

SONY

CORPORATE
REPORT **2024**





Purpose

Fill the world with emotion,
through the power of creativity and technology.

A photograph of two children playing with a large cardboard box that has been transformed into a spaceship. The child on the left, a young boy with dark hair, is sitting on a patterned rug and looking towards the right. The child on the right, a young girl, is wearing a white astronaut helmet with a NASA-style patch and is reaching into the box. The box is decorated with colorful chalk drawings, including a large purple sphere and various lines. The background shows a brown leather sofa and a colorful abstract painting on the wall.

Values

Dreams & Curiosity

Pioneer the future with dreams and curiosity.

Diversity

Pursue the creation of the very best by harnessing diversity and varying viewpoints.

Integrity & Sincerity

Earn the trust for the Sony brand through ethical and responsible conduct.

Sustainability

Fulfill our stakeholder responsibilities through disciplined business practices.

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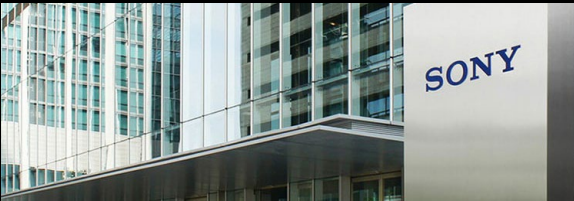
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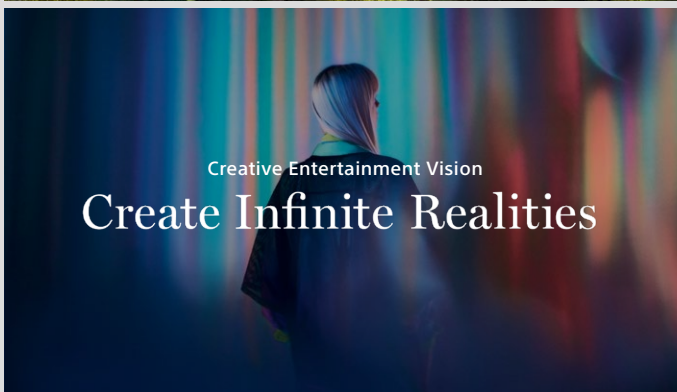
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Business Segment Abbreviations
G&NS: Game & Network Services
ET&S: Entertainment, Technology & Services
I&SS: Imaging & Sensing Solutions

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A Creative Entertainment Company

with a Solid Foundation of Technology



Creative Entertainment Vision

Experience a visual portrayal of the Sony Group's long-term vision, centered on its Purpose, projecting social change and technological evolution over the coming decade.

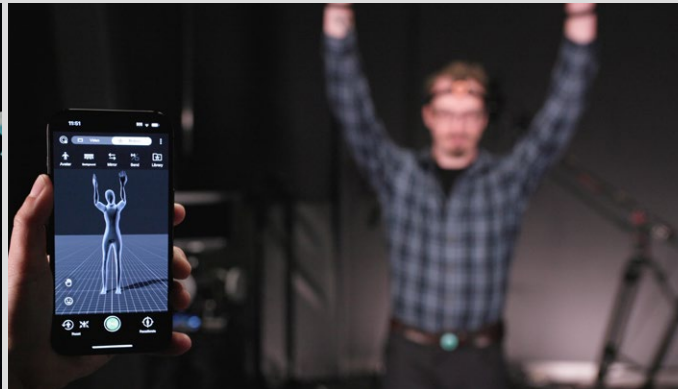
<https://www.sony.com/en/SonyInfo/creative-entertainment-vision/>

Create the Beyond

Explore a program portal site for creators that introduces Sony's initiatives to inspire them and support creation.

<https://www.sony.com/en/brand/createthebeyond/>

A Creative Entertainment Company with a Solid Foundation of Technology



CES 2024

Take in an overview of Sony's press conference and display booth at the CES technology event, where Sony presented an exhibition on the theme of "Powering Creativity with Technology."

<https://square.sony.com/ces2024/>

Torchlight

Behold the next-generation facility, Torchlight, which is able to provide various simulations of filming in a virtual space at the concept stage of motion picture creation.

<https://www.sony.com/en/brand/beyondthescreen/torchlight/>

Message from the CEO

Contributing to *Kando* Creation

Kenichiro Yoshida

Representative Corporate Executive Officer, Chairman and CEO



Message from the CEO

Evolution Focused on *Kando*, the Key Element of Our Purpose

Under our shared Purpose, to “fill the world with emotion, through the power of creativity and technology,” the Sony Group’s approximately 110,000 employees are working in a concerted effort to create *Kando* and deliver it to the world together with our partners.

Since the launch of our first mid-range plan in FY2012, with *Kando* as the keyword, we have been working to enhance our entertainment businesses — games, music, and pictures — that move people’s hearts. These three businesses now account for around 60% of our consolidated sales.

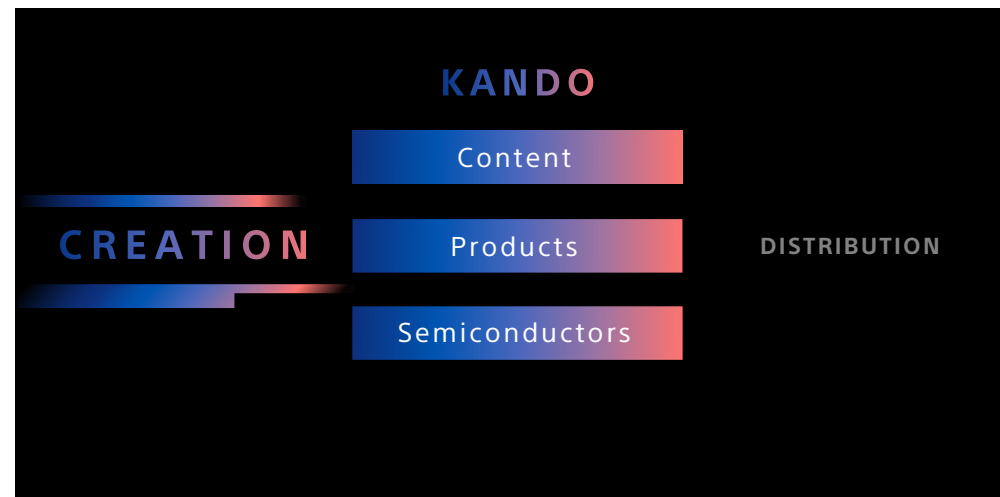
We reorganized the Group architecture, including the establishment of Sony Group Corporation in 2021 to evolve our businesses based on our Purpose, centering our diverse portfolio as our core strength. We believe that establishing a system in which each business is equally connected has led to the acceleration of Group synergies. Further, we plan to partially spin off Sony Financial Group (SFG) in 2025 so that it can pursue its own capital procurement and growth strategies. We will continue to support the evolution of the Financial Services business as an important part of the Group through measures such as leveraging the Sony brand and reinforcing collaboration among our businesses.

Shift toward Creation

Beyond these initiatives, Sony has been shifting its management focus to the creation side. Looking back over our history, in the 20th century Sony was a company that delivered *Kando* through its products, such as the Trinitron TV and the Walkman®. In the 21st century, we want to be a company that contributes to creating *Kando*.

We have been making this creation shift in our three main business layers. In the content layer, which is directly connected to *Kando*, we have invested approximately 1.5 trillion yen over the past six years to strengthen our content creation, starting with the acquisition of EMI Music Publishing in 2018. Our acquisition of Crunchyroll in 2021 was an investment in a distribution service that delivers *Kando*, and we aim to contribute to the anime creator community by spreading Japanese anime around the world.

In the products and services layer, which creates *Kando*, we are also working hard to create entertainment together with creators. Currently, profits from creation-related business account for more than 80% of operating income in the ET&S segment.



In the semiconductor layer, CMOS image sensors support the creative process for many people, from movie creators to smartphone users worldwide. We have implemented capital expenditures amounting to about 1.5 trillion yen in CMOS image sensors over the past six years, and intend to continue to evolve them as key devices for creating *Kando*. These CMOS image sensors also contribute to safety in mobility, which we are positioning as a new entertainment space (See “Feature: The Evolution of Sony as a Creative Entertainment Company” on p.17 for details).

Focus on Creation Technology

As a creative entertainment company with a solid foundation of technology, we aim to leverage the technologies we have cultivated until now, and further refine our technologies for *Kando* creation. Creativity resides in people, and people live in the present. Therefore, under the key concept “real-time,” we are focusing on the following two creation technologies.

One is technology that captures moments using CMOS image sensors. Our Alpha 9 III mirrorless interchangeable-lens camera

equipped with a full-frame global shutter image sensor, is one example. By reading out all pixels simultaneously, even fast-moving subjects can be captured. Since its release in 2024 it has already been used in many shooting opportunities at sporting events including the World Athletics Indoor Championships. When used with a 5G portable data transmitter it supports real-time data transport from shooting locations, contributing to prompt broadcasting and video production. Furthermore, the use of our VENICE digital cinema camera series is extending beyond film production to purposes

such as capturing halftime shows during major sporting events.

It is of ever-greater significance for creators behind the lens to capture the real world “as it is.” CMOS image sensors are also used in verifying the authenticity of an image to ensure that it consists of a real subject shot by a real person using a camera.

Our second area of focus is game engines, which are at the core of real-time computer graphics and have evolved in recent years into technology for producing video content. At Sony we are using the Unreal Engine by Epic Games, a company in which we have also invested, in a range of creative processes. For example, at the conception stage, our Torchlight facility makes it possible to simulate filming on set using the Unreal Engine. Other examples of its use include virtual production at the shooting stage, and our immersive spatial content creation system that enables virtual overlaying of 3D content into the physical space to support creative and editing work in the production stage, raising the value of creators’ time and helping them to unleash their creativity (See “Feature Example 3: Creation Technology” on p.21 for details).

CMOS Image Sensors



Alpha 9 III mirrorless interchangeable-lens camera



VENICE 2 digital cinema camera



CMOS image sensor used for technology to capture “the moment” and verification of authenticity

Game Engine



On-set filming simulation facility



Virtual production



Spatial content creation system

Our Purpose and Long-term Management Perspective

My foremost priority is to create value from a long-term perspective based on our Purpose, with a focus on *Kando* and people.

For sustainability, where a long-term perspective is essential, each business of the Sony Group conducts initiatives that leverage its respective strengths, driven by the belief that to “fill the world with emotion” it is necessary to create a society

in which everyone can live with peace of mind in a healthy global environment. In our sustainability initiatives we focus on climate change, DE&I, human rights, and technologies for sustainability, and are implementing initiatives such as reducing greenhouse gas (GHG) emissions, promoting career opportunities for women, embracing ethical AI practices, and broadening accessibility. In April 2024 we announced Sony’s Sustainability Vision to more clearly articulate the intended direction in which the Sony Group aims to

proceed with the goal to “inspire a world filled with emotion, for this generation and beyond” (See “Sustainability” on p.33 for details).

It has been five years since we established our Purpose in Sony’s corporate culture as the foundation on which our businesses and employees can take autonomous action. Even amidst a rapidly changing business environment, by formulating and following through on strategies rooted in our Purpose, each of our businesses is able to engage in flexible and agile management. Moreover,

by sharing the same direction, various Group collaborations focused on *Kando* are born.

Creativity develops communities. In each business we are working to create spaces where creator communities can gather and interact, and to nurture the next generation of creators.

We aim to continue building value from a long-term perspective, contributing to the creation of *Kando* by leveraging the strengths of our diverse people and businesses.



Sony Music Entertainment (SME) Africa, where many women employees play active roles



An educational event for children using the satellite EYE



The Global Social Justice Fund supports the next generation of creators



Kando Trip, a community-building space for creators, mainly for imaging



Supporting the launch of a loop group* for actors with disabilities
* Group of voiceover actors who record audio in post-production



An actor with a disability was cast to voice Sun-Spider, the first wheelchair-using Spider-Person, in *Spider-Man: Across the Spider-Verse*



Retina Projection Camera Kit



The Girls Make Games summer camp, held at the Sony Interactive Entertainment (SIE) headquarters



Message from the COO/CFO

Create Infinite Realities

Hiroki Totoki

Representative Corporate Executive Officer, President, COO and CFO



Message from the COO/CFO

In FY2023, which was the final year of our fourth mid-range plan, we faced an uncertain business environment and focused on the management of immediate risks to ensure we achieved our KPI goals. We also drew up our fifth mid-range plan for the next three years starting from FY2024 and discussed the Sony Group Vision for the long term thereafter, in order to realize the new growth stage for Sony that we announced when I assumed the positions of president, COO and CFO in April 2023.

Review of the Fourth Mid-Range Plan

In the fourth mid-range plan whose theme was “Sony’s Evolution,” we have been working to evolve our corporate architecture and business portfolio to drive growth for the entire Group. Since the founding of Sony Group Corporation in 2021, we have established a system in which each business is equally involved in contributing to Group growth, and have begun preparing for the planned partial spin-off of the Financial Services

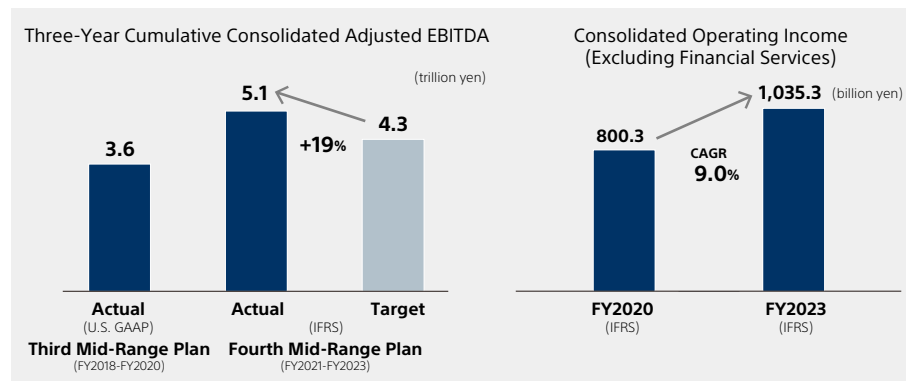
business in October 2025. By concentrating capital allocation on our three entertainment businesses and I&SS, our high-growth areas, we increased the ratio of their combined sales to those of the entire Group by 10% over the past four years, to 68% in FY2023, developing a more growth-oriented business portfolio. As a result, we made 5.1 trillion yen in cumulative consolidated adjusted EBITDA over the past three years, our KPI during the fourth mid-range plan set as a growth indicator, which was 19% above our initial target. Excluding the Financial Services segment, our average annual growth rate of consolidated operating income from FY2020 to FY2023 was 9.0%, demonstrating that our profitmaking ability is steadily improving.

Direction of the Fifth Mid-Range Plan

The theme of the fifth mid-range plan, beginning in FY2024, is “Beyond the Boundaries: Maximize Synergies across the Group.” To continue working to build corporate value through

sustainable growth, we plan to further evolve our initiatives to actualize intra-Group synergies and focus on mid- to long-term growth for our three entertainment business segments and I&SS. To reinforce our resilience amid the uncertainty and significant change we foresee in our business environment, we plan to further prioritize strengthening our earnings base through continuous evolution of our business portfolio and improving investment efficiency and business profitability. Consequently, for the current mid-range plan we are placing greater emphasis on profit-based growth, and have set as Group-wide KPIs the average annual growth rate in consolidated operating income (excluding the Financial Services segment) and operating income margin. We aim to achieve profit growth driven primarily by the G&NS and I&SS segments, an average annual growth rate of 10% or more in operating income, and a three-year cumulative consolidated operating-income margin of 10% or more. In addition, we have positioned sales growth for the Music, Pictures, and I&SS image sensor businesses, as well as the G&NS game-software and network-

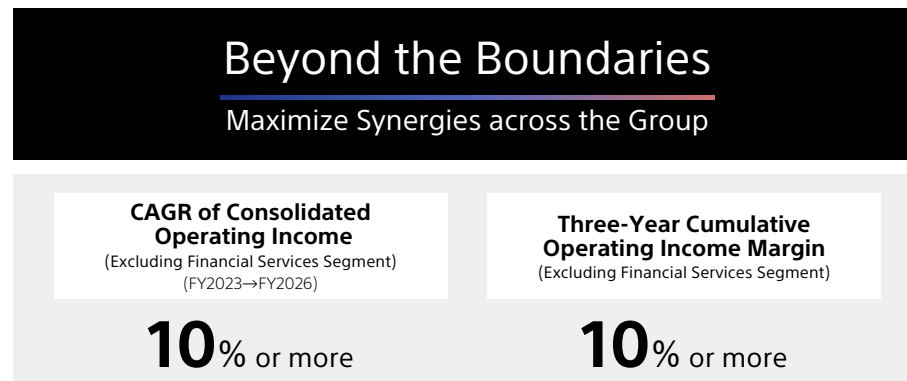
Fourth Mid-Range Plan



Notes: 1. Adjusted EBITDA is not a measure in accordance with IFRS and U.S. GAAP. However, Sony believes that this disclosure may be useful information to investors.

