SONY

Q1 FY2026 Consolidated Financial Results

(Three months ended June 30, 2026)

July 31, 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.

2026 Kumamoto Earthquake

- Hello everyone. Welcome to the Sony Group earnings announcement.
- Before explaining our financial results, I would like to discuss the impact of the 2026 Kumamoto Earthquake that occurred on July 28.
- First, I would like to express my heartfelt sympathy to those affected by this earthquake and to those whose daily lives have been disrupted.
- We have several semiconductor facilities located in Kumamoto prefecture and neighboring prefectures, and while all these facilities were affected by the earthquake, there were no casualties other than a few people who sustained minor injuries.
- The Kumamoto Technology Center of Sony Semiconductor Manufacturing Corporation in Kikuyo Town, Kumamoto Prefecture, which is relatively close to the epicenter, experienced shaking at a seismic intensity of 5+ and suspended production immediately after the earthquake. Restoration efforts to resume production are currently underway.
- Our production sites in Nagasaki, Oita and Kagoshima had no significant damage to buildings or equipment, and production has resumed.
- We will continue our efforts to fully restore production and will update you on the progress and impact on our business at the appropriate time.
- As it is currently difficult to reasonably estimate the financial impact of this earthquake, the impact has not been incorporated into the full-year results forecast we will show today.
- Now, I will turn to the earnings presentation.

Q1 FY2026 Consolidated Results

(Bln Yen)	Q1 FY25	Q1 FY26	Change
Sales	2,621.6	**2,837.8**	+216.2 (+8%)
Operating income	340.0	**476.5**	+136.5 (+40%)
Operating income margin	13.0%	**16.8%**	+3.8 pts
Income before income taxes	356.6	**477.5**	+120.9 (+34%)
Net income attributable to Sony Group Corporation's stockholders*	259.0	**342.2**	+83.1 (+32%)
Net income attributable to Sony Group Corporation's stockholders per share of common stock (diluted)*	42.84 yen	**57.82 yen**	+14.98 yen
Average Rate			
1 US dollar	144.6 yen	**159.3 yen**	
1 Euro	163.6 yen	**185.3 yen**	

* Effective October 1, 2025, Sony Group Corporation executed a partial spin-off of Sony Financial Group Inc.("SFGI"), a formerly wholly-owned subsidiary which operates the Financial Services business (the "Spin-off"). As a result of the resolution of Sony Group Corporation's Board of Directors on May 14, 2025 on a plan for the execution of the Spin-off, the Financial Services business has been classified as a discontinued operation and presented separately from continuing operations, comprised of Sony's businesses excluding the Financial Services business, from Q1 FY25, in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards"). Therefore, the above figures for net income attributable to Sony Group Corporation's stockholders and net income attributable to Sony Group Corporation's stockholders per share of common stock (diluted) for Q1 FY25 represent the results for continuing operations. As net income (loss) from discontinued operations was not recorded in Q1 FY26, there is no difference between the figures for continuing operations and the consolidated figures for Q1 FY26 (applies to all following pages).

- Consolidated sales for the first quarter ended June 30, 2026 ("FY26 Q1") increased 8% compared to the same quarter of the previous fiscal year ("year-on-year") to 2 trillion 837.8 billion yen, and consolidated operating income increased 40% to 476.5 billion yen, both record highs for the first quarter.

- Net income increased 32% to 342.2 billion yen.

Q1 FY2026 Results by Segment

(Bln Yen)

		Q1 FY25	Q1 FY26	Change	FX Impact
Game & Network Services (G&NS)	Sales	936.5	**937.1**	+0.6	+81.7
	Operating income	148.0	**202.0**	+54.1	+19.1
Music	Sales	465.3	**562.0**	+96.7	+42.1
	Operating income	92.8	**105.9**	+13.1	
Pictures	Sales	327.1	**315.1**	-12.0	+29.1
	Operating income	18.7	**24.8**	+6.1	
Entertainment, Technology & Services (ET&S)	Sales	534.3	**543.9**	+9.6	+38.4
	Operating income	43.1	**42.6**	-0.5	+9.5
Imaging & Sensing Solutions (I&SS)	Sales	408.2	**512.7**	+104.5	+40.6
	Operating income	54.3	**122.2**	+68.0	+23.2
All Other, Corporate and elimination	Sales	-49.8	**-33.0**	+16.8	
	Operating income	-16.9	**-21.0**	-4.1	
Consolidated	Sales	2,621.6	**2,837.8**	+216.2	
	Operating income	340.0	**476.5**	+136.5	

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 in the Q1 FY2026 Results by Segment slide.

