#### ■ Sales: 352.5 bln yen (20%) increase

(FX Impact: -15.0 bln yen)

- (+) Increase in sales of image sensors for mobile products
- (+) Improvement in product mix
- (+) Increase in unit sales

#### ■ OI: 96.2 bln yen (37%) increase

(FX Impact: -12.5 bln yen)

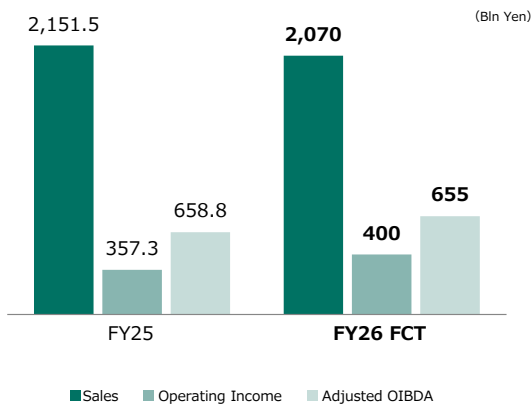
- (+) Impact of increase in sales
- (-) Recording of restructuring costs
  - (-) Loss associated with the sale of equity interest in Sony Semiconductor Israel Ltd. (19.9 bln yen)
  - (-) Impairment losses against a portion of the display device business's long-lived assets (16.5 bln yen)

- Operating income reached a record high despite the recording of one-time restructuring costs.
- In Q4 FY25, the impact of memory market conditions gradually became more apparent in the smartphone market, especially in the low-end, but our mobile sensor sales exceeded our forecast, primarily due to strong shipments to our major customer.

- Last is the I&SS segment.
- FY25 sales increased 20% year-on-year to 2 trillion 151.5 billion yen, mainly due to higher average selling prices and higher unit sales of mobile sensors.
- Operating income increased 37% year-on-year to 357.3 billion yen and reached a record high, primarily due to the impact of the higher sales, despite the recording of one-time restructuring costs, including losses on the sale of our equity interest in an overseas subsidiary and asset impairments.

## Imaging & Sensing Solutions Segment

### Sales, Operating Income and Adjusted OIBDA



### FY2026 Forecast (year-on-year)

#### ■ Sales: 81.5 bln yen (4%) decrease

- (-) Decrease in sales of image sensors for mobile products
- (+) Increase in sales of image sensors for digital cameras

#### ■ OI: 42.7 bln yen (12%) increase

- (+) Absence of restructuring costs recorded in FY25
- (+) Loss associated with the sale of equity interest in Sony Semiconductor Israel Ltd. (19.9 bln yen)
- (+) Impairment losses against a portion of the display device business's long-lived assets (16.5 bln yen)
- (+) Impact of increase in sales for digital cameras
- (+) Decrease in research and development expenses
- (-) Impact of decrease in sales of image sensors for mobile products

- Because of our cautious view of the growth of the sensor market, due to our view that the trend toward larger-sized sensors for smartphones will moderate and the uncertainty regarding the impact of memory market conditions will remain, we have incorporated into our FY26 forecast a slight year-on-year decrease in the overall sales of mobile sensors.
- Reflecting the benefit of our efforts to address low-profitability businesses in Q4 FY25, our operating income forecast in FY26 is essentially flat compared to the previous fiscal year if restructuring costs in FY25 are excluded.

- In FY26, we forecast sales of 2 trillion 70 billion yen and operating income of 400 billion yen.



## Imaging & Sensing Solutions

- **Current State of the Business**
- **Memorandum of Understanding to Pursue Strategic Partnership with TSMC\***

\* Taiwan Semiconductor Manufacturing Company Limited

- In Q4, the impact of memory market conditions gradually became more apparent in the smartphone market, especially in the low-end, but our mobile sensor sales exceeded our forecast, primarily due to strong shipments to our major customer.
- In FY26, we are taking a cautious view of the growth of the sensor market due to our view that the trend toward larger-sized sensors for smartphones will moderate and the uncertainty regarding the impact of memory market conditions will remain. As a result, we have incorporated into our FY26 forecast a slight year-on-year decrease in the overall sales of mobile sensors.
- Given this operating environment, we plan to emphasize efficiency when managing our business in FY26, including through fixed cost control and yield improvements.
- In FY25 Q4, we increased our efforts to address low-profitability businesses compared to our initial plan and we have reflected the benefit of those efforts in our FY26 operating income forecast, which is essentially flat compared to the previous fiscal year if restructuring costs are excluded.
- In our next Mid-Range Plan period, we expect sales of this segment to return to growth, driven by a renewed acceleration toward larger-sized sensors. During FY26, we intend to establish the infrastructure necessary to support this growth, and we plan to make thorough preparations.