2. Consolidated Operating Income (excluding Financial Services) is not a measure in accordance with IFRS. However, Sony believes that this disclosure may be useful information to investors.

Fifth Mid-Range Plan

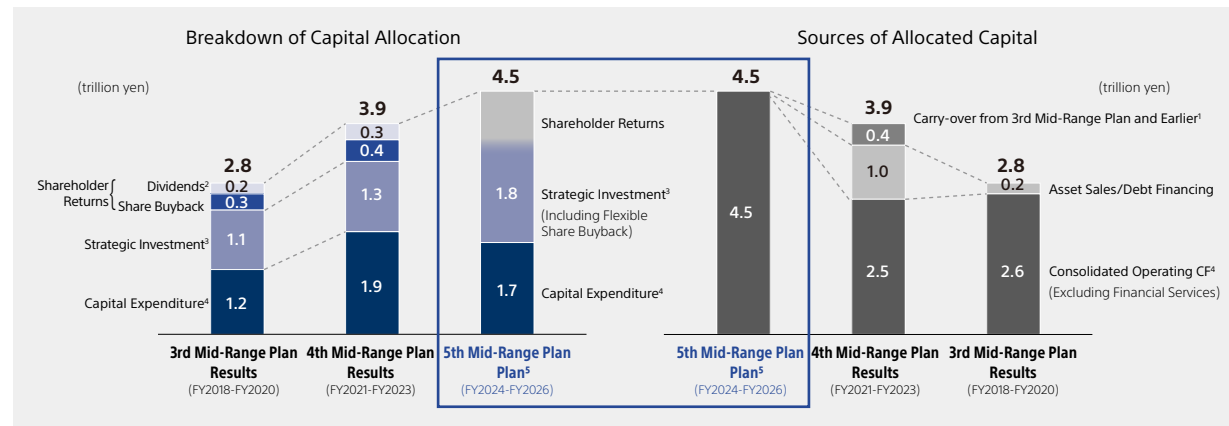


services businesses, as important indicators.

The mid-range plan mandates the focus for each business segment. The G&NS segment works to steadily maintain and expand the number of active users and user engagement and promote first-party software titles produced by our in-house studios as well as PC programs under the newly-established Platform Business Group and Studio Business Group. The Music segment continues working to grow faster than the market by strengthening initiatives in emerging markets, increasing earning opportunities for our music catalogs, and incorporating adjacent businesses such as merchandising, while accelerating global marketing of Japanese animation and artists. The Pictures segment, which serves as the core for collaboration among our three entertainment businesses, endeavors to maximize

the value of the IP (intellectual property) assets held by the Sony Group. We further aim to achieve profitable growth with Crunchyroll, a direct-to-consumer (DTC) service that deeply engages with anime fans and anime creators. The ET&S segment, meanwhile, focuses on the steady growth of the highly profitable and technologically differentiated imaging and sound businesses, accelerating expansion into Growth Axis businesses. The I&SS segment targets higher sales and profitability primarily in mobile sensors and works to improve investment efficiency and reinforce development and manufacturing to boost yield. Finally, the Financial Services segment works to further increase corporate value through the organic growth of each operation, expanding its customer base across the financial group, and tightening alliances with the rest of the Sony Group.

Capital Allocation (Excluding Financial Services Segment)

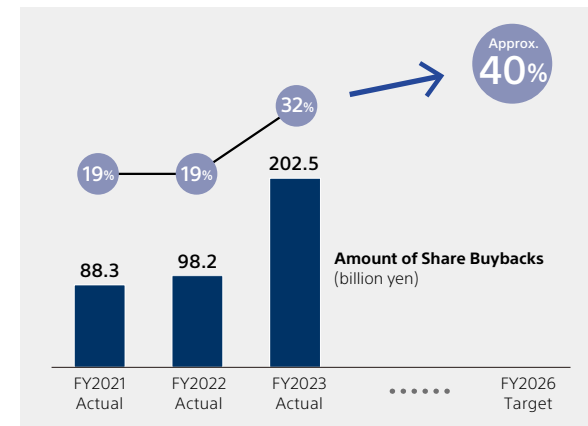


1. This represents an increase in operating cash flow from the forecast at the end of Q3 FY2020 in the 3rd mid-range plan, and a delay in cash outflows related to strategic investments that have already been decided upon.
2. Dividends paid in the 3rd mid-range plan were approximately 170 billion yen, and in the 4th mid-range plan approximately 280 billion yen.
3. Strategic investments include investments in major music catalogs included in operating cash flow.
4. Financial indicators in the 4th and 5th mid-range plans are based on IFRS. Operating cash flow includes the impact of differences in accounting standards for payments of principal on operating lease obligations and purchases and sales of content assets. However, this does not include the impact of investments in major music catalogs, which are included in strategic investments. Capital expenditures also include increases in right-of-use assets related to operating lease agreements.
5. As of May 14, 2024

Capital Allocation

We expect a significant increase in the three-year cumulative consolidated operating cash flow, excluding the Financial Services segment, during our fifth mid-range plan due to profit growth we anticipate during the plan as well as due to the recovery of working capital that increased over the past three years. Using this as the main source of funds, we forecast 4.5 trillion yen for the total amount of capital allocation, up 0.6 trillion yen from that of the previous plan. With regard to the breakdown of this capital allocation, we expect to spend 1.7 trillion yen for capital expenditures, down 0.2 trillion yen from the previous plan, taking into account that investment for image sensors is expected to decrease. For strategic investments, we plan to allocate 1.8

Total Payout Ratio⁶



6. Total payout ratio does not include the dividends in kind of Sony Financial Group Inc. shares expected to be effective in FY2025 as a result of the planned partial spin-off of the Financial Services business.

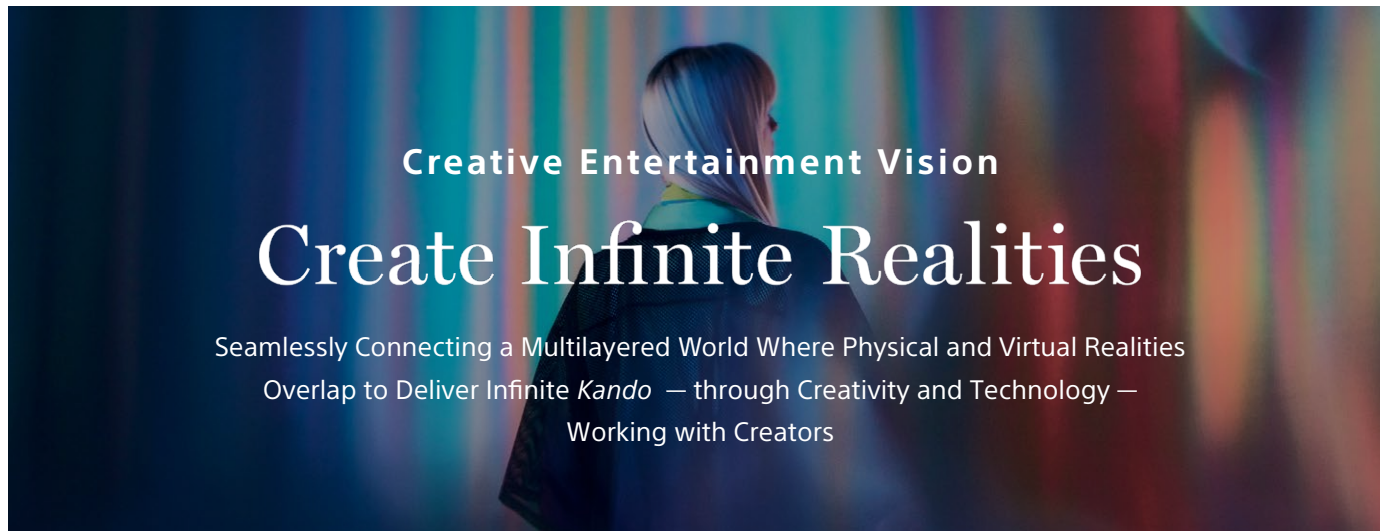
trillion yen to business growth investments and flexible share repurchases. We will continue to work toward mid- to long-term growth of our business through such means as acquisitions of IP and M&A, but we intend to emphasize investment efficiency and be more selective in the strategic arena.

The biggest change from the capital allocation strategy under the previous plan is that we intend to focus on shareholder returns. Regarding said returns, we aim to emphasize the total payout ratio, which we expect to gradually raise through the period of the current plan, aiming for approximately 40% for the final fiscal year ending March 31, 2027. To this end, we set aside 250 billion yen for share buybacks for FY2024, greater than what we acquired in the previous fiscal year. As for dividends, our policy is to continue to increase them steadily while accelerating the pace of dividend increases.

Long-Term Vision: Our Creative Entertainment Vision

We have just formulated our Creative Entertainment Vision, a long-term look beyond our fifth mid-range plan to illustrate where the Sony Group hopes to be a decade from now. By presenting our worldview as a creative entertainment company with a solid foundation in technology, as well as a clear timeline for pursuing that Vision and our shared Purpose, to “fill the world with emotion, through the power of creativity and technology,” we hope it will inspire employees, partners, and creators to help us create a bright future together. With likely changes in society and technological evolution also in mind, we have discussed this Vision over two years with diverse colleagues across our Group companies, particularly among the generation who will lead our company into the future to prepare this Vision.

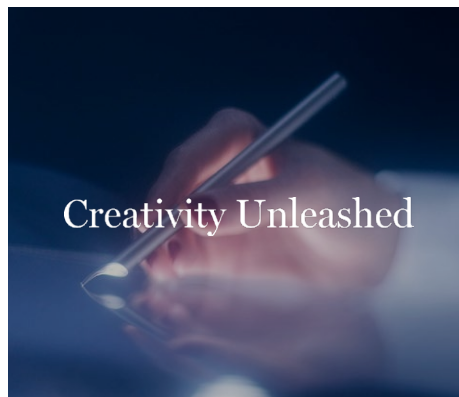
The key message of the Vision — “Create infinite realities” — expresses Sony’s ambition to seamlessly connect the multi-



Creative Entertainment Vision

Create Infinite Realities

Seamlessly Connecting a Multilayered World Where Physical and Virtual Realities
Overlap to Deliver Infinite *Kando* — through Creativity and Technology —
Working with Creators



Creativity Unleashed

Transcend dimensions to unleash the creativity of creators around the world



Boundaries Transcended

Transcend boundaries to connect diverse people and values and foster communities



Narratives Everywhere

Expand exciting experiences rich in narrative beyond imagination and across the world
















layered worlds we foresee on the horizon, where the physical and virtual overlap, developing limitless *Kando* through the power of creativity and technology, together with creators.

The Vision summarizes our efforts to “create,” “cultivate,” “expand and deepen” IP to maximize its value in three key phrases: “Creativity Unleashed,” “Boundaries Transcended” and “Narratives Everywhere.” By this we mean to harness technology to unleash the creativity of creators around the world, transcending physical, virtual, and time dimensions; connect diverse people across boundaries to foster vibrant communities; work with creators to craft exciting experiences rich in narrative that go beyond imagination; and spread those experiences as new touchpoints for *Kando* around the world.

Initiatives to Maximize IP Value under the Long-Term Vision

We have already begun initiatives to maximize IP value, moving toward the direction outlined in our Creative Entertainment Vision. In the anime field we plan to employ *AnimeCanvas* production software, currently under development, to improve the production environment, work efficiency, and quality of each title, as part of our efforts to contribute to IP creation. Together with the industry we are working on the establishment of an academy to cultivate anime creators for global markets. In the Pictures segment we are nurturing and supporting film creators who can make the most of cutting-edge shooting technologies like virtual production.

As an effort to cultivate IP through community-building with fans, creators, and partners, we are undertaking film adaptations of game IPs like *God of War* and cultivating “fandom artists,” such as Nogizaka 46, whose passionate fans create new cultures.

	Anime	Pictures	Gaming	Music	Sports
IP Creation	 DX / Academy	 Advanced Visualization	 Talent Discovery	 Unit Turning Novels Into Music	 Real-Time Animation Overlay
IP Cultivation	 Fan Voting Ceremonies	 Franchise Development	 Live Action Adaptation	 Fandom Artists	 Virtual Fan Engagement
IP 360 Extension	 Live Stage Adaptation	 Cinema Concerts	 LBE	 Biographical Works	 Predictive Sports Games

Further, through our IP 360 Extension initiative to extend and deepen IP across categories including location-based entertainment (LBE), merchandising, and the mobility space. For LBE we are working to deliver the ultimate *Kando* through immersive experiences made possible by combining our IP with our gaming, sensing, video, and audio technology, and then grow it as a new business. We are also accelerating merchandising through our Group-wide collaboration, because it not only increases the emotional attachment of fans to a given IP, but can also help us acquire new fans. In the mobility space we are continuing our collaboration with other companies across the industry including Sony Honda Mobility, as well

as increasing the experiential value of transportation and expanding opportunities to provide entertainment by turning a vehicle into a personalized entertainment space, made possible using sensing data and vehicle data to understand the passengers and surrounding environments.

We are also expanding initiatives to maximize the value of IP globally by assisting creators with diverse cultural backgrounds and strong regional appeal. A case in point is the Sony Innovation Fund: Africa, a corporate venture-capital fund we established in collaboration with the International Finance Corporation to support startup companies that are helping develop entertainment businesses in Africa.

Reinforcing Our Technology Base
to Help Maximize IP Value

We are bolstering technologies that can help creators engage in maximizing the value of their IP in efficient, high-quality ways, including sensing and capturing as well as real-time 3D processing, AI, and machine learning. Building on these initiatives, we are moving toward solutions for delivering our IP rapidly and at low cost to a broader range of fans.

In sensing and capturing, we are putting particular effort into our Volumetric Capture Studio, which generates 3D data from people and locations to render high-quality images. Going forward, we plan to apply high-quality 3D assets, including motion data from our Studio, accumulated by each of our companies cross-functionally across the Group, and explore potential external sales. In real-time 3D processing we are pursuing exploratory activities with Epic Games, focused on the Unreal Engine, developed as a physics engine for game CG generation. For instance, we reused 3DCG components from a music video shot using virtual production to produce a game set in the same world, and released a proof-of-concept CG-based short film using the Unreal Engine. We used machine learning in the production of *Marvel's Spider-Man 2*, a game released last year that proved a major hit. By applying voice-recognition software in certain languages, we were able to automatically synchronize subtitles with each character's lines, thereby significantly shortening the subtitling process. In India, a multilingual society, we are conducting research using AI technology and machine learning to shorten dubbing and translation processes.