FY2026 Consolidated Results Forecast

(Bln Yen)

	FY25	FY26 FCT		
		May	July	Change from May
Sales	12,479.6	12,300	**12,500**	+200 (+2%)
Operating income	1,447.5	1,600	**1,720**	+120 (+8%)
Operating income margin	11.6%	13.0%	**13.8%**	+0.8 pts
Income before income taxes	1,422.4	1,615	**1,710**	+95 (+6%)
Net income attributable to Sony Group Corporation's stockholders*1	1,030.9	1,160	**1,210**	+50 (+4%)
Operating Cash Flow*1	1,966.3	1,500	**1,500**	–

Foreign exchange rate	Actual・Average	Q1-Q4 (Assumption)	**Q2-Q4 (Assumption)**
1 US dollar	150.7 yen	Approx. 150 yen	**Approx. 153 yen**
1 Euro	174.7 yen	Approx. 173 yen	**Approx. 175 yen**

Dividend per Share (Planned)			
Interim	Year-end	**Total**	Year-on-year Change*2
17.5 yen	17.5 yen	35 yen	+10 yen

The impact of the 2026 Kumamoto Earthquake, which occurred on July 28, 2026, on financial results has not been incorporated into the above results forecast, as it is currently difficult to reasonably estimate (applies to all following pages).

*1 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 FY26, there is no difference between the figures for continuing operations and the consolidated figures in the FY26 forecast (applies to all following pages).

*2 Year-on-year Change of the above dividend per share (planned) does not include the dividends in kind of the shares of SFGI from the Spin-off in FY25.

- We have increased our FY26 sales forecast 2% compared to our previous forecast to 12 trillion 500 billion yen, our operating income forecast 8% to 1 trillion 720 billion yen, and our net income forecast 4% to 1 trillion 210 billion yen.

- We expect operating cash flow to be 1 trillion 500 billion yen, unchanged from the previous forecast.

- Regarding U.S. tariff refunds, we expect approximately 80 billion yen of the tariffs, which the Sony Group as a whole paid, to be refunded during the current fiscal year, and we have allocated most of that amount to an upward revision of our consolidated operating income forecast.

FY2026 Results Forecast by Segment

(Bln Yen)

		FY25	FY26 FCT May	FY26 FCT July	FY26 FCT Change from May
Game & Network Services (G&NS)	Sales	4,685.7	4,420	**4,540**	+120
	Operating income	463.3	600	**660**	+60
Music	Sales	2,120.1	2,140	**2,190**	+50
	Operating income	447.0	400	**420**	+20
Pictures	Sales	1,499.3	1,630	**1,660**	+30
	Operating income	104.9	145	**150**	+5
Entertainment, Technology & Services (ET&S)	Sales	2,260.5	2,250	**2,250**	–
	Operating income	158.6	150	**150**	–
Imaging & Sensing Solutions (I&SS)	Sales	2,151.5	2,070	**2,110**	+40
	Operating income	357.3	400	**420**	+20
All Other, Corporate and elimination	Operating Income	-83.5	-95	**-80**	+15
Consolidated	Sales	12,479.6	12,300	**12,500**	+200
	Operating income	1,447.5	1,600	**1,720**	+120

- The FY26 results forecast by segment is shown in the FY2026 Results Forecast by Segment slide.

Sony Financial Group

Exclusion of Sony Financial Group from Equity Method

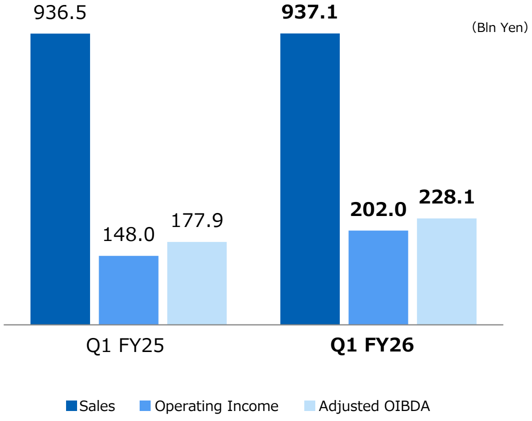
- In the All Other segment, Sony Financial Group Inc. (“SFGI”), which was previously accounted for under the equity method, no longer meets the accounting standard of an equity affiliate since SFGI’s shareholders’ meeting last month. Consequently, we have concluded the recording of equity method income or loss in FY26 Q1 and it is not included in our results forecast from the second quarter ending September 30, 2026.