## Imaging & Sensing Solutions

- **Current State of the Business**
- **Memorandum of Understanding to Pursue Strategic Partnership with TSMC\***

\* Taiwan Semiconductor Manufacturing Company Limited

- As explained earlier by Mr. Totoki in the corporate strategy part, Sony (Sony Semiconductor Solutions Corporation) and TSMC (Taiwan Semiconductor Manufacturing Company Limited) have today entered into a memorandum of understanding to pursue a strategic partnership for the development and manufacturing of next-generation image sensors.
- This partnership aims to significantly enhance the future technological competitiveness of image sensors, including through increased density, by combining the advanced design expertise of Sony, a leader in the image sensor industry, and the process and manufacturing technologies of TSMC, which boasts the world's largest semiconductor production scale.
- From a financial perspective, we believe that this partnership will improve the cash flow of the I&SS business, reduce invested capital, and improve profitability by lowering investment in production facilities and mitigating equipment procurement costs. Furthermore, we anticipate that this partnership will increase the flexibility of our capital allocation across the Sony Group.

# Sony Honda Mobility

Sony Honda Mobility

## - Financial Impact of the Discontinuation of Sony Honda Mobility's EV Model Launch and Downsizing of the Business

- Now, I will explain the impact on our consolidated results of the discontinuation of the launch of Sony Honda Mobility's EV model and the downsizing of the business, which we announced in March.
- As a result of the discontinuation, Sony Honda Mobility expects to record additional losses in FY25 and FY26 resulting from items such as asset impairments and compensation payments to business partners.
- We account for Sony Honda Mobility under the equity method, and we recorded an additional 44.9 billion yen loss in All Other in Q4, based on our share of the business.
- We have incorporated 30 billion yen of additional losses in our FY26 results forecast, but a portion of that amount is expected to be offset by a decrease in running costs due to the downsizing of Sony Honda Mobility's business.



## Consolidated Financial Results

- **FY25 Financial Results Summary**
- **Progress of the Fifth Mid-Range Plan**

- In FY25, the G&NS, Music and I&SS segments, the profit growth drivers of the Sony Group, achieved record-high profits and business momentum remained strong.
- In FY26, we expect the profit generating capability of each of our businesses to further improve compared to the previous fiscal year, despite the uncertain business environment, and we think that we have been able to demonstrate the high level of resilience of our business portfolio.
- Finally, I will explain the progress of our Fifth Mid-Range Plan.