To maximize the value of our IP, we believe it is also important to develop a shared Group network to support these efforts. The PlayStation™ Network is a network service that provides both high-quality operations and cost optimization, flexibly auto-scaling to user traffic and supporting various

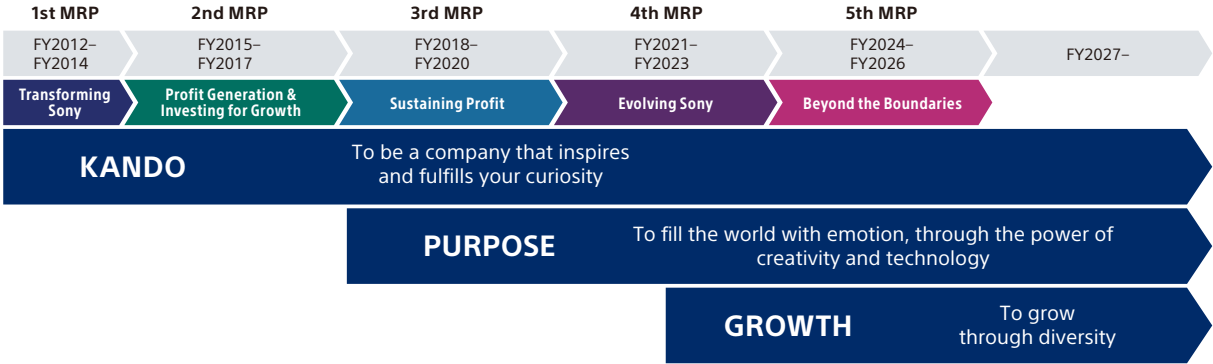
payment methods and currencies. By extending its core functions, such as accounts, payments, data infrastructure, and security, to the Crunchyroll service, we plan to develop the network into an engagement platform for the Sony Group. Going forward, we plan to standardize user IDs for all the services the Group provides and utilize this engagement platform to support the development of new network services across the Group in areas such as mobility and LBE. In the future, we plan to build a common platform specialized for fan engagement beyond the boundaries of the Sony Group.

Growth through Diverse Connections

I believe that the continuous evolution of diverse businesses and employees is important in order for Sony to be ever more resilient and keep growing amidst today's uncertain business environment and rapid technological evolution. Diverse talent has always been a Sony strength. In particular, in recent years M&A initiatives have allowed us to bring in new ways of thinking and knowledge, with increasing numbers of colleagues

having specialized expertise, particularly in the entertainment businesses. This is an example of diverse experience coming to the fore. Year by year we are increasing our ratio of foreign nationals in executive positions and women in management positions. Sony brings together people with diverse nationalities, ethnicities, genders, and values and encourages them to share their knowledge and experience and to expand their scope for greater growth opportunities. Through constant growth as a company and the personal growth of employees, Sony maintains a positive spiral – winning the preference of our customers, attracting more talented people, building corporate value, and giving back to society.

I believe businesses and management represent positions of trust and a legacy for future generations, and I place at the core of my own values the need to contribute to Sony by increasing its value and passing it on to the next generation in an even better form. Toward the future forecast in our Creative Entertainment Vision, I will endeavor, together with our employees, creators, fans, business partners, shareholders, and investors, to realize growth by steadily maximizing the value of our IP beyond existing boundaries.

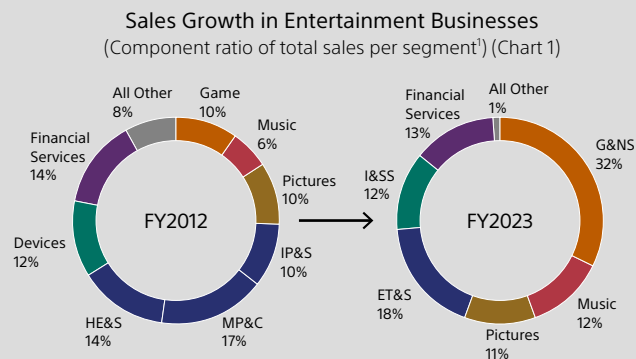


Feature

The Evolution of Sony as a Creative Entertainment Company

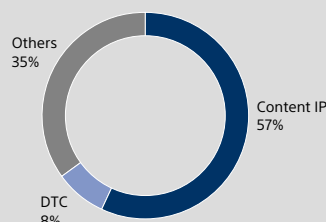
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Progress with Creation Shift



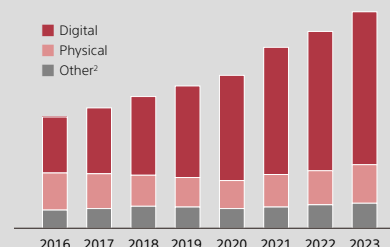
IP&S: Imaging Products & Solutions MP&C: Mobile Products & Communications
1. Due to rounding, individual sums aren't 100%.

Breakdown of Strategic Investment over Last Six Years
(Chart 2)



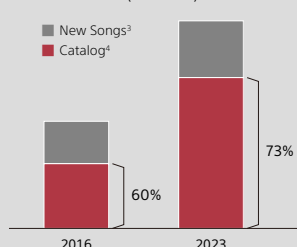
HE&S: Home Entertainment & Sound

Global Music Production Market Sales
(Chart 3)



Source: IFPI
2. Including performance rights and synchronization

Composition of Sales in U.S. Music Production Market
(Chart 4)



Source: Luminate
3. Titles released up to 18 months ago
4. Titles released more than 18 months ago

Recent Changes

In recent years Sony has accelerated the growth of its entertainment businesses. Since FY2018, when Kenichiro Yoshida took on his role as CEO, Sony has been accelerating efforts to reinforce its entertainment businesses, which, driven by the *Kando* in its Purpose, move people's hearts through games, music, and pictures. The proportion of Sony's total sales comprised by the entertainment businesses, consisting of G&NS, Music and Pictures, increased from 26% in FY2012 to 55% in FY2023 (Chart 1). In addition to the evolution of this business portfolio, this change can be attributed in large part to investment accompanying Sony's shift of direction toward creation, which places more emphasis on creators under the management direction of "getting closer to people." Of Sony's 2.4 trillion yen in total strategic investment over the past six years, content IP accounts for 57%, and DTC, which delivers content IP to users, for 8%. Strategic investment related to content IP has gone mainly into acquiring corporations with

important IP assets as well as IP development and production studios. Including the acquisition of music catalogs and other expenses, the total investment in content IP over the past six years stands at roughly 1.5 trillion yen.

Sony's creation shift is shown in its balance sheet. Intangible assets and goodwill as of the end of FY2023 were 4 trillion yen, approximately 2.9 times that of 10 years ago. Content IP like music catalogs and character rights comprises highly liquid, quality assets that can generate profit and cash over longer terms more efficiently than tangible fixed assets. Sony's ratio of intangible assets to tangible fixed assets has also grown, from a factor of 1.8 to 2.6 over ten years, illustrating the shift in asset components.

Value Creation on the Creative Side

Looking at the external environment, the entertainment market is clearly growing with the spread of streaming services and

the like, and particularly the global music market has been growing (Chart 3). Within that trend the value of content IP is rising. While Sony previously focused on the distribution side of business, delivering *Kando* through sales of hardware and packaged media, today it has shifted its focus to the creative side of *Kando*.

This shift is present in Sony's profit structure as well. The value of the content IP Sony acquires or creates is contributing more than ever, through licensing revenue. In the Music and Pictures segments the value of both new and older titles is increasing. For example, in 2023, the share of songs in the US music production market that were released more than 18 months ago accounted for 73% (Chart 4). In this way, continuous releases of hit content lead not only to single-year profits, but to the expansion of the profit base for the future as well, contributing to the sustainable growth of corporate value. This is why Sony continues putting effort into the creation and cultivation of content IP.



IP Creation

Aniplex

- Production of high-quality titles loved by anime fans worldwide
- Development underway of new animation production software, centered on A-1 Pictures and CloverWorks, subsidiaries of Aniplex, in collaboration with engineers across the Sony Group
- Consideration of establishing an academy to nurture overseas animation creators, in collaboration with Crunchyroll and across the industry

IP Cultivation

Crunchyroll Anime Awards

- An event held since 2017 to immerse fans into anime IP and culture
- In 2024 the 8th Awards attracted over 34 million fan votes, a new record

IP 360 Extension

LBE

- Adaptation of *Sword Art Online* into THE TOKYO MATRIX, an interactive attraction

Merchandising

- Markets character merchandise derived from hit anime and movies

Theatrical Adaptation

- Produced stage versions of *Demon Slayer: Kimetsu no Yaiba*, *Bocchi the Rock!* and other popular titles

Example
1

Anime: Maximize IP Value through Inter-Business Cooperation among Entertainment Businesses

Japanese animation, one of Sony's focus areas, features original characters and distinctive worlds, attracting fans to build a very strong community. The market for made-in-Japan anime has grown by a factor of roughly 2.2* over the past decade overall, and by a factor of approximately six* outside of Japan, with still further growth projected. In this strong growth market, inter-business cooperation among the entertainment businesses is facilitating Sony's steady implementation of initiatives to maximize IP value through generating, cultivating and extending IP beyond boundaries (IP 360 Extension), centered on Aniplex, a subsidiary of Sony Music Entertainment (Japan) (SMEJ), and Crunchyroll, a joint venture between Sony Pictures Entertainment (SPE) and Aniplex, which operates a DTC service specializing in anime.

To generate IP, Aniplex produces many high-quality titles every year that are beloved by anime fans around the world, like *Demon Slayer: Kimetsu no Yaiba*, which has become a social phenomenon. Aniplex and Crunchyroll jointly produce anime such as *Solo Leveling* and are looking to establish an academy to nurture overseas animation creators across the industry. Demand for new titles is growing substantially, and

the A-1 Pictures and CloverWorks production studios attached to Aniplex are leading the effort to develop the new anime production software *AnimeCanvas* through collaboration with engineers at SMEJ and across the Sony Group.

Since 2017, the Crunchyroll Anime Awards have played a significant role in nurturing this kind of IP. Hosted by Crunchyroll, which boasts over 15 million paid subscribers across more than 200 countries and regions, the Awards celebrate and recognize excellence in anime creators, series, films, music, and more. Winners in over 30 categories are chosen by fans worldwide. The event features the creators of the nominated titles and celebrities representing anime enthusiasts as presenters, promoting both IP and anime culture alongside the fans.

Adaptation of IP for LBE, such as at THE TOKYO MATRIX in Shinjuku, Tokyo, and the creation of merchandise are part of the IP 360 Extension initiative to further expand the IP. Aniplex is also working to adapt popular titles for theatrical performance. *Demon Slayer: Kimetsu no Yaiba*, *Bocchi the Rock!*, and *Lycoris Recoil* have already been produced for the stage, thrilling existing fans and creating new ones.

* Source: Anime Industry Report 2023



©Solo Leveling
Animation Partners



©Hajime Komoto/SHUEISHA,
MASHLE Committee



Atsuhiko Iwakami

Representative Director
Aniplex Inc.

Message from the Representative Director of Aniplex

In the era of streaming, the artistic expression, fascinating characters, and creative worlds of anime that have been fostered in Japan for many years are expanding on a surprising scale into the world. In such an era, it is wonderful that the Sony Group is approaching anime from so many different angles. Aniplex aims to continue to deliver outstanding titles that meet the expectations of fans, and, in cooperation with other Group companies, contribute to the further development of anime culture.



Music Production

Expanding Services to
New Artists and Emerging
Markets

Share increase for new
songs in the US
**Five consecutive
years**
(2018-2023)

New tracks released
to digital streaming
platforms
+24%
(FY2023 vs. FY2019)

Spotify Weekly
Global Top 100
**Average of
31 songs
ranked**
(during FY2023)

Music Publishing

Enhancing
Music Catalog

Share of music-
publishing market
**No. 1 for eleven
consecutive years**
(2012-2023)

Songs managed
6.24 million titles
(as of March 31, 2024)

Weekly Spotify
Worldwide Chart in 2023
**SMP songwriters
contributed to
No. 1 songs in 37
of 52 weeks**



Music: High Level of Growth through the Strengthening and Utilization of Music IP

Sony's music business has broken its own revenue record for eight consecutive years with revenue, increasing by 3.6 billion USD compared to FY2019, outpacing the growth of the market. In the US, the market share of new songs has increased for five consecutive years, reaching a record high of 27%. By acquiring The Orchard, which provides support for independent music distribution and independent labels, and AWAL, which offers support services for independent artists, as well as bringing record labels Som Livre and Altafonte into the company, SME is expanding its services to independent artists in many emerging markets around the world.

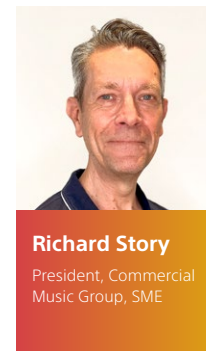
At the same time, Sony Music Publishing (SMP), which boasts the world's top share in the music-publishing industry, continues to acquire music catalogs and businesses. Since it made EMI Music Publishing a wholly-owned subsidiary in 2018, Sony has begun accelerating the enhancement of its music catalogs, resulting in 6.24 million copyrighted songs under its management as of March 31, 2024, a 1.7-fold increase over the past decade.

These vast catalogs represent a striking example of Sony's enhanced investment in content IP, and are a core strength, helping the company achieve high levels of growth against the backdrop of market expansion due to the adoption of streaming services. SMP's streaming revenue has increased to an average annual growth rate of 38% over the four years since FY2020 due to the expansion of the streaming market, a stable share of



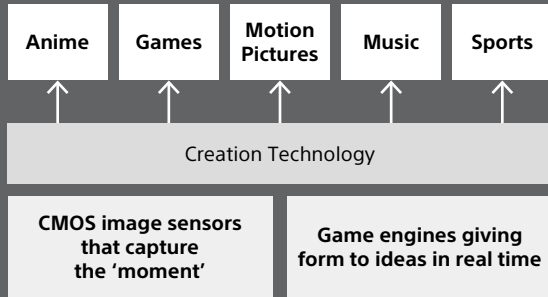
high-ranking songs by contracted artists on streaming services and widening opportunities to apply its catalogs of older songs. In fact, the number of new tracks released by SME to digital streaming services increased by 24% compared to FY2019, and songs involving SMP-affiliated songwriters have ranked number one on the Spotify Weekly Global Chart for 37 out of 52 weeks.

From gaming to social media platforms to Web3, and beyond, there is commercial potential in many new technology areas. More importantly, Sony Music Group (SMG) commits resources to the research and development of cutting-edge formats to provide its artists and songwriters with more creative outlets and ways to reach new fans. In these circumstances, the layering of IP in this way helps to maximize IP value across categories, such as games and merchandising, and also leads to new opportunities for SME artists and songwriters. Furthermore, Sony expects it to continue to serve as the cornerstone of the strategy supporting Sony's music business even if there are future changes in the industry's technological trends. Going forward, Sony plans to continue to expand its catalog while making carefully selected investments in line with this strategy, and, while protecting the rights of artists, will also look to new technological fields with business potential, all the while continuing to evolve its ecosystem.



Message from President of Commercial Music Group, SME

SME is home to one of the world's largest and most culture-defining catalogs of iconic songs, representing much of the foundational history of recorded music. We have a deep understanding of the catalogs we work with and consider ourselves stewards of our artists' vision. Our expertise uniquely positions us to help our artists at every stage of their career maximize global opportunities with their music. Today's frontline hits are tomorrow's catalog favorites.



Imaging

- Alpha™ series
- Cinema Line including VENICE
- Technology to verify authenticity

Use in creative processes

- Torchlight
- Virtual production
- Immersive spatial content creation system
- Turning sports data into 3D animation

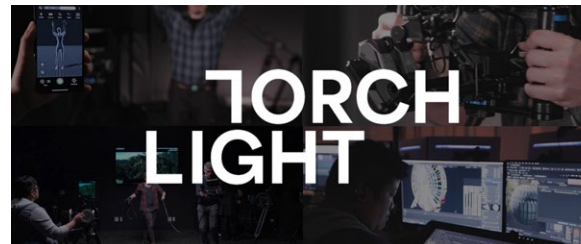


Creation Technology: Using Game Engines for Video Content

One of the creation technologies that Sony is focusing on is game engines, such as Epic Games' Unreal Engine, which help maximize IP value. Making the most of its high-quality real-time 3D-processing (rendering) capability, the Unreal Engine can help raise work flow efficiency and production freedom significantly in the process of creating digital assets for films and other content. Based on its strategic investment in Epic Games, Sony has therefore undertaken a range of initiatives involving the Unreal Engine, and is exploring more applications.