- This is strictly a change in accounting treatment and does not imply any change in the position of SFGI within the Sony Group, nor a change in our collaborative or capital relationship with SFGI.

- Now I will turn to an overview of each business.

Game & Network Services Segment

Sales, Operating Income and Adjusted OIBDA



Q1 FY2026 (year-on-year)

- **Sales: Essentially flat**
  (FX Impact: +81.7 bln yen)
  (+) Impact of foreign exchange rates
  (−) Decrease in sales of non-first-party game software titles
  (−) Decrease in sales of hardware due to a decrease in unit sales

- **OI: 54.1 bln yen (37%) increase**
  (FX Impact: +19.1 bln yen)
  (+) Impact of U.S. tariff refunds
  (+) Positive impact of foreign exchange rates
  (−) Increase in costs, including investments for the next-generation platform and restructuring costs

- Total PlayStation® Monthly Active Users* reached 125 million accounts in June, up 2% year-on-year and a record high for the month of June.
- Although total playtime during Q1 FY26 decreased 4% year-on-year, user engagement continued to be solid because Q1 FY25 benefited from season updates to major titles and new hit titles.

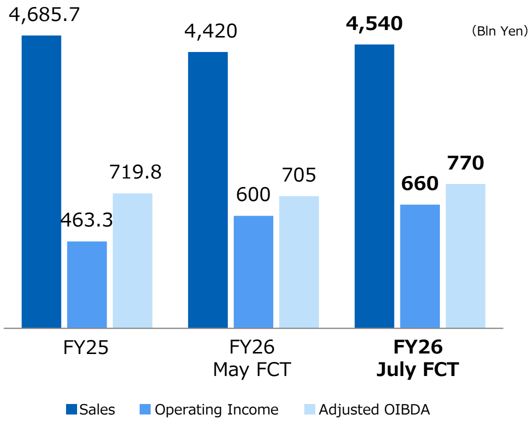
* Monthly Active Users is an estimated total number of unique accounts that played games or used services online on PlayStation during the last month of the quarter and is based on company research and may be updated in the future.

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 27. For its reconciliation, see "Supplemental Information for the Consolidated Financial Results for the First Quarter Ended June 30, 2026" (applies to all following pages).

- First is the G&NS segment.
- FY26 Q1 sales were essentially flat year-on-year at 937.1 billion yen.
- Operating income increased 37% year-on-year to 202.0 billion yen, primarily due to the impact of U.S. tariff refunds, partially offset by an increase in costs, including investments for the next-generation platform and restructuring costs.

Game & Network Services Segment

Sales, Operating Income and Adjusted OIBDA



FY2026 Forecast (change from May forecast)

- **Sales: 120 bln yen (3%) upward revision**
  - (+) Impact of foreign exchange rates
- **OI: 60 bln yen (10%) upward revision**
  - (+) Impact of U.S. tariff refunds
  - (+) Positive impact of foreign exchange rates
  - (+) Improvement in costs
  - (−) Impact of adjustments to the FY26 first-party title roadmap

- Regarding the impact of memory market conditions on PlayStation® 5 hardware, we have secured the quantity of memory necessary to meet our projected sales volume for FY26, and there is no change to our plan for hardware profitability for FY26 to remain similar to FY25.

- We increased our sales forecast 3% from the previous forecast to 4 trillion 540 billion yen, primarily due to the impact of foreign exchange rates.

- We increased our operating income forecast 10% from the previous forecast to 660 billion yen, primarily due to the impacts of the U.S. tariff refunds and foreign exchange rates, as well as additional cost improvements.

Game & Network Services

- Platform Business

- Studio Business

- The number of monthly active users (MAUs) across the PlayStation platform in June increased 2% compared to last June to 125 million accounts, a record high for June.
- Although total playtime during the quarter decreased 4% year-on-year, we think that user engagement continued to be solid because the same period of the previous fiscal year benefited from season updates to major titles and new hit titles.
- We expect further improvements in engagement metrics going forward because many major titles are scheduled to be released toward the end of the calendar year.
- Regarding the impact of memory market conditions on PlayStation 5 (PS5) hardware, we have secured the quantity of memory necessary to meet our projected sales volume for the current fiscal year, and there is no change to our plan for hardware profitability to remain similar to the previous fiscal year.
- We continue to aim for further growth of the installed base while closely monitoring PS5 hardware demand trends and the potential for securing additional memory.

Game & Network Services

- Platform Business
- **Studio Business**

- In the studio business, live service titles such as the latest installment in the *MLB The Show* series and *Helldivers 2*, now in its third year since release, continue to contribute steadily to revenue.