## Progress of 5th Mid-Range Plan Financial Targets (FY2024~FY2026)

**Forecast for CAGR of  
Operating Income**  
(Continuing Operations)  
(FY2023→FY2026)

**16%**

**Forecast for Three-Year  
Cumulative Operating  
Income Margin**  
(Continuing Operations)  
(FY2024~FY2026)

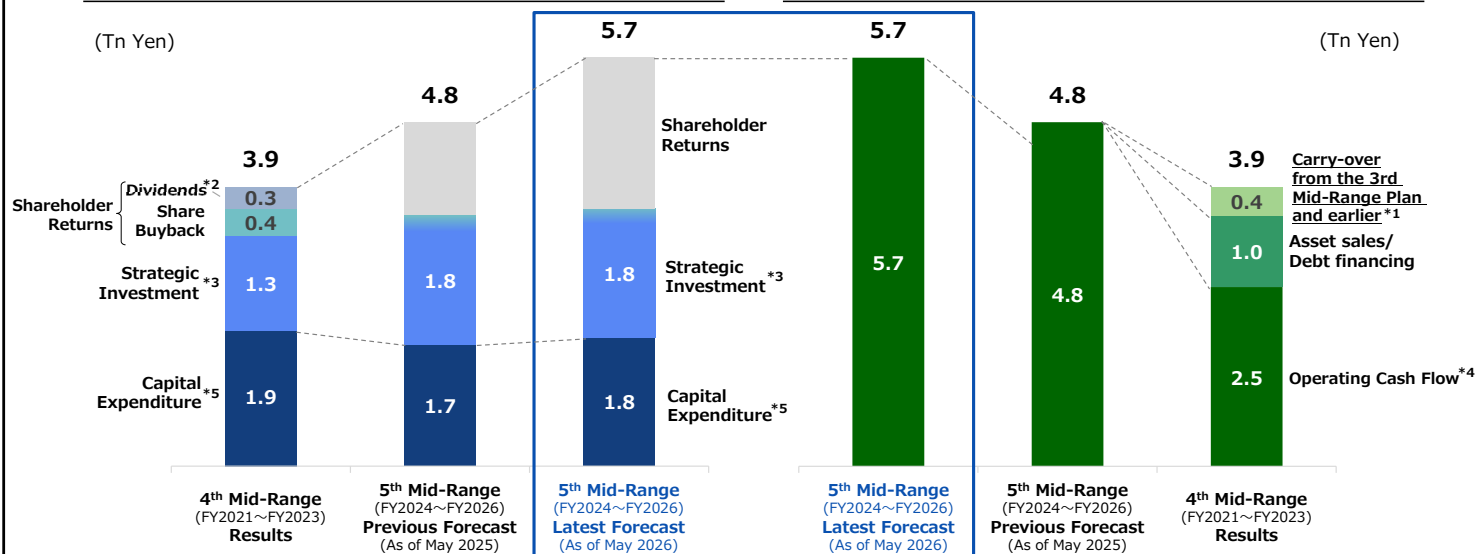
**11.7%**

- The group-wide financial targets under the current Mid-Range Plan are an average annual consolidated operating income growth rate of 10% or more and a three-year cumulative operating income margin of 10% or more.
- Based on the FY26 operating income forecast presented today, we expect the average annual operating income growth rate to be 16% and the three-year cumulative operating income margin to be 11.7%, both exceeding our targets.

# Capital Allocation

## Breakdown of Capital Allocation

## Source of Capital Allocation



\*1 This represents an increase in operating cash flow from the forecast at the end of Q3 FY2020 in the 3rd Mid-Range Plan and a delay in cash outflows related to strategic investment projects that have already been decided upon.  
 \*2 Dividends paid in the 4th Mid-Range Plan were approximately 280 billion yen.  
 \*3 Strategic investments include investments in major music catalogs included in operating cash flow.  
 \*4 Operating cash flow does not include the impact of investments in major music catalogs, which are included in strategic investments. Operating cash flow is on the basis of Sony without Financial Services in the 4th Mid-Range Plan, and the basis of continuing operations in the 5th Mid-Range Plan. Figures for Sony without Financial Services are not measures in accordance with IFRS Accounting Standards. However, Sony believes that these disclosures may be useful information to investors.  
 \*5 Capital expenditures also include increases in right-of-use assets related to lease agreements.

- Regarding capital allocation for this Mid-Range Plan period, we revised our forecast for three-year cumulative operating cash flow, our primary source of funds, from 4.8 trillion yen to 5.7 trillion yen considering the previous fiscal year results.
- In this Mid-Range Plan, strengthening shareholder returns is one of our key initiatives, so we plan to allocate the additional capital primarily to higher shareholder returns.
- For FY26, we have established a share repurchase facility of 500 billion yen. We also intend to accelerate the pace of dividend increases, raising the annual dividend amount 10 yen from the previous fiscal year to 35 yen.
- This concludes my remarks.

**SONY**

## Notes

### **Notes about Adjusted OIBDA**

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

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

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

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

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

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

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

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

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

### **Notes about Financial Performance of the Music and Pictures segments**

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

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

## Cautionary Statement

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

- (i) Sony's ability to maintain product quality and customer satisfaction with its products and services;
- (ii) Sony's ability to continue to design and develop and win acceptance of, as well as achieve sufficient cost reductions for, its products and services, including image sensors, game and network platforms, smartphones and televisions, which are offered in highly competitive markets characterized by severe price competition and continual new product and service introductions, rapid development in technology and subjective and changing customer preferences;
- (iii) Sony's ability to implement successful hardware, software, and content integration strategies, and to develop and implement successful sales and distribution strategies in light of new technologies and distribution platforms;
- (iv) the effectiveness of Sony's strategies and their execution, including but not limited to the success of Sony's acquisitions, joint ventures, investments, capital expenditures, restructurings and other strategic initiatives;
- (v) changes in laws, regulations and government policies in the markets in which Sony and its third-party suppliers, service providers and business partners operate, including those related to taxation, as well as growing consumer focus on corporate social responsibility;
- (vi) Sony's continued ability to identify the products, services and market trends with significant growth potential, to devote sufficient resources to research and development, to prioritize investments and capital expenditures correctly and to recoup its investments and capital expenditures, including those required for technology development and product capacity;
- (vii) Sony's reliance on external business partners, including for the procurement of parts, components, software and network services for its products or services, the manufacturing, marketing and distribution of its products, and its other business operations;
- (viii) the global economic and political environment in which Sony operates and the economic and political conditions in Sony's markets, particularly levels of consumer spending;
- (ix) Sony's ability to meet operational and liquidity needs as a result of significant volatility and disruption in the global financial markets or a ratings downgrade;
- (x) Sony's ability to forecast demands, manage timely procurement and control inventories;
- (xi) foreign exchange rates, particularly between the yen and the U.S. dollar, the euro and other currencies in which Sony makes significant sales and incurs production costs, or in which Sony's assets, liabilities and operating results are denominated;
- (xii) Sony's ability to recruit, retain and maintain productive relations with highly skilled personnel;
- (xiii) Sony's ability to prevent unauthorized use or theft of intellectual property rights, to obtain or renew licenses relating to intellectual property rights and to defend itself against claims that its products or services infringe the intellectual property rights owned by others;
- (xiv) risks related to catastrophic disasters, geopolitical conflicts, pandemic disease or similar events;
- (xv) 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
- (xvi) the outcome of pending and/or future legal and/or regulatory proceedings.

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