Using the Unreal Engine and other cutting-edge technologies, SPE has established Torchlight, an advanced visualization facility that allows creators to explore, manifest and develop their vision in real time at the pre-production stage. Using Torchlight in pre-production allows creators to comprehensively prepare for the actual filming, and also allows them to make use of the digital assets they have created right up until the final editing stage. It has been utilized for several third-party projects and SPE films including *Venom: The Last Dance*, *Kraven the Hunter*, and *The Karate Kid*.

Specifically, by using the Virtual Production Tool Set, which allows creators to simulate the look of Sony's flagship VENICE digital cinema camera, they can freely test various shooting possibilities in a virtual space that uses the Unreal Engine to recreate a film set. Furthermore, by using tools such as the mocopi® mobile motion capture system, it is possible to reproduce action by the actors in a virtual space.



On the other hand, virtual production using large LED screens, provided by Pixomondo and Sony PCL, displays images in real time from the creators' minds during the actual shooting of film content. Virtual production creates an environment where physical subjects and digital backgrounds projected on LEDs interact with each other while being shot simultaneously and synthesized in real time, freeing creators from the inevitable constraints of physical shooting on location. Natural complications such as time of day, location-based hazards, and weather conditions are avoided. It also significantly reduces the time required for the post-production processes, especially VFX, since the resulting real-time video composite will be captured directly on camera and can be seen and shared by the director and performers on the spot during the shooting. The Unreal Engine is used to create 3DCG backgrounds to be shown on the LED screens and perform in sync with the camera. The scalable nature of this technology has allowed creators to use it for motion pictures, TV programs, music videos, and commercials, ranging from TV series like *Game of Thrones*, *House of the Dragon* and *Avatar: The Last Airbender*, as well as a short film by the city of Kobe released in April 2024.



Jonny Slow
CEO, Pixomondo

Message from the CEO of Pixomondo

Pixomondo excels in virtual production and our ability to bring creators' visions to life through our advanced visualization and VFX capabilities. Supported by Sony, we integrate engineering, deploy cutting-edge LED stages, innovate, and educate to propel the global virtual production industry forward. As trailblazers in utilizing Unreal Engine for film production, we lead the industry in comprehensive virtual production and collaborate closely with our clients as creative partners, striving together to achieve ground-breaking outcomes in filmmaking and beyond.

Message from the CSO



Toshimoto Mitomo

Corporate Executive Officer, Executive Deputy President and CSO Officer in charge of Intellectual Property, Business & Technology Strategy, Business Development, Business Incubation Platform, and Mobility Business

Sony aims to achieve further growth through maximizing IP value and with a management focus on creation. My mission as CSO is to formulate medium- to long-term strategies to achieve this goal effectively and efficiently across the Sony Group, promote internal and external collaboration, and enhance our corporate value. As part of this effort, as a Group headquarters initiative we take on business incubation projects that complement those carried out by Group companies and are best achieved through intra-Group collaboration.

We identify areas that may be beyond the scope of one Group company to build into a business, but show great business potential through a mid- to long-term Group-wide effort, and work with financial discipline to develop them.

After receiving development support at Group headquarters, projects deemed feasible as part of a business are transferred to appropriate Group companies, and the cycle continues. A case in point is our virtual production solutions business, which we started incubating in 2017 and is now operated by SPE and Sony Corporation.

Sony's strength is the breadth of its technologies and expertise, from producing content to delivering experiences. Sony is unique in having it all – sensing technologies to capture data needed for content, entertainment expertise to create content from data, and the devices and services to deliver that content to users. Sony is also uniquely positioned to engage in direct dialogue with a broad range of creators, from games to music, pictures and anime – enabling us to listen to their needs to realize higher-quality and creative, new entertainment, and support them to unleash their creativity.

Anime, for instance, is an attractive field where we can develop IPs into multifaceted businesses, with growing market demand for new titles. Technological barriers, however, have slowed the progress of digital transformation (DX), and consequently the industry faces many challenges such as heavy workloads. Leveraging technology to realize an environment that enables creators to focus on creative work, engineers at SMEJ and Sony Group are developing an anime production software, *AnimeCanvas*, based on dialogue with creators at



AnimeCanvas software for anime production

Aniplex's production studios A-1 Pictures and CloverWorks. By supporting the anime industry from the production stage, Sony aims to further evolve and grow its anime business through the production of more new, high-quality titles.

To maximize the value of IPs, Sony is making the most of its breadth of content. We are expanding the field of entertainment, by for example applying our expertise in music to games and sports, and focusing on expanding content of specific IPs such as film adaptations of game IP. One of the creation technologies that accelerates such multifold expansion of content is the game engine. Through our strategic investment in Epic Games, we are collaborating on developing workflows that utilize their Unreal Engine outside of gaming, such as in film and/or TV program productions. We are also working on diverse application of IPs through their game *Fortnite*, such as by merging an artist's music video world with the game, to craft user experiences that transcend the borders of entertainment genres. By standardizing production tools, we can reduce production time and costs, and foster the creation of new entertainment, which is expected to contribute to the growth of the entire content industry.

In emerging regions where we can expect significant growth in entertainment over the medium to long term, Sony works to cultivate both the next generation of creators and the local content business through initiatives such as the corporate venture capital fund, Sony Innovation Fund: Africa. We offer opportunities to rising talents early on in their careers, and work to deepen our understanding of local cultures and practices as we nurture and support these individuals. Our goal is developing business opportunities for Sony in tandem with creating and developing local content industries.

In these ways, Sony is pursuing business development by embracing inclusion, whereby diverse people collaborate in an environment of deepening mutual respect and understanding, to keep on delivering *Kando* through new content and experiences.

Value Creation

- Value Creation Model
- Value Creation
- R&D / Message from the CTO
- Employees / Message from the Officer in Charge of Human Resources
- Sustainability

Value Creation Model

Sony's Purpose, to "fill the world with emotion, through the power of creativity and technology," defines why Sony exists, and guides Sony Group employees along the same vector to create value from a long-term perspective. Further, Sony's Identity is a "creative entertainment company with a solid foundation in technology." Finally, Sony's Corporate Direction is "getting closer to people." As it aims for sustainable value creation, Sony designates *creativity*, *technology*, and *diversity* as drivers for value creation, which are essential to evolve and grow diverse businesses, promote collaboration, and create new value.

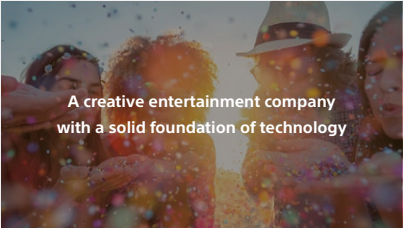
Sony's Purpose

Purpose explains the reason for our existence, for Sony Group employees to work together along the same vector and create value from a long-term perspective; in other words, why we exist



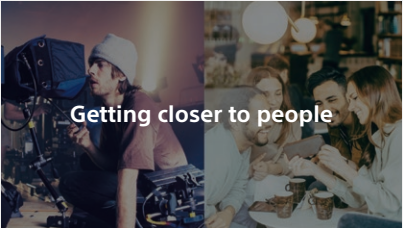
Identity

Identity expresses how we want to be perceived from the outside; in other words, who we are



Corporate Direction

Corporate Direction sets out where we are headed



Key Drivers

Key Drivers are the essential elements to realize value creation



Value Creation

Value creation through diverse businesses

- 1 Enriching people's hearts through the delivery of emotional experiences
- 2 Helping creators realize their dreams
- 3 Contributing to society through the delivery of safety, health, and reliability



Value Creation

Sony manages diverse businesses with the aim of sustainably creating value with people at the core, thereby serving its Purpose to “fill the world with emotion, through the power of creativity and technology,” under the Corporate Direction of “getting closer to people.” In pursuing this Purpose, Sony’s value creation through its businesses can be roughly divided into categories based on three perspectives: users, creators, and the society in which people live.

1

Enriching
people’s hearts
through the
delivery of
emotional
experiences

In addition to generating content that moves people’s hearts, Sony’s content businesses, including Games, Music, and Pictures, and its DTC businesses, build communities where users can gather together and share creative experiences. The ET&S business leverages its strength in creation technologies to create brand-new entertainment together with creators. Finally, the I&SS business provides image sensors for smartphones used by people around the world to share emotion, as well as display devices for AR/VR, which are expected to emerge as technologies augmenting *Kando* spaces.



Examples from FY2023

- G&NS** Provision of beloved IP such as *Marvel’s Spider-Man 2* (which broke PlayStation Studio’s 24-hour sales record) on PlayStation®5 (PS5™) and the new live service game *HELLDIVERS 2* on multiple platforms including PC
- Music** Continuous production of music creating emotion (on average, SME had a 31% share of Spotify’s weekly Global Top 100 songs)
- Pictures** Provision of worldwide hit productions such as *Spider-Man: Across the Spider-Verse*, *Anyone But You*, *The Equalizer 3*, *The Crown*, *Sex Education*, and wide-ranging anime content on Crunchyroll
- ET&S** Delivery of alternative broadcast: Hawk-Eye’s tracking data converted into 3D animation in real time, with Beyond Sports’ visualization technology
- I&SS** Commercialization of a large-size, high-definition 1.3-type 4K OLED microdisplay that reproduces realistic spaces

2

Helping creators realize their dreams

Sony crafts environments where creators can fully express their creativity and fulfill their potential by providing platforms, technologies, and expertise, in addition to discovering, nurturing, and producing creators, and supporting Sony artists from all directions. Sony delivers the resulting content to move people's hearts around the world across a variety of domains, including Games, Music, and Pictures. Sony plans to continue to contribute to co-creation of content and maximizing the value of creators' time through products, technologies, and services that enable creators to express their vision; Sony also plans to continue to realize real-time creation and live events.



Examples from FY2023

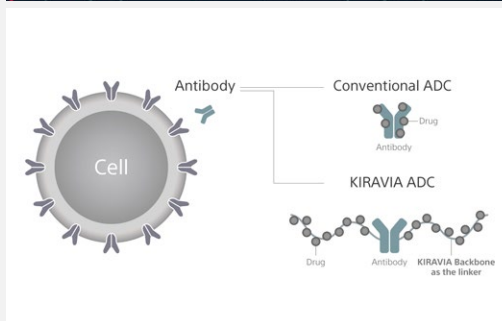
- G&NS** Launch of the India Hero Project, a discovery and support program for aspiring game developers in India
- Music** Expansion and enhancement of support for artists and songwriters through activities such as the Artists and Songwriters Forward initiatives, including technology advancements as well as support for enhanced compensation and healthcare
- Pictures** Completion by SPE's award-winning creation, innovation and technology company, Pixomondo, of virtual production on several new series, including *Dope Girls*, *Doctor Who*, *The Boys* and *House of the Dragon* Season 2 for Max¹
- ET&S** Launch of the Alpha 9 III mirrorless interchangeable-lens camera with the world's first² full-frame global shutter image sensor
- I&SS** Provision of a full-frame image sensor for the world's first² mirrorless interchangeable-lens camera with a global shutter system
- Group** Holding of the Sony Creators Conference, a technology conference for the creative community

1. Previously HBO Max
2. A world first for digital interchangeable-lens cameras
(as of announcement on November 7, 2023, source: Sony)

3

Contributing
to society
through the
delivery of
safety, health,
and reliability

Sony helps to create a society in which people can enjoy daily lives filled with emotion through its businesses that support people with safety, health, and reliability. Sony aims to contribute to automobile safety and a better future for mobility, along with improved industrial automation and security, with its CMOS image sensor technologies, while Sony's life science business aims to contribute to public health through applications in the fields of imaging, display, and cloud technologies that it has cultivated over many years. In the Financial Services business, Sony focuses on providing customers with a sense of safety and assurance through pertinent advice, products, and services that leverage a variety of information sources, while improving access to its services and promoting innovation for greater convenience in daily life.



Examples from FY2023

- ET&S** Entry into collaborative research agreement with Astellas Pharma Inc. to discover a novel ADC platform in the oncology field
- I&SS** Commercialization of a CMOS image sensor for automotive cameras with industry-leading* 17.42-effective megapixels
- Financial Services** Expanded functionality to enable users to view and update life plans via Sony Life smartphone app (Sony Life)
- Expanded eligibility for housing loans and collateral offerings for couples to cover all types of partners, including de facto marriage partners (Sony Bank)

* Among CMOS image sensors for automotive cameras (as of announcement on September 12, 2023, source: Sony)

Message from the CTO

Hiroaki Kitano

Corporate Executive Officer,
Executive Deputy President, and CTO
Officer in charge of R&D
and AI Collaboration

President and CEO, Sony Computer
Science Laboratories, Inc.
Representative Director
and President, Sony Research Inc.



At Sony, under our Purpose to “fill the world with emotion, through the power of creativity and technology,” our research and development (R&D) aims to develop technologies that support creators and unleash their creativity. Our R&D direction is “We are here for creators.” We define “creators” broadly, to include artists, engineers, scientists, and everyone who endeavors to build a positive future with *Kando*.

In line with this direction, to make Sony “future-ready” by building a technological foundation that not only supports our existing businesses but also enables development of new businesses, Sony pursues R&D pertaining to creation technologies. This translates into focusing on three technological areas — sensing, AI, and digital virtual worlds — and developing technologies that maximize creativity, IP value, and fan engagement.

To develop these creation technologies, it is important to respect diversity in three areas: content, culture (which includes language), and the viewpoints of people across different demographics. Our R&D teams must also be diverse, bringing varied expertise and experiences to bear. Sony works to support diverse, outstanding research talent who address critical social issues through technological innovation. As part of this effort, together with the leading science journal *Nature*, in March 2024 Sony launched the Sony Women in Technology Award with *Nature* to annually recognize three next-generation women researchers whose work is driving positive impact on the planet and society.

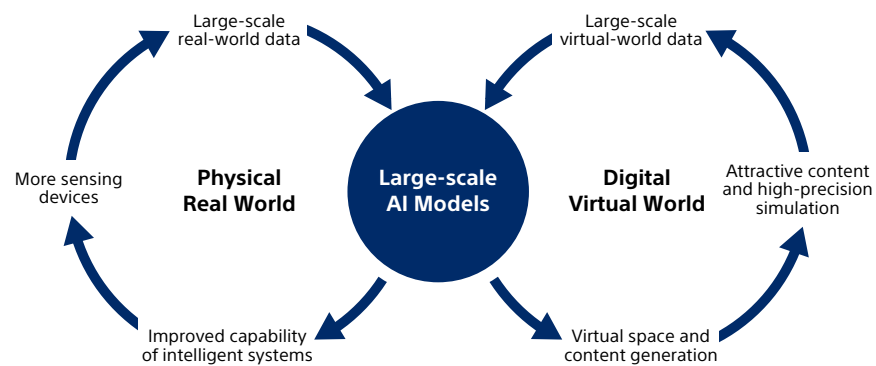
Through technology, Sony will continue to empower diverse creators to unleash their creativity.

Building a Technological Foundation to Support Human Creativity

As Sony pursues its Purpose to create and fill the world with *Kando* together with creators, along with fundamental creation technologies our core research and development areas are sensing, AI, and digital virtual worlds, and their integration is key. We express this integration as a double-flywheel architecture, in which AI connects the real physical world with virtual digital worlds. In the first loop (left in the graphic), AI learns from sensing data

drawn from the physical world to advance image and voice recognition capabilities. The second loop (right in the graphic) depicts how creators can use AI trained on large volumes of data to produce reams of virtual-world data, enabling them to generate virtual worlds and their contents or create extremely precise simulations. By driving these two loops continuously, we work to realize technological innovation that helps creators unleash their creativity and maximize the value of Sony's businesses in both the physical and virtual worlds.

Double Flywheel



Initiatives for Inclusive and Responsible AI

Among diverse creation technologies, Sony sees AI as a tool for supporting human creativity. We are actively involved in AI ethics research in order to create fair, highly-transparent AI technology and applications. For example, [in a seminal paper published in 2023](#), we investigated a way to reduce racial bias in facial recognition technology by making skin tone evaluation more accurate.