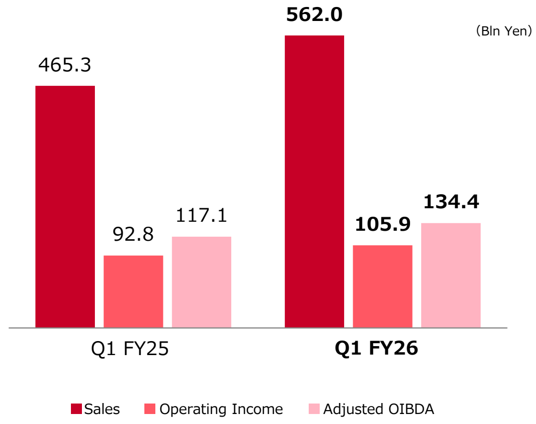
- With the release of Season 2 in June, *Marathon* has maintained a high user retention rate while also acquiring new users.

- As for titles on sale this fiscal year, *SAROS*, released in April, received high acclaim with a Metacritic score of 88 and is steadily expanding its user base.

- In addition, going forward, we expect *MARVEL Tōkon: Fighting Souls*, set for release in August, *Marvel’s Wolverine*, set for release in September, and *God of War Laufey*, set for release in February of next year, to continue to drive performance in this segment.

Music Segment

Sales, Operating Income and Adjusted OIBDA



Q1 FY2026 (year-on-year)

- **Sales: 96.7 bln yen (21%) increase**
  (FX Impact: +42.1 bln yen)
  (+) Impact of foreign exchange rates
  (+) Higher revenues from live events and merchandising in Recorded Music
  (+) Higher revenues from streaming services in Recorded Music and Music Publishing

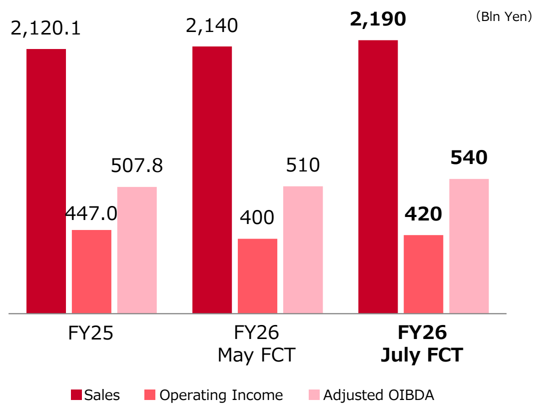
- **OI: 13.1 bln yen (14%) increase**
  (+) Impact of increase in sales

- Q1 FY26 streaming revenue growth rates on a U.S. dollar basis were +10% year-on-year for Recorded Music and +8% for Music Publishing.

- Next is the Music segment.
- FY26 Q1 sales increased 21% year-on-year to 562.0 billion yen, primarily due to the impact of foreign exchange rates as well as increased revenue from live events and higher streaming revenue in Recorded Music.
- Operating income increased 14% to 105.9 billion yen, a record high for the first quarter.

Music Segment

Sales, Operating Income and Adjusted OIBDA



FY2026 Forecast (change from May forecast)

- **Sales: 50 bln yen (2%) upward revision**
  - (+) Impact of foreign exchange rates
  - (+) Impact of the consolidation of Recognition Music Group

- **OI: 20 bln yen (5%) upward revision**
  - (+) Impact of the consolidation of Recognition Music Group
  - (+) Positive impact of foreign exchange rates

- We increased our forecast for sales 2% from the previous forecast to 2 trillion 190 billion yen and our forecast for operating income 5% to 420 billion yen, primarily due to the impacts of foreign exchange rates and the consolidation of Recognition Music Group.

Music

- Current State of the Business

- Streaming revenue for the quarter, on a U.S. dollar basis, increased 10% year-on-year in Recorded Music and 8% in Music Publishing.

- Reflecting the global success of the movie *Michael*, streams of songs by Michael Jackson, whose music catalog is co-owned by Sony Music Group ("SMG"), increased significantly, reaching approximately four times the level seen before the film's release.

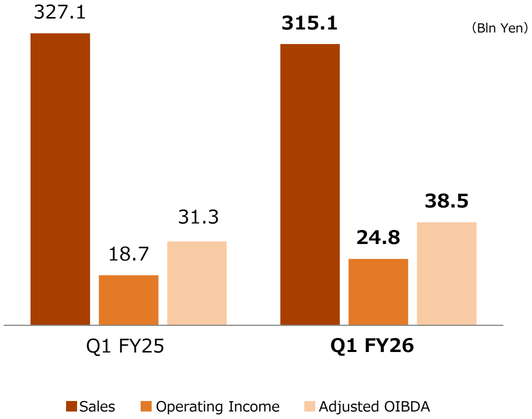
- We think that the significant increase in streams of his songs by Gen Z indicates that Michael Jackson's music is attracting a new generation of young fans and will continue to be enjoyed for many years to come.