Sony, as a supporter of creators, strongly believes that human creativity should not be threatened or harmed by the abuse of AI, such as through infringement of copyright, and is actively working on AI governance. The Sony Group AI Ethics Committee works to protect creator rights, build a framework for responsible AI use, and conduct test assessments of AI risks incorporating the perspectives of each Group company.

Furthermore, to realize AI as public property, such as through a truly inclusive and fair large-language model that encompasses linguistic and cultural diversity, we think unbounded global alliances among industry, academia, and government are very important.

“We Are Here for Creators”

Examples of Technologies and Initiatives that Enhance Creator’s Creativity

Full Global Release of Gran Turismo Sophy™

Born from research and development of an AI racing agent that outraces the world’s best drivers, Gran Turismo Sophy™ (GT Sophy) has proven the capability of AI to provide new kinds of game experiences. Following a limited-time release in early 2023, we gathered player feedback and leveraged it to evaluate the performance of its neural network and game design. [In November 2023, the AI driver became a permanent in-game feature in the Gran Turismo™ 7 \(GT7\) PlayStation® racing simulation game as GT Sophy 2.0, offering many players an opportunity for fun racing experiences \(PS5™ only\).](#) Sony plans to continue collaborating with PlayStation Studios to develop technology that can create more interactive game experiences while helping game developers make the most of their imagination and creativity.



GT7

Immersive Music Experiences

SME works with its talent roster to align with growing opportunities in immersive entertainment. One example is how SME used virtual production technology to shoot the music video for “Jericho” by Iniko, an artist from Columbia Records. The 3D assets created through this process were then ported and optimized for Epic Games’ *Fortnite*, where they became part of “Journey Through Jericho,” a companion game from Iniko and SME that was created with Unreal Editor for *Fortnite* and which lets players race through the video’s world. SME is continuing to expand the development of cohesive cross-platform strategies and solutions that enable artists to produce more content and reach wider audiences quickly and efficiently.



“Jericho” music video

Sony Creators Conference and SETS

To delineate its R&D direction, “We are here for creators,” Sony held its first Sony Creators Conference in Los Angeles in August 2023. There Sony [showed how its creators in diverse fields, from games to animation and motion pictures, are realizing their visions by making the most of technology.](#) The conference led into the three-day Sony Entertainment Technology Showcase (SETS). Roughly 1,300 people from diverse fields, including engineers and creators involved in Sony businesses, participated to exhibit a wealth of different technologies, holding seminars and exchange events to cultivate the creator community through technology.



Sony Creators Conference

Message from the Officer in Charge of Human Resources

Yasuhiro Ito

Senior Vice President
in charge of Human Resources
and General Affairs



Sony's strength lies in its diversity of businesses and people, with roughly 110,000 unique employees working globally under our shared Purpose & Values. Looking back on Sony's history, we see how new products and services have resulted from interactions among employees from diverse backgrounds, and that this diversity of employees forms the foundation of Sony's multifaceted business operations today.

The challenger spirit of embracing the new is a legacy carried on from our founders. To remain innovative, it is important for us to continue to be an organization that embraces diverse perspectives including diverse values and ways of thinking. Evolving employee diversity helps create an organization that respects and leverages diverse perspectives. Sony understands that there are two kinds of diversity, the "diversity of attributes," including nationality, race, and gender; and the "diversity of experiences," fostered by career experiences working for Sony or other companies in various fields and job positions. We value both kinds of diversity and incorporate them in our HR policies. Personnel training that draws on diversity, career support across business boundaries, and employee engagement are areas of close focus for the entire Group going forward.

With our globally diverse HR leadership team, Sony is accelerating initiatives to support and encourage each employee's challenger spirit, so that the entire Group will grow along with its employees and build corporate value.

Sony's People Philosophy: Special You, Diverse Sony

Sony's development and business growth are based on the values that have been passed down since Sony's founding: an insatiable appetite for new challenges and a respect for diversity. Sony has always respected the independence and aspirational spirit of individuals, cherishing a corporate culture based on the partnership of choice between Sony and each individual employee, where each party is accountable for being responsive to the needs of others. Sony's People Philosophy, "Special You, Diverse Sony," expresses Sony's approach to employees, which is deeply rooted in its culture and has been passed down to today. It conveys the wish that each unique individual who shares Sony's Purpose, and Sony, which embraces diverse individuals, will continue to grow together.

People Strategy: Attract, Develop, and Engage Talented Individuals

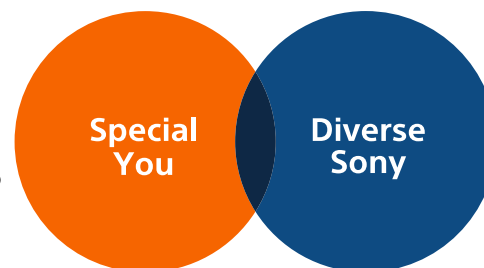
The Group-wide People Strategy is based on Sony's People Philosophy and the themes of "Attract talented individuals," "Develop talented individuals," and "Engage talented individuals."

Attract Talented Individuals

Sony conducts strategic recruitment campaigns across the Group globally to acquire diverse talent with advanced skills, valuable expertise, and growth ambition. Examples of Sony's flagship HR initiatives include its career development programs (including an internal job-posting program, the Free Agent program and the Career Plus program), which support employees in building careers beyond business boundaries. In 2024, Sony launched a personnel exchange pilot program with third parties with the aim of developing employees' careers through cross-company experience.

Sony's People Philosophy

Shape your own career with the spirit of freedom and open-mindedness. Feel the emotion of opening up your future.

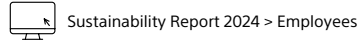


Sony has a culture that values diversity. It is a place where people inspire each other to create new value.

Develop Talented Individuals

Sony looks deeply at the individual potential of its people and offers independent-minded employees motivation and opportunities to grow. Sony University, designed to foster top-management candidates, is attended by Sony Group employees worldwide as a program for exchange and interaction among diverse people and grows more active every year. The Sony Cross-Mentoring Program strategically links management teams from various businesses with next-generation leadership candidates across organizations. This initiative aims to build Group synergy and help employees expand their scope and perspective. As of 2024, there are eleven Technology Strategy Committees specific to technological fields. These committees offer members

a place to share cutting-edge technical information beyond business boundaries to enhance the Group's technological strength.



Engage Talented Individuals

It is also important to create work environments and systems that allow employees with diverse characteristics and styles of life and work to passionately embrace a broad range of challenges. Sony maintains flexible work systems and environments, taking the customs and laws of each country or region into consideration. Sony believes the effects of its HR initiatives are eventually reflected in employee engagement. Employee engagement survey results¹, which have remained high in recent years, factor

into senior executive evaluations, while also quantitatively capturing the correlation between opportunities for growth and learning available to employees and employee engagement.

1. In FY2023, 90% of employees did not give an unfavorable response to four questions regarding employee engagement.

Diversity, Equity and Inclusion

Sony aims to be an organization where diverse personalities, opinions, views and values coexist. To help further the advance of diversity in the Sony Group, Sony has set new numeric targets and is working to raise the percentage of women and non-Japanese nationals as a proportion of Sony Group Corporation executives² to more than 30%, respectively, by 2030.

It recently revised the [Diversity, Equity and Inclusion \(DE&I\) Statement](#) for the first time in ten years to showcase its attitude to diversity.

Sony works to globally promote greater opportunities for women as part of its efforts to ensure inclusive work environments. As of March 31, 2024, the percentage of women in Sony's workforce was 34.0%, and that of management positions held by women was 30.7% across the Sony Group. Sony plans to continue to advance joint initiatives with academic and other organizations to pursue gender diversity as an area of focus for Japan, where the ratio of management positions held by women is generally low and the number of women majoring in sciences and engineering is limited.

2. "Executives" refers to Directors, Senior Executives including Corporate Executive Officers, and other officers.

Executive Commitment to Group-wide Programs

Hours Sony Group executives spent as a commitment to fostering next-generation leaders through Sony University, Sony Cross-Mentoring Program and round-table dialogues with top management (FY2023)

540+
hours

Trends in Employees in Career Plus Program

The Career Plus program allows employees to spend up to two days a week on a job or project aside from their regular post. The number of employees in the program, which encourages an internal "side-job" has been increasing recently as more employees work to build careers in their own ways.

100%
FY2020

135%
FY2021

173%
FY2022

258%
FY2023

Note: Comparison of FY2021-FY2023 numbers, with those from FY2020 indexed as 100.

DE&I Statement Redefined in 2024

**We Belong,
We Create,
We Grow, Together
To Bring KANDO to the World.**

We believe that innovation happens when we embrace the diversity in each other beyond boundaries. The Sony Group will continue to evolve as a place where everyone belongs and demonstrates their individuality, inspiring an inclusive society.

*KANDO = emotion

Initiatives for Coming Generations

Through industry-academia collaboration, Sony has been helping foster next-generation talent from science and engineering backgrounds. Sony works to expand interest in technology among women, through such initiatives as the SONY STEAM GIRLS EXPERIENCE, which started in FY2024, scholarships for women studying science and engineering in universities in Japan, and the STEAM GIRLS Baton program, which is designed to spark interest in science and engineering among girls of junior high- and high-school years.

SONY STEAM GIRLS EXPERIENCE

Sony University

Established in 2000, Sony University provides educational programs to train top-management candidates and has seen a cumulative total of 1,500 participants to date. It focuses on improving the value it offers by involving executives in giving employees growth assistance and partnering with leading outside managerial training organizations.

Alumni Voices



Through lectures and group discussions, I was able to experience the process of creating synergies across businesses with diverse members. I will leverage the network expanded through this program and continue exploring business opportunities and collaborating across different groups.

Monica Veiga

SVP
US Distribution
Sony Pictures Entertainment

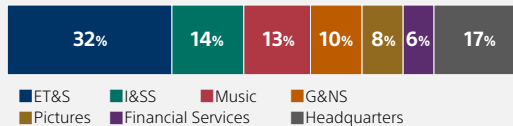


I was able to learn more deeply and broadly about leadership, vision, and strategic planning through dialogue with Senior Executives. This program gives you the chance to learn, challenge yourself and grow as a person and leader.

David Stoppa

Head of Sony Europe Technology Development Centre
Sony Europe B.V.

Participant Attributes of Sony University



Sony Cross-Mentoring Program

This is a Group-wide leadership mentorship program for the next generation of top-management candidates (mentees). In this program, management-team members (mentors) from diverse businesses and regions share their wealth of knowledge and connections, while working closely with mentees to help them hone their leadership skills and work toward individual goals. Since its launch in FY2022, 44 mentor-mentee pairs have completed the program.

Mentee Voices



Jun Yokono
SGM
AI Technology Division
Advanced Technology,
Digital & Technology
Platform
Sony Group
Corporation



Jason Iley
Chairman and
CEO
Sony Music
Entertainment
UK & Ireland

Mentor

I learned a lot about organizational management and leadership. I had a chance to shadow my mentor, Jason, in person at work, and gained firsthand knowledge of the kind of values that drive the music industry, as well as how jobs are done. I developed a passion for becoming a specialist capable of skillfully bridging AI and the music industry.



Liliana Laporte
VP EMEA
Channel Sales
Sony Interactive
Entertainment



Keith Le Goy
Chairman
Worldwide
Distribution and
Networks
Sony Pictures
Entertainment

Mentor

Based on my mentor's experience, I gained valuable insights into team management and leadership amidst market fluctuations. This deepened my commitment to Sony Group's vision and future contributions.

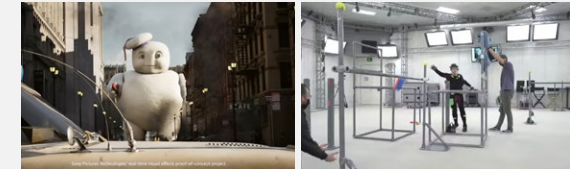
Technology Strategy Committee

The Technology Strategy Committee represents a Group-wide initiative to encourage the sharing of cutting-edge technical information beyond business boundaries, to enhance the Group's technological strength and train young employees. Every year over 1,700 people take part, and the UX/HCD Strategy Committee was added from FY2024.

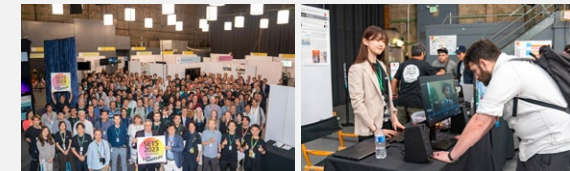
Case Study

Content Technology Strategy Committee

The committee focuses on technologies with the potential to resolve issues and promote advancement in the entertainment segments. People from the entertainment segments and technology providers come together, form working groups to refine practical technologies, and discuss new kinds of experience value to offer customers.



Proof-of-concept short film produced with the Pictures segment assets to test real-time image-production technology using a game engine



Managing a Group-wide technology-exchange event to help nurture creative community within the Group

Sustainability

Sony's Basic Policy on Sustainability Initiatives

Sony manages diverse businesses with people at the core, and aims for sustainable value creation based on such diversity and medium- to long-term growth in the Sony Group's corporate value under its Purpose to "fill the world with emotion, through the power of creativity and technology," and its Corporate Direction of "getting closer to people."

In order to have people connected to each other through emotion, it is necessary to create a society in which everyone can live with peace of mind in a healthy global environment. Sony acts with due consideration of the impact of its business activities on stakeholders, including shareholders, customers, employees, suppliers, business partners, local communities, and other organizations as well as the global environment, and focuses on building trust with stakeholders through dialogue.

Through innovation and sound business practice, Sony endeavors to enhance its corporate value and contribute to the development of a sustainable society.

Organizational Structure for Sustainability Initiatives

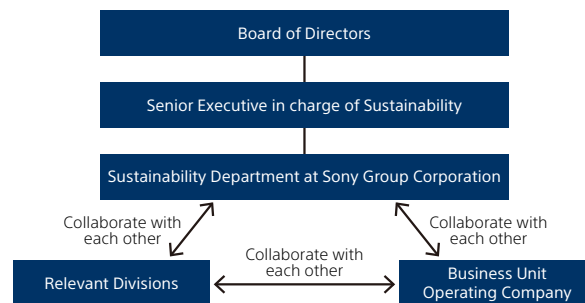
Based on the basic policy outlined above, Sony designates sustainability as a management priority and has established the Sustainability Department, under the supervision of the Senior Executive in charge of Sustainability, to promote a range of initiatives for the entire Group, in coordination with business units and all related divisions within the head office.

The Senior Executive in charge of Sustainability regularly reviews and assesses risks and engages in detection, communication, evaluation, and response pertaining to the risk of loss related to sustainability. The Sustainability Department reports to the Board of Directors at least once every quarter on

sustainability-related initiatives and their progress. In addition, as part of reporting on each business unit's mid-range plan, the Board of Directors receives reports from the relevant unit on the sustainability challenges and opportunities relevant to its respective business operations and efforts.

The Sustainability Department strives to spread the basic policy on sustainability across Sony's business operations and, through dialogue with stakeholders and materiality analysis, identifies sustainability issues to be addressed by the entire Group, sets guidelines, and promotes initiatives. Through materials such as the Sustainability Report, Sony discloses information related to its sustainability efforts.

Each business unit considers sustainability issues and opportunities for its respective businesses, and implements sustainability-related initiatives that align with its business characteristics.



Note: For information on major initiatives related to sustainability, see the Sony Sustainability Report 2024.