- As catalog listening continues to grow throughout the market, SMG is leveraging its global catalog management expertise to expand its reach into new markets and audiences, thereby continuously enhancing the value of its catalog. We believe that we can expect further value appreciation going forward due to new and greater licensing opportunities enabled by AI.

- In FY26 Q1, Ella Langley's new album *Dandelion* reached No. 1 on the U.S. Billboard album chart, and its lead single broke the all-time record for the longest run at No. 1 by a female artist on the Billboard singles chart. This indicates that we are continuing to discover new hit artists and we plan to further enhance our business foundation by also continuing to focus on catalog.

Pictures Segment

Sales, Operating Income and Adjusted OIBDA



Q1 FY2026 (year-on-year)

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

- **Sales: 12.0 bln yen (4%) decrease**
  (U.S. dollar basis: -285 mil USD / -13%)
  - (−) Decrease in series deliveries in Television Productions
  - (−) Lower revenues from theatrical releases in the current fiscal year in Motion Pictures
  - (+) Higher revenues from Crunchyroll mainly due to paid subscriber growth

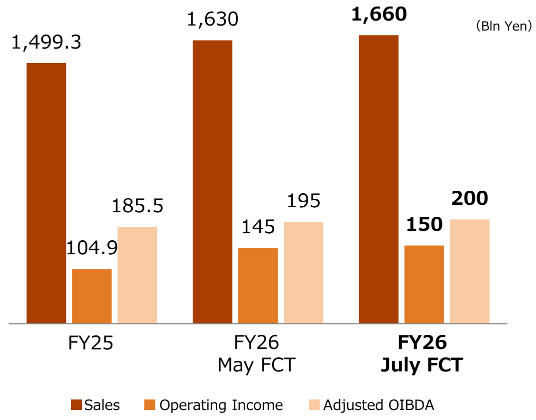
- **OI: 6.1 bln yen (33%) increase**
  (U.S. dollar basis: +27 mil USD / +21%)
  - (+) Lower marketing costs for current fiscal year theatrical releases in Motion Pictures
  - (−) Lower contribution from catalog product in Motion Pictures
  - (−) Impact of decrease in sales for Television Productions

- Crunchyroll continues to grow its subscribers beyond the more than 21 million it had at the end of March this year, and its results in Q1 FY26 improved year-on-year.

- Next is the Pictures segment.
- FY26 Q1 sales decreased 4% year-on-year to 315.1 billion yen, primarily due to a decline in the number of series deliveries in Television Productions, partially offset by higher revenues from Crunchyroll.
- Operating income increased 33% to 24.8 billion yen, primarily driven by a decrease in marketing costs related to theatrical releases.

Pictures Segment

Sales, Operating Income and Adjusted OIBDA



FY2026 Forecast (change from May forecast)

- **Sales: 30 bln yen (2%) upward revision**
  - (+) Impact of foreign exchange rates
- **OI: 5 bln yen (3%) upward revision**
  - (+) Impact of higher licensing sales of catalog titles in Television Productions

- We increased our sales forecast 2% from the previous forecast to 1 trillion 660 billion yen, primarily due to the impact of foreign exchange rates, and our operating income forecast 3% to 150 billion yen.

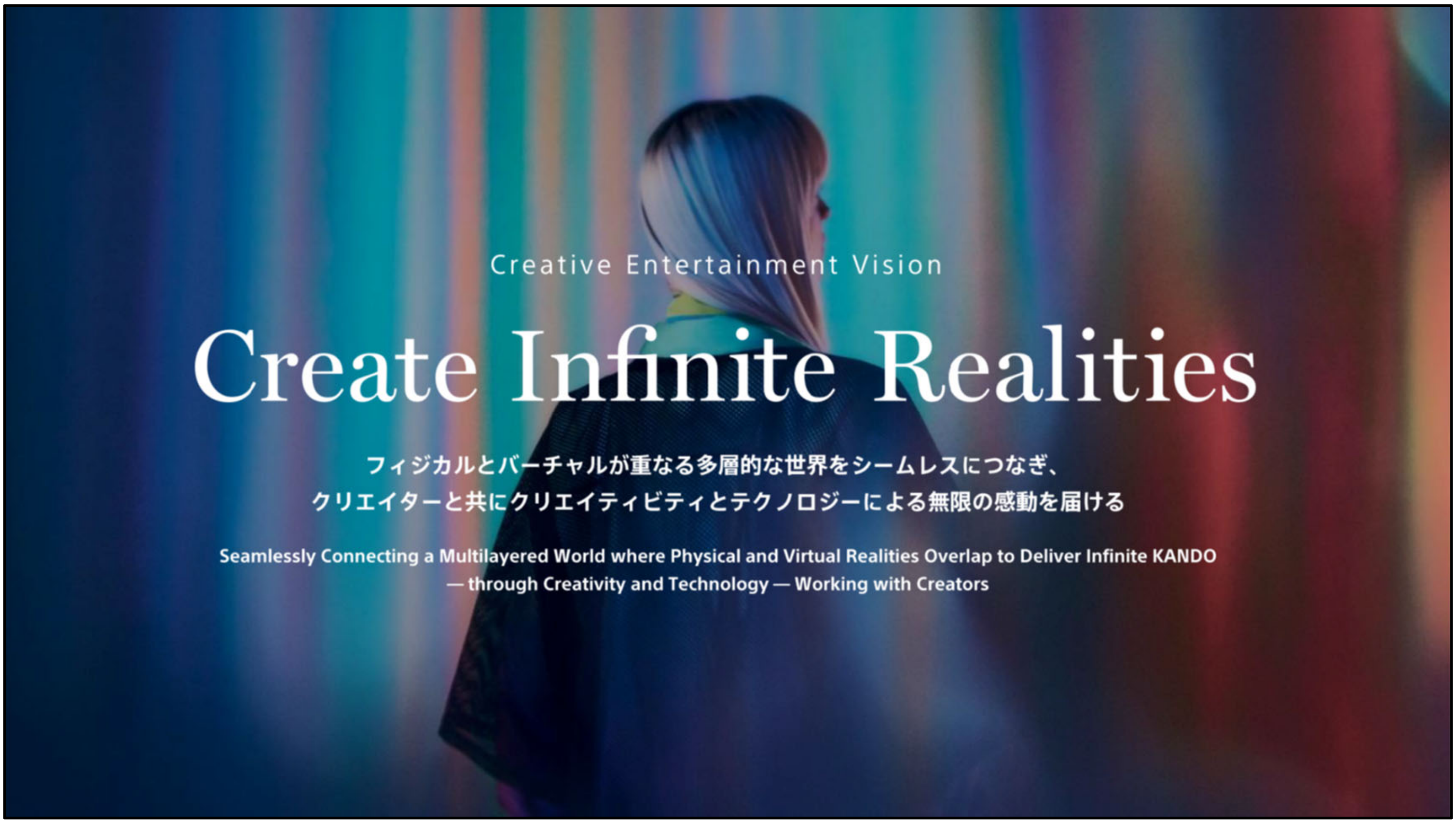
Pictures

- Current State of the Business

- *Spider-Man: Brand New Day*, which opens in theaters around the world starting this weekend, is one of Sony Pictures Entertainment Inc.'s ("SPE") most iconic and long-loved franchises, and we are confident it will be a hit.

- In June, SPE announced that it would further enhance its experiential entertainment through a strategic investment in Cosm, which specializes in cutting-edge shared reality technology that bridges the virtual and physical worlds.

- Through this partnership, SPE aims to provide fans around the world with new immersive content experiences and expand the value of the Sony Group's extensive portfolio of intellectual property.



- Regarding Anime, which is one of the pillars supporting our Creative Entertainment Vision, we are working with creators and partner companies to further grow our business across the Sony Group.

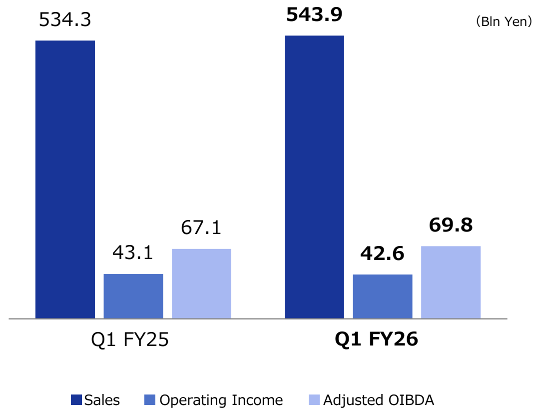
- Aniplex Inc. (“Aniplex”) and KADOKAWA CORPORATION (“KADOKAWA”), through the anime film distribution company Animec Inc., which they jointly established in March 2026, have begun distributing theatrical anime films since May. Going forward, they plan to distribute works made by Aniplex and works sourced from KADOKAWA’s novels and games.