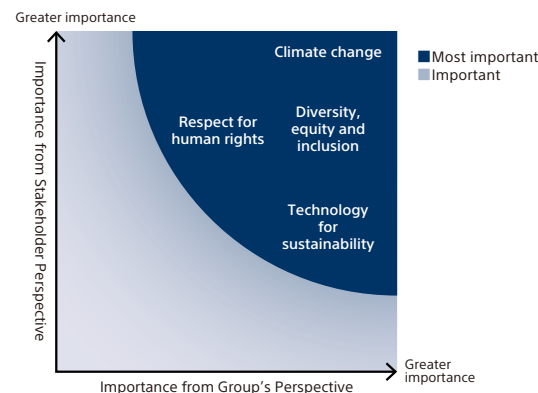
 **Sustainability Report 2024**
https://www.sony.com/en/SonyInfo/csr_report/

Material Topics in Sustainability

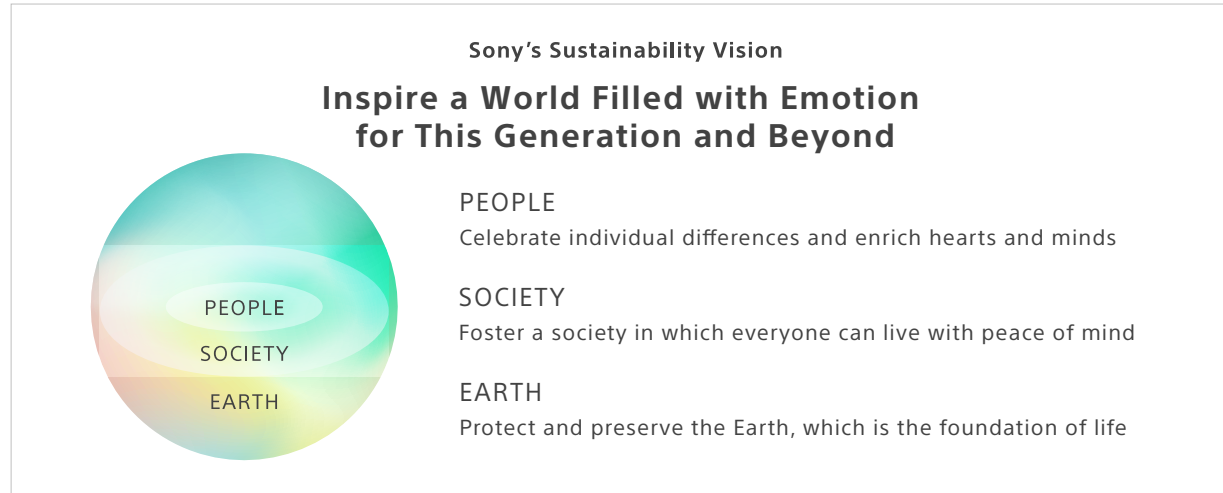
To ensure that the Group's sustainability work is compatible with changes in the social environment and the expectations of stakeholders, Sony regularly identifies and analyzes material topics related to sustainability with a medium- to long-term perspective.

In its FY2022 materiality analysis, Sony defined materiality as "material topics that are related to sustainability, impact Sony's value creation, and are determined with longer-term social change and diverse stakeholder needs in mind." From the perspectives of both the company and stakeholders, it then assessed the importance of various sustainability issues relevant to Sony. As a result of this analysis, climate change, DE&I (diversity, equity, and inclusion), respect for human rights, and technology for sustainability were identified as the most important material topics.

Sony Group Material Topics



Sustainability Vision



Sony manages diverse businesses and works for sustainable value creation and long-term growth in corporate value under its Purpose to “fill the world with emotion, through the power of creativity and technology.” The entire Sony Group endeavors to address sustainability issues, with each business leveraging its unique characteristics in taking action for sustainability.

To address a variety of sustainability issues, Sony recently established a new Sustainability Vision to more clearly articulate the direction in which the Sony Group aims to proceed, with the goal to “inspire a world filled with emotion for this generation and beyond.” This vision expresses Sony’s resolve to take action to create, and fill the world with, *Kando* through sustainability initiatives, defining the direction of its activities from the standpoints of People, Society and the Earth. Sony strives to

celebrate individual differences and enrich hearts and minds so that people can share *Kando* with one another. It pledges to work to foster a society in which everyone can lead healthy, fair and equitable lives with peace of mind so that *Kando* is amplified, while ensuring that *Kando* is sustained by protecting and preserving the Earth, the foundation of all life.

Since its founding, Sony has worked to be a corporation that is valuable to society. The principles of its founders are deeply rooted in its corporate culture and carried forward in Sony’s Sustainability Vision.



Sony's Sustainability Vision: Official Video
<https://www.sony.com/en/SonyInfo/csr/>



Message from
the Senior General
Manager of the
Sustainability
Department

Mitsu Shippee

Senior General Manager,
Sustainability Department

Our Purpose demands that Sony put high priority on long-term value creation focused on *Kando* and people. In recent years one of those initiatives has been to integrate sustainability with management strategy, which means making sustainability integral to each business operation. To that end, each business unit considers sustainability issues and opportunities for its respective businesses, and, with its own unique perspective, works to implement sustainability-related initiatives that align with its business characteristics.

More than ever corporations are expected to help address sustainability issues and disclose related information. We think it is important to deepen our understanding about the sustainability issues that Sony should address through continuing dialogue with our stakeholders and reflect this insight in our initiatives and systems to carry them forward.

Under the newly-established “Sony’s Sustainability Vision,” we are working to advance, and deepen, our sustainability initiatives.

Areas of Focus for Sustainability in Each Business

DE&I/Accessibility/Environment/Responsible Supply Chain

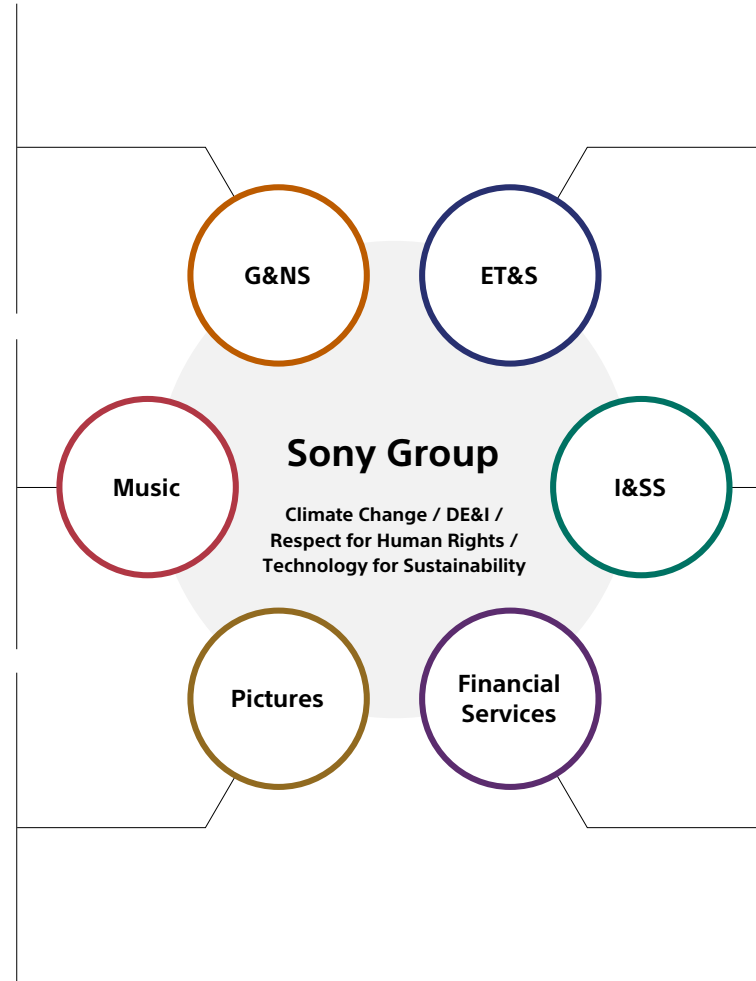
- Cultivating a corporate culture that emphasizes DE&I
- Ensuring broad accessibility functions of hardware, controllers, and game titles, with development of dedicated peripherals
- Improving energy efficiency across hardware and network services; continuing to reduce plastic use in packaging
- Addressing environmental and human rights risks in the context of global supply chains

DE&I/Well-being/Environment/Social Contribution

- Fostering a culture of respecting DE&I
- Emphasizing the well-being of employees and creators
- Promotion of environmental awareness-raising and social contribution activities using content IP

DE&I/Environment

- Expanding the pipeline for diverse stories and talent from a variety of backgrounds
- Undertaking initiatives to combat climate change and preserve natural resources
- Promoting environmental awareness programs using existing content IP



Environment/Accessibility/DE&I/Responsible Supply Chain

- Promoting, among other environmental considerations, the powering of operations at all manufacturing sites and offices with renewable energy for electricity and in product manufacturing, reducing energy consumption, using recycled materials, and minimizing plastic packaging
- Pursuing, from an accessibility perspective, incorporation of inclusive design into the product development process that reflects the needs of users who require accessibility features
- Diversifying human resources and creating comfortable work environments, including initiatives to eliminate the gender gap mainly in Japan
- Addressing environmental and human rights risks in the context of global supply chains

Environment/Accessibility/Employees/Responsible Supply Chain

- Reducing environmental footprint through such means as reducing GHG emissions and recycling natural resources in semiconductor manufacturing processes
- Undertaking initiatives for the environment and accessibility using imaging and sensing technologies
- Creating an environment that encourages an aspirational spirit for people with diverse backgrounds and perspectives
- The semiconductor industry-wide efforts to develop talent through collaboration with industry, governments and academia, and acquisition of talent
- Addressing environmental and human rights risks in the context of global supply chains

Climate Change/DE&I/Ethics and Compliance

- Responding to climate change problems, mainly focusing on reduction of GHG emissions
- Improving investment and asset management structure according to SFG's ESG investment policy
- Producing highly specialized personnel by attracting and cultivating talented human resources, and promoting DE&I, such as through increasing the percentage of management positions held by women and improving accessibility
- Acting ethically and with integrity, complying with laws and regulations, and ensuring healthy and appropriate management with an awareness of the public nature of financial services

Initiative Case Study: Supporting Artists and Creators, and Enhancing Accessibility



PEOPLE

Celebrate individual differences and
enrich hearts and minds

Sony is dedicated to supporting artists and creators, who are the source of generating *Kando*, and continuously strives to create environments in which they can immerse themselves in their work in a healthy manner, both mentally and physically, to make the most of their talents.

In the Music segment, the SMG introduced its industry-leading Artists and Songwriters Forward programs in 2021 to provide our talent with support for their well-being, including global access to free confidential counseling with licensed therapists, and in the US, free advocacy services that assist our music creators with finding healthcare coverage and navigating issues related to their care needs. SMG also provides its artists and songwriters with a suite of tools providing earnings data and commercial insights in real time, as well as best-in-class payment solutions. Additionally, SMG is creating more financial opportunities for its long-standing talent through its Legacy Unrecouped Balance program, which pays through earnings going forward to qualifying artists and songwriters.

In Japan, SMEJ launched its B-side project in 2021 to support the mental and physical health of its artists, creators and staff. Its primary activity is to provide free counseling by certified professionals. SMEJ also provides 24/7 online healthcare consultation services, as well as a mental health checkup as part

of its annual health assessments. Additionally, workshops are held regularly to raise awareness of mental health and self-care among employees.

The Sony Group is driving initiatives to enhance accessibility in its products, services, and entertainment, regardless of individual characteristics such as age, disability, capability, or circumstances. To pursue greater accessibility it works with individuals with diverse needs and implements inclusive design features that incorporate their perspectives into its product-development processes.

The G&NS segment endeavors to reflect the perspectives of accessibility organizations and experts in its initiatives to create a future in which all people can enjoy games. SIE conducted weeks-long playtests with dozens of gamers within SIE and its game studios, as well as with players from the accessibility community during the development process of the Access™ controller for PS5™, and created a highly customizable accessibility controller kit that enables gamers with disabilities to play more comfortably and for longer periods.

Sony endeavors to celebrate individual differences and enrich hearts and minds, enabling people to better share *Kando* with one another.





Initiative Case Study: Responsible AI

Goals for AI Ethics at Sony

**Responsible AI
as competitive advantage**

Evaluate and mitigate AI risks

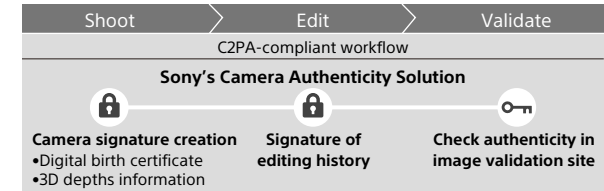
**Products that work well
for everyone**

Global leader in AI ethics

Through the utilization of AI (artificial intelligence), Sony aims to contribute to the development of a peaceful and sustainable society while delivering *Kando* to the world. At the same time, Sony understands that the influence of AI on society is multifaceted and could have unintended consequences.

Sony established the Sony Group AI Ethics Guidelines in September 2018 to guide all Sony officers and employees in utilizing AI and conducting AI-related R&D in a manner that conforms with the company's values and emerging social norms. In December 2019, Sony established the Sony Group AI Ethics Committee, and since that time has been working to strengthen its initiatives and framework for AI ethics. In 2021, the AI Ethics Office was established to provide subject matter expertise on AI ethics to all Sony business units.

Furthermore, Sony has established a liaison system to share information on AI ethics risks with regard to AI utilization in products, services and internal operations in each of the Sony Group's business units. In March 2021, in accordance with the Sony Group AI Ethics Guidelines, Sony established an internal document stipulating requirements to be complied with in the commercialization process of electronic products and services. In July that same year, Sony started conducting AI ethics assessments in the product development life cycle and

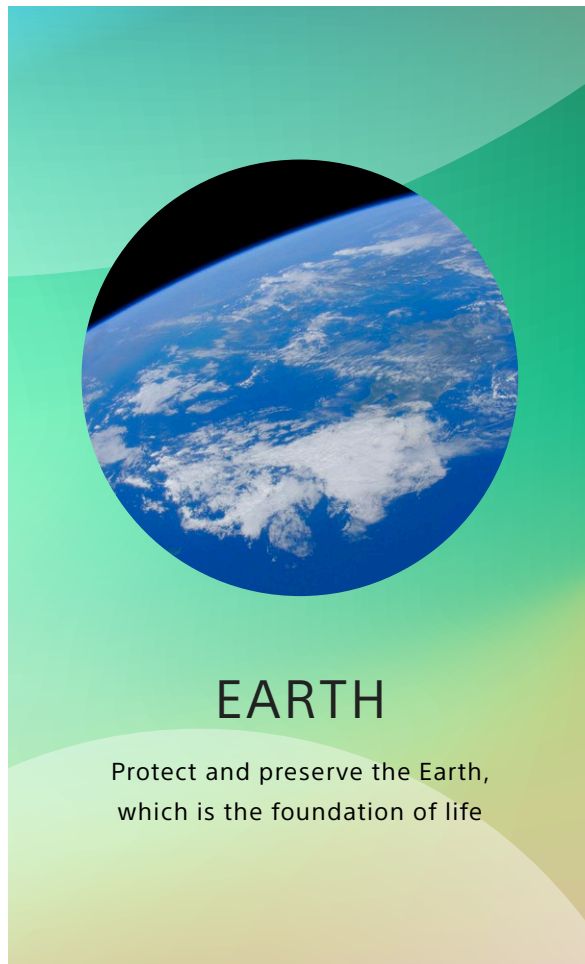


has since assessed over 100 instances. Sony uses e-learning tools to promote an understanding of AI ethics among its employees and invites speakers from outside the company to discuss related issues at lectures and symposia. Responding to the current trend in generative AI, Sony Group Corporation instituted internal guidelines for its use of generative AI in FY2023.

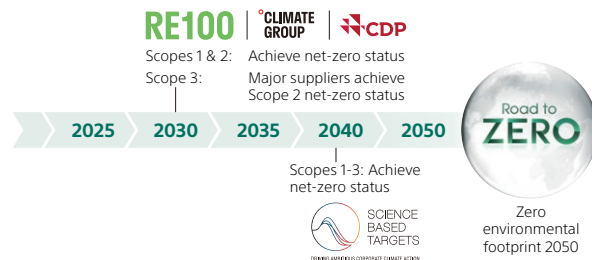
Addressing the issue of fabricated images and AI-generated fake images spreading worldwide is a grave challenge, especially on the journalistic frontline in terms of transparency and credibility. To address such issues, the ET&S segment complies with C2PA* specifications and provides its Camera Authenticity Solution to verify image authenticity for media professionals, made possible using Sony's in-camera digital signature technology. This technology is expected to be introduced to a few select news agencies first, then incrementally expanded to be offered to all of them.