- Aniplex and Crunchyroll are continuing to collaborate on the development and expansion of anime IP, and they have decided to produce a theatrical film of the globally popular hit anime *Solo Leveling*.

- Crunchyroll continues to grow its subscribers beyond the more than 21 million it had at the end of March this year, and its results in the quarter improved year-on-year.

Entertainment, Technology & Services Segment

Sales, Operating Income and Adjusted OIBDA



Q1 FY2026 (year-on-year)

- **Sales: 9.6 bln yen (2%) increase**
  (FX Impact: +38.4 bln yen)
  (+) Impact of foreign exchange rates
  (−) Decrease in unit sales across various businesses including Displays

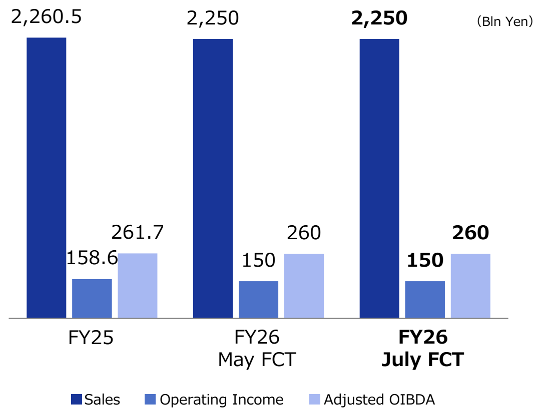
- **OI: Essentially flat**
  (FX Impact: +9.5 bln yen)
  (+) Positive impact of foreign exchange rates
  (−) Impact of increase in memory costs in Imaging and Displays

- In Q1 FY26, the imaging market remained stable in all regions except China which continued to experience negative growth year-on-year.

- Next is the ET&S segment.
- In FY26 Q1 sales increased 2% year-on-year to 543.9 billion yen, and operating income was essentially flat at 42.6 billion yen.

Entertainment, Technology & Services Segment

Sales, Operating Income and Adjusted OIBDA



FY2026 Forecast (change from May forecast)

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

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

  （+） Impact of U.S. tariff refunds

- The continued surge in memory prices remains a key business challenge in FY26. However, the business is doing everything it can to implement cost-reduction measures in procurement and design, and to adjust its pricing strategies, including foreign exchange management. For the segment as a whole, we expect to maintain the profit level projected in the previous forecast.

- There is no change to our FY26 forecast.

Entertainment, Technology & Services

- Current State of the Business

- The imaging market this quarter remained stable in all regions except China, where the market continued to experience negative growth compared to the previous year.

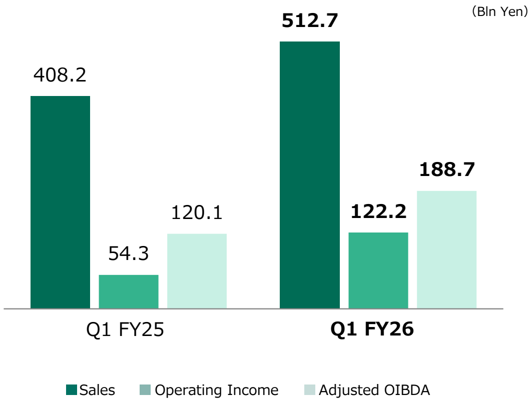
- Against this backdrop, strong sales of the α7 V, which won the Grand Prize at the Camera Grand Prix 2026, and the α7R VI, launched in June, helped raise average selling prices and expand our market share in the full-frame camera market, enabling the Imaging business as a whole to maintain its sales on par with the same quarter of the previous fiscal year.

- In the Displays business, new True RGB BRAVIA models, boasting the widest color gamut in the history of our consumer TVs, were well received.

- The continued surge in memory prices remains a key business challenge for this segment this fiscal year. However, the business is doing everything it can to implement cost-reduction measures in procurement and design, and to adjust its pricing strategies, including foreign exchange management. We expect to maintain the profit level projected in the previous forecast for the segment as a whole.