To amplify *Kando*, Sony is working to foster a society where healthy, equitable and fair life is possible, in which everyone can live with peace of mind.

* The Coalition for Content Provenance and Authenticity (C2PA) develops open standards and technical specifications for certifying the sources and credibility of digital content.



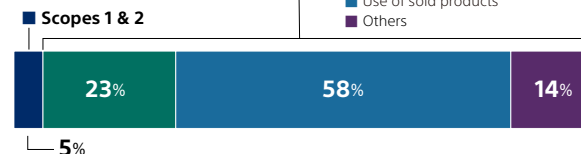
Initiative Case Study: Addressing Climate Change Across the Value Chain



Sony has been undertaking environmental initiatives since the 1970s. It instituted the Road to Zero environmental plan in 2010, which has the aim of reducing its environmental footprint to zero by 2050, and has been working to achieve the related targets from four perspectives: curbing climate change, conserving resources, controlling chemical substances, and promoting biodiversity. Recognizing the growing threat of climate change worldwide as an urgent issue, in 2022 Sony announced that it would bring forward its net-zero targets for GHG emissions (Scopes 1-3) throughout its value chain by ten years, moving the target year from 2050 to 2040.

Approximately 5% of the total GHG emissions from Sony Group operations falls under Scopes 1 and 2 emissions, while approximately 95% is in the remaining Scope 3 emissions. More than half the Scope 3 emissions are from the electricity consumed in using Sony products. Sony works continuously to reduce the energy demand of its products. For example, a BRAVIA™ 4K LCD TV sold in FY2023 consumes approximately 59% less electricity per year than did a TV sold in FY2013. The 2023 model is equipped with an Eco Dashboard, which allows for a variety of energy-conservation settings in one place. This is designed to assist users in visually understanding how they are helping reduce environmental impact. For the Crystal LED

FY2023 GHG Emissions¹
Approx. 21.11 million metric tons



1. All values are rounded.

VERONA, which boasts a high-quality LED display used for virtual production and other professional applications, high luminosity-efficient LEDs and Sony's proprietary power supply design were combined to improve energy efficiency by approximately 32%² over conventional LED models.

Sony also endeavors to reduce GHG emissions from its supply chain, the largest Scope 3 energy consumer after its products in use. Sony requires that its major suppliers of materials and parts as well as its manufacturing partners reduce GHG emissions (Scope 2) from their use of purchased energy to net-zero by 2030, and helps them in achieving that goal. Specifically, Sony provides them with energy-conservation expertise that the company has been building since FY2022 at Sony Group sites worldwide, as well as suggestions to help introduce or increase the use of renewable energy.

Through its environmental initiatives Sony works to help protect and preserve the Earth, the foundation of all life, to sustain *Kando*.

2. Power efficiency improvement per unit of brightness calculated at max brightness. Power efficiency per unit of brightness indicates the amount of power required to produce the required level of brightness. VERONA ZRD-VP15EB (with calibration function on) was compared to the ZRD-B15A B series as the conventional LED model.

Financial / Business

- Financial Highlights
- Business Profiles
- Game & Network Services
- Music
- Pictures
- Entertainment, Technology & Services
- Imaging & Sensing Solutions
- Financial Services

Financial Highlights

Review of FY2023

Consolidated sales and financial services revenue for FY2023 totaled 13,020.8 billion yen, up 19% compared to the previous fiscal year ("year-on-year") and is a new record. Operating income was down 7% year-on-year, and stood at 1,208.8 billion yen, marking the third consecutive year for which it was over 1 trillion yen. This increase in sales can be attributed mainly to the effects of market fluctuations in the Financial Services segment, an increase in sales of non-first-party titles (G&NS), higher revenues from streaming services (Music), and an increase in sales of image sensors for mobile products (I&SS). Despite the positive impact of increase in sales, operating income was down year-on-year due to the effect of market fluctuations for variable life insurance and other products (Financial Services), as well as higher depreciation and amortization expenses along with costs associated with the launch of mass production of a new image sensor (I&SS). Excluding the Financial Services segment, consolidated operating cash flow totaled 1,177.8 billion yen.

Net income was 970.6 billion yen, a decrease of 34.7 billion yen compared to the previous fiscal year.

FY2023 Consolidated Financial Results

(Billion yen)

	FY2022 ¹	FY2023 ¹	Year-on-year Change (+/-)	
Consolidated				
Sales and Financial Services revenue	10,974.4	13,020.8	+2,046.4	(+19%)
Operating income	1,302.4	1,208.8	-93.6	(-7%)
Net income attributable to Sony Group Corporation's stockholders	1,005.3	970.6	-34.7	(-3%)
Sony excluding Financial Services ²				
Sales	10,102.0	11,265.0	+1,163.1	(+12%)
Operating income	983.3	1,035.3	+52.0	(+5%)
Operating cash flow	415.5	1,177.8	+762.4	
Investing cash flow	(1,032.0)	(794.2)	+237.8	

1. Average exchange rates were 1 USD = 135.4 JPY and 1 EUR = 140.9 JPY for FY2022, and 1 USD = 144.4 JPY and 1 EUR = 156.6 JPY for FY2023.
2. Figures for Sony excluding Financial Services are not measures in accordance with IFRS. However, Sony believes that these disclosures may be useful information for investors.

FY2023 Sales / Financial Services Revenue and Operating Income by Segment

(Billion yen)

	Sales / Financial Services Revenue		Operating Income		Main Factors Impacting Operating Income Change
	FY2022	FY2023	FY2022	FY2023	
G&NS	3,644.6	4,267.7	250.0	290.2	(+) Impact of increase in sales of non-first-party titles including add-on content (+) Positive impact of foreign exchange rates (-) Increase in losses from hardware mainly due to promotions (-) Impact of decrease in sales of first-party titles
Music	1,380.6	1,619.0	263.1	301.7	(+) Impact of higher sales for Recorded Music and Music Publishing from streaming services (+) Positive impact of foreign exchange rates (-) Increase in selling, general, and administrative expenses
Pictures	1,369.4	1,493.1	119.3	117.7	(-) Impact of higher marketing costs in support of greater number of theatrical releases (+) Larger number of theatrical releases and higher revenues from Crunchyroll due to growth in paid subscriptions
ET&S	2,476.0	2,453.7	179.5	187.4	(+) Positive impact of foreign exchange rates (+) Reductions in operating expenses (-) Impact of lower unit sales of televisions
I&SS	1,402.2	1,602.7	212.2	193.5	(-) Increase in depreciation and amortization expenses (-) Increase in costs associated with launch of mass production of new image sensors for mobile products (+) Impact of increase in sales of image sensors for mobile products (+) Positive impact of foreign exchange rates
Financial Services	889.1	1,770.0	318.1	173.6	(-) Decrease in net gains in Sony Life related to market fluctuations for variable life insurance and other products, as well as gains on real-estate sales recorded in previous fiscal year (-) Recovery of an unauthorized withdrawal of funds at a subsidiary of Sony Life in previous fiscal year (+) Recording of realized and remeasurement gains resulting from transfer of a portion of shares of Sony Payment Services

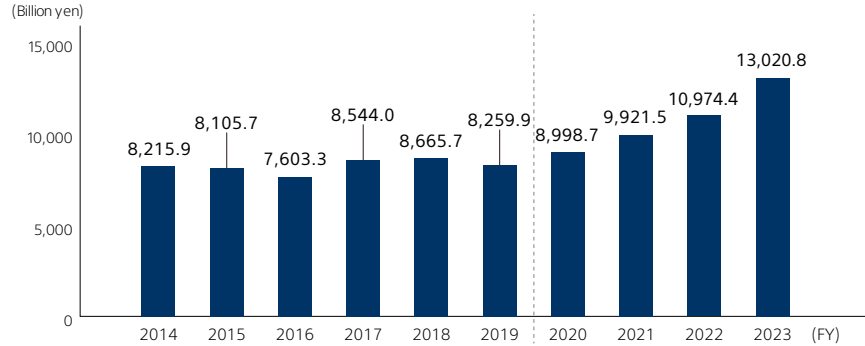
Notes: 1. Sony has adopted IFRS 17 "Insurance Contracts" (IFRS 17) from Q1 FY2023, in lieu of the previously applied IFRS 4 "Insurance Contracts" (IFRS 4). Figures for FY2022 are restated in accordance with IFRS 17 (unless otherwise specified, applies to all following pages).

2. Sales in each business segment represents sales and revenue recorded before intersegment transactions are eliminated. Operating income in each business segment represents operating income reported before intersegment transactions are eliminated and excludes unallocated corporate expenses. These conditions apply to all following pages, unless otherwise specified.

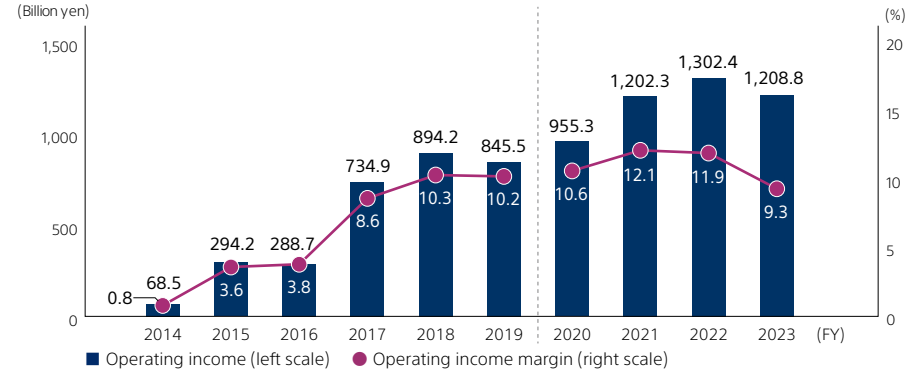
Changes in Key Financial Metrics

Note: Sony adopted IFRS starting in the quarter ended June 30, 2021, in lieu of the previously-applied generally accepted accounting principles in the U.S. (U.S. GAAP). Results for FY2020 are also presented in accordance with IFRS. Therefore, results for FY2014-FY2019 are based on U.S. GAAP, and results for FY2020-FY2023 are based on IFRS.

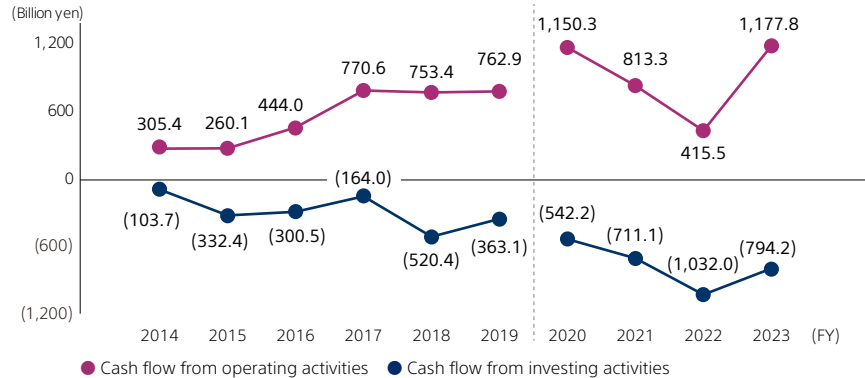
Sales



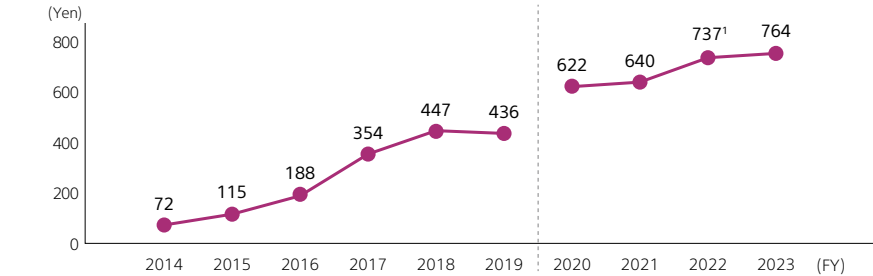
Operating Income, Operating Income Margin



Cash Flow from Operating Activities, Cash Flow from Investing Activities (Excluding Financial Services)



Adjusted EPS² (Net Income Attributable to Company's Stockholders per Share (Diluted))



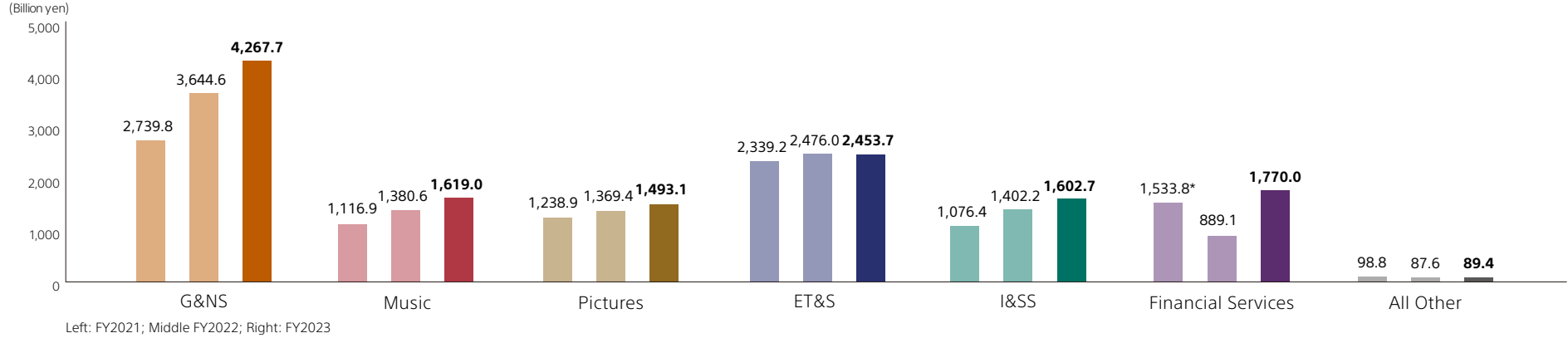
1 FY2022 figure based on IFRS 4

2. Adjusted EPS is the result of dividing adjusted net income attributable to the Company's stockholders for each fiscal year ("Adjusted net income") by the number of shares outstanding. The weighted-average number of shares on a diluted basis disclosed in the Form 20-F for the corresponding fiscal year is used as the number of shares outstanding. For information on adjusted net income between FY2021 and FY2023, please refer to Sony's Form 20-F. Adjusted net income from FY2017 to FY2020 is the "Adjusted Net Income Attributable to Sony Group Corporation's Stockholders" shown in the materials used in the year-end Earnings Announcement for the corresponding fiscal year. Adjusted net income for FY2016 and the years prior is calculated based on income before income taxes for the corresponding fiscal year adjusted for profit/loss determined by Sony to be non-recurring in nature, applying the statutory tax rate disclosed in the Form 20-F for the corresponding fiscal year and subtracting net income attributable to non-controlling interests. Profit/loss deemed to be non-recurring in nature is disclosed in specific figures in the Form 20-F for the corresponding fiscal year and includes profit/loss from factors such as write-downs of tangible and intangible assets, sales of assets and businesses, revaluation of shares owned, and expenses related to natural disasters. Because effective tax rates exhibited significant volatility between FY2014 and FY2016, statutory tax rates have been used instead to better display the trend during this period. Please refer to the Form 20-F for each fiscal year to see the differences between effective and statutory tax rates.