Imaging & Sensing Solutions Segment

Sales, Operating Income and Adjusted OIBDA



Q1 FY2026 (year-on-year)

- **Sales: 104.5 bln yen (26%) increase**
  (FX Impact: +40.6 bln yen)
  - (+) Increase in sales of image sensors for mobile products
    - (+) Improvement in product mix
    - (+) Increase in unit sales
  - (+) Impact of foreign exchange rates

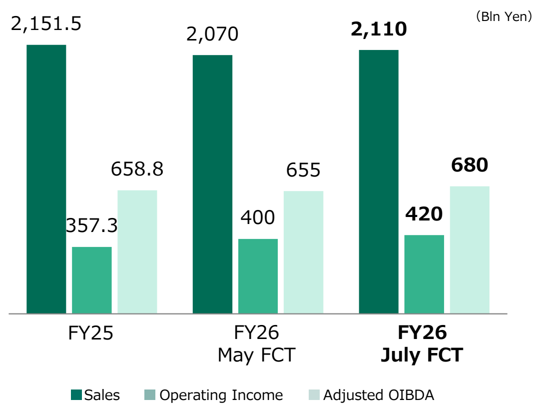
- **OI: 68.0 bln yen (125%) increase**
  (FX Impact: +23.2 bln yen)
  - (+) Impact of increase in sales
  - (+) Positive impact of foreign exchange rates

- In Q1 FY26, although our mobile sensor unit sales only slightly increased year-on-year, sales grew significantly year-on-year due to improved customer and product mix, as well as the impact of foreign exchange rates.

- Last is the I&SS segment.
- FY26 Q1 sales increased 26% year-on-year to 512.7 billion yen, mainly due to higher average selling prices of mobile sensors, as well as the impact of foreign exchange rates.
- Operating income increased approximately 2.3 times to 122.2 billion yen and reached a record high for the first quarter.

Imaging & Sensing Solutions Segment

Sales, Operating Income and Adjusted OIBDA



FY2026 Forecast (change from May forecast)

- **Sales: 40 bln yen (2%) upward revision**
  - (+) Impact of foreign exchange rates

- **OI: 20 bln yen (5%) upward revision**
  - (+) Positive impact of foreign exchange rates
  - (−) Recording of costs to prepare for the establishment of the joint venture with TSMC*

- As we anticipate that market conditions for memory will also affect shipment volumes of high-end smartphones toward the second half of the fiscal year, we remain cautious in our full-year forecast and expect revenue for mobile sensors as a whole to slightly decrease from the previous fiscal year.

The impact of the 2026 Kumamoto Earthquake, which occurred on July 28, 2026, on financial results has not been incorporated into the above results forecast, as it is currently difficult to reasonably estimate.
*Taiwan Semiconductor Manufacturing Company Limited

- We have increased our FY26 sales forecast 2% to 2 trillion 110 billion yen and our operating income forecast 5% to 420 billion yen from our previous forecast, mainly due to the impact of foreign exchange rates.

Imaging & Sensing Solutions

- Current State of the Business

- While the smartphone market posted negative growth for the second consecutive quarter, high-end manufacturers, primarily our major customer, are expanding their unit sales and market share.
- In line with this trend, although our mobile sensor unit sales only slightly increased year-on-year, sales grew significantly year-on-year due to improved customer and product mix, as well as the impact of foreign exchange rates.
- Looking ahead to the second half of the fiscal year, we anticipate that market conditions for memory will also affect shipment volumes of high-end phones. Therefore, we remain cautious in our full-year forecast and expect revenue for mobile sensors as a whole to slightly decrease from the previous fiscal year.
- Regarding the strategic partnership with Taiwan Semiconductor Manufacturing Company Limited ("TSMC") for the development and manufacture of next-generation image sensors, announced in May, detailed discussions are progressing smoothly with a view to signing definitive agreements.
- To prepare for the establishment of the joint venture with TSMC, we have incorporated approximately 10 billion yen in additional costs for the current fiscal year into our full-year forecast.
- Through our partnership with TSMC, which possesses world-class semiconductor process technology, we aim to further enhance the technological competitiveness of future image sensors, including high density, and to firmly capture growing demand not only in mobile sensors but also in areas such as physical AI, thereby further solidifying our No. 1 position in the image sensor market.

Closing

- To summarize, the G&NS, Music, and I&SS segments posted record profits for the first quarter, and the Sony Group as a whole has continued to achieve robust profit growth.

- Even in an uncertain business environment, the profit-generating capacity of each business segment is steadily increasing, and we intend to continue our efforts to deliver solid results in the final fiscal year of the 5th Mid-Range Plan.

- Regarding the share repurchase program, the cumulative amount purchased through the end of June was approximately 120 billion yen out of the facility we established in May, and we intend to continue to work toward strengthening shareholder returns.

- This concludes my remarks.

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. If the I&SS segment has independently entered into foreign exchange hedging transactions, the impact of such 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.