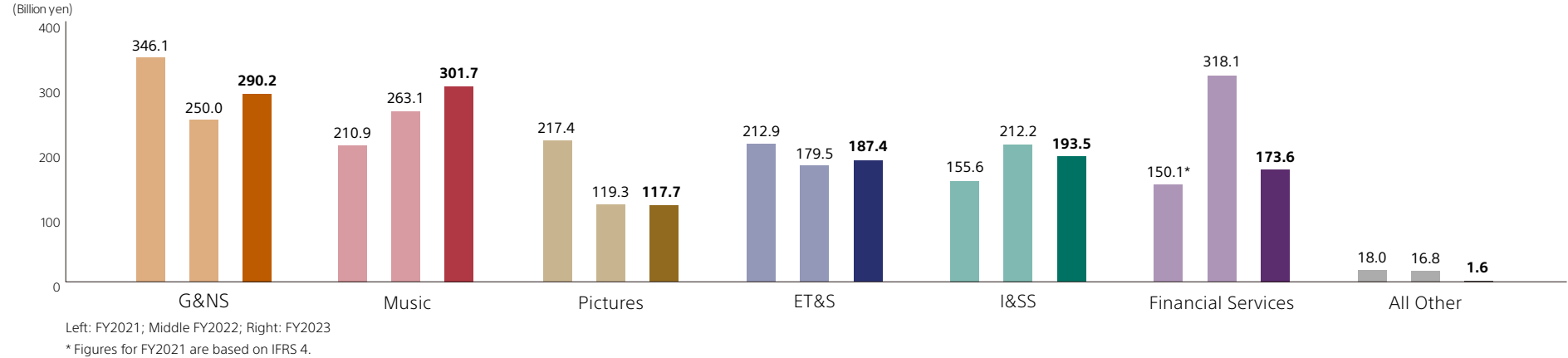
Note: Information related to consolidated cash flow (excluding Financial Services) disclosed here is not in accordance with U.S. GAAP or IFRS, but Sony believes it may be useful information for investors.

Performance Trends by Segment

Sales by Segment and Financial Services Revenue

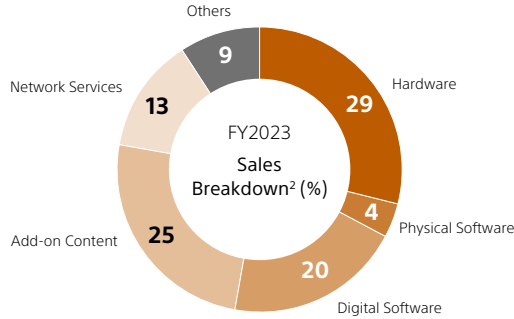


Operating Income by Segment



G&NS

Accounts for roughly one-third of Sony's consolidated sales. Established one of the world's leading game ecosystems
(FY2023 operating CF: 138.5 billion yen; investing CF: -149.2 billion yen)¹



Revenue Sources

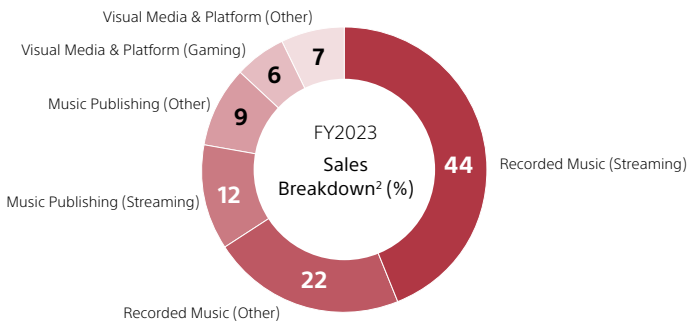
The G&NS segment is expecting to see a gradual decline in sales volume of the PS5™ as it enters the second half of the console cycle. However, in the earnings structure of the past few years, recurring business via the PlayStation™ Network through the growth of network services and add-on content has become an important revenue source in addition to software sales. This trend is based on user engagement, measured by the number of monthly active users of the entire line of PlayStation® consoles and the total gameplay time, with both metrics increasing over the long term.

Investment Areas³

From FY2023, the G&NS segment has decided to partially capitalize software development costs, considering factors such as the development process for live service games. However, the segment expenses most development costs for consoles and software, and outsources most hardware production. The segment invests in M&A and strategic partnerships, mainly with game title developers, as well as in R&D to strengthen content IP.

Music

Forerunner of Sony's entertainment business. Ranks first⁴ globally in Music Publishing and second⁵ in Recorded Music
(FY2023 operating CF: 247.1 billion yen; investing CF: -214.0 billion yen)¹



Revenue Sources

Recorded music is a relatively capital-efficient business, as revenues from digital distribution and package sales are shared with artists and other related parties. Music publishing, with its immense music catalog, has a business structure that allows for the generation of stable revenue from royalties and other sources over the long term. The music market has continued to expand since 2015 with the growth of streaming services. Currently, emerging countries are an important growth driver for this market. The Visual Media & Platform business category has multiple earnings opportunities through the extension of developed and acquired IP content, and is capturing revenue over the medium term.

Investment Areas³

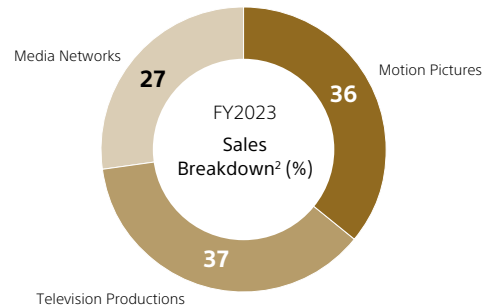
The Music segment is actively engaged in discovering and cultivating new talent. It is also enhancing its support for independent and local artists, particularly as such artists account for a growing part of the market. The segment is continuously working to increase its presence in growth markets and promote expansion of contact points with the music community through The Orchard and AWAL, while expanding its business centered on music. The segment is also continuously enriching its music catalog, which is a portfolio of content IP with a high level of liquidity as an asset. Further, it is enhancing investment in anime content IP, which can be deployed and utilized across a wide variety of media.

1. Cash flow information (excluding Financial Services) is presented. Information related to cash flow (excluding Financial Services) disclosed here is not in accordance with IFRS, but Sony believes it may be useful information for investors.
2. Sales to external customers 3. Investments also include non-capital assets. 4. As of 2023 (source: Music & Copyright) 5. As of 2023 (source: MEDIA)

Pictures

Established unique status as an independent studio. Owner of excellent content IP, including blockbuster film franchises

(FY2023 operating CF: 175.7 billion yen; investing CF: 30.0 billion yen)¹



Revenue Sources

The Pictures segment continues working to maximize the value of content IP in motion pictures and TV productions. Motion pictures generate medium- to long-term revenue from distribution and licensing in addition to box office revenue. In FY2023, film release schedules were changed and TV program deliveries were delayed by the effects of the strikes in Hollywood. These impacts are expected to continue in FY2024. Media Networks has two stable revenue sources, namely subscription fees and advertising fees. Moreover, the dedicated anime DTC service Crunchyroll aims for growth with profitability. The segment is working to maximize long-term IP value and stabilize revenue.

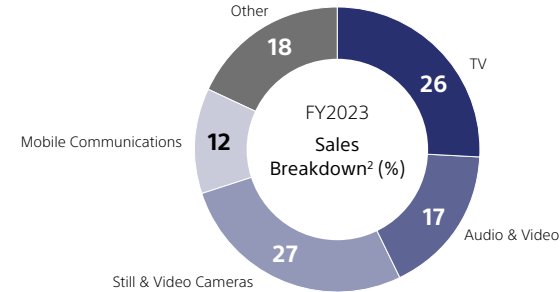
Investment Areas³

The Pictures segment has made significant investments in content production and acquisition. Since these are capitalized as deferred film production costs and TV broadcasting rights, the assets tend to be large. Investments include content production in motion pictures and TV productions, as well as acquisition of TV broadcasting rights and digital distribution rights for content in Media Networks.

ET&S

Sony's founding business. High added-value made possible by technologies that differentiate Sony in images, sound, and communication

(FY2023 operating CF: 322.8 billion yen; investing CF: -105.6 billion yen)¹



Revenue Sources

The ET&S segment has established a two-axis business structure, comprising a Profit Axis and a Growth Axis, and is shifting its business portfolio. In the Profit Axis businesses, earnings are being driven by products with high added-value, such as mirrorless interchangeable-lens cameras and headphones. The segment has handled fluctuations in supply and demand accordingly and secured stable earnings on the strength of its comprehensive cross-group operations, from development to production, distribution, and sales. As for the Growth Axis businesses, the segment also aims to increase the proportion of solution and recurring businesses which are more resilient to external changes to further stabilize revenue.

Investment Areas³

The ET&S segment's R&D investment is focused on the development of technologies that emphasize growth in real-time value and fusion of the real and virtual worlds, in addition to high-value-added products. Especially in recent years, the segment has invested capital in growth areas such as sports and life sciences, where it can leverage its technologies that have been long cultivated in the electronics area. Capital expenditures mainly consist of recurring investments within the scope of depreciation, and no major expenditures are planned at present.

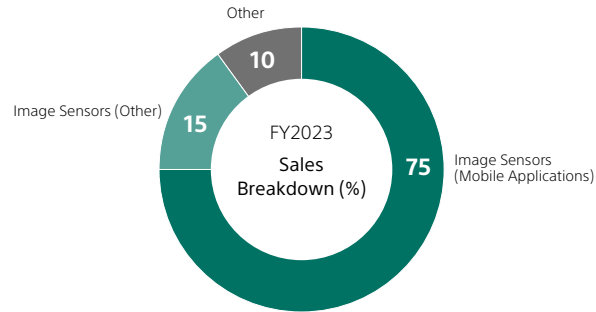
1. Cash flow information (excluding Financial Services) is presented. Information related to cash flow (excluding Financial Services) disclosed here is not in accordance with IFRS, but Sony believes it may be useful information for investors.

2. Sales to external customers 3. Investments also include non-capital assets.

I&SS

Built on the strength of CMOS image sensor technologies. Achieved high market share from expansion of high-value-added products

(FY2023 operating CF: 278.3 billion yen; investing CF: -369.0 billion yen)¹



Revenue Sources

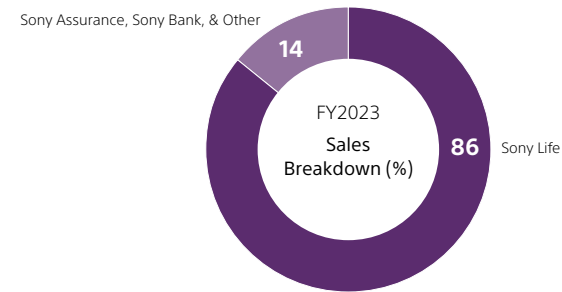
The core products of the I&SS segment are image sensors. Image sensors have shown continuous growth since the 2010s, mostly for mobile products. The segment aims to continue leading the trend in adopting larger mobile sensors with higher image quality and performance, to ultimately expand its market share by revenue. The segment is also exploring broader applications for sensors in the automotive and industrial spaces, as well as products with AI-processing capabilities for the retail and logistics industries.

Investment Areas²

The I&SS segment is investing to increase the production of image sensors; however, the amount of capital investments during the fifth mid-range plan period is expected to be around 70% of the investment amount during the fourth mid-range plan period, due to the optimization of new investments. Moreover, R&D efforts are progressing in the areas of automotive business as well as the development of both software and new products that apply edge AI processing technologies. The segment continues to exercise strategic inventory management, utilizing its current production capacity and optimizing the timing of future capital investments while carefully examining demand projections.

Financial Services

Established solid status in Japan with services tailored to each individual customer



Revenue Sources

Sony Life earns stable revenue by providing support for long-term asset building and reasonable coverage through promoting total life planning services tailored to helping each individual customer achieve their goals. Sony Assurance earns revenue primarily from direct sales of a variety of insurance products (mainly automobile insurance and fire insurance) to individual customers. Sony Bank earns revenue primarily through offering mortgage loans and foreign currency deposits to customers via online services.

Investment Areas²

While focusing on remaining operationally sound as a financial institution, the SFG invests in initiatives designed to accelerate the growth of its financial services' operating companies, such as expanding products, services, and sales channels. To realize growth strategies, SFG plans to continue investing in IT, for building digital platforms, and in human resource development.

1. Cash flow information (excluding Financial Services) is presented. Information related to cash flow (excluding Financial Services) disclosed here is not in accordance with IFRS, but Sony believes it may be useful information for investors.

2. Investments also include non-capital assets.

Game & Network Services

Business Vision

To Be “The Best Place to Play”

Value Created

1 Enriching people’s hearts through the delivery of emotional experiences

Providing “The Best Place to Play” with innovative, engagement-driven experiences. We strive to be worthy of our players’ time by creating diverse and exciting IP that players love and fostering communities where players and game creators can continuously interact and connect.

2 Helping creators realize their dreams

Products, services, and tools that provide creators with the environment to fully bring their creative vision and innovation to life and share it with the world.





SIE aims to continue to make PlayStation® “The Best Place to Play” with investments into services, devices, and content, and to continue to broaden our reach, our audience, and the value we create for players and creators.

Hideaki Nishino

CEO of Platform Business Group
Sony Interactive Entertainment LLC



PlayStation Studios is a world-class network of creative teams that has delighted gamers by delivering beloved titles and characters on console, PC, mobile, and beyond with IP adaptations in film and TV.

Hermen Hulst

CEO of Studio Business Group
Sony Interactive Entertainment LLC

Understanding the Business Environment

- Ever-growing demand for continuously engaging and innovative games
- Universal access to beloved IP across device and media-type becoming a consumer expectation
- Growing importance of social gaming and creative communities
- Evolution of data analytics leverage and reliability
- Shifting monetization models and game formats
- Advancement of transformative technologies
- Enhancement of software capabilities and accessibility functions
- New entrants from non-traditional gaming companies

Market Presence

PS5™ hardware cumulative units sold-in globally:

61.7 million¹

Playstation™ Network monthly active users:

116 million²

As of June 30, 2023: 108 million accounts

Drivers (Creativity, Technology, and Diversity)

- Global, world-class studios crafting rich IP and franchises inspiring players everywhere
- Leading brand power of PlayStation® cultivated via user and creator trust
- Development beyond console in PC, mobile, and services areas
- Leveraging synergies within the Group for IP expansion, DTC, etc.
- Focus on engaging hardware and software features
- Investment in live service gaming and varying game formats
- Robust game communities connecting diverse users and creators

Areas of Focus for Sustainability

DE&I/Accessibility/Environment/Responsible Supply Chain

- Cultivating a corporate culture that emphasizes DE&I
- Ensuring broad accessibility functions of hardware, controllers, and game titles, with development of dedicated peripherals
- Improving energy efficiency across hardware and network services; continuing to reduce plastic use in packaging
- Addressing environmental and human rights risks in the context of global supply chains

Strategic Key Points

① Platform Business

- Continuous expansion of installed base
- Sustained engagement from players
- Stable revenue generation from add-on content, subscriptions, and peripheral devices

② Studio Business

- New IP centered on diversifying genres and attracting new audiences
- Leveraging technology and shared resources to innovate development processes and optimize timelines while ensuring quality
- Evolving IP and franchises to inspire and engage players on new fronts

Strategically Emphasized Indicators

- PS5™ hardware units sold globally
- Playstation™ Network monthly active users
- Total player engagement hours
- Game revenue beyond console

1. As of June 30, 2024; sell-in basis (source: Sony) 2. As of June 30, 2024

Strategic Direction

SIE has grown PlayStation® into a community connecting players and creators to fun experiences and exciting adventures. Cherished content, innovative hardware, and superb services makes PlayStation® “The Best Place to Play.” SIE’s brand power, supportive services, and sophisticated monetization methods attract creators as “The Best Place to Publish.”

These two virtuous cycles continue to deliver excellence with the Platform Business ensuring a firm foundation for the Studio Business to further evolve upon. SIE has successfully grown the user base and maintains strong momentum for PS5™ while extending support beyond the console. PlayStation Studios continues to devote efforts into offering interactive experiences on PS5™. Spearheading investments beyond console, SIE is working to bring its world-class IP to more players on more devices, is broadening access to the PlayStation® experience to share its inspiring stories, reach wider audiences, and earn a place in more players’ hearts.

Looking ahead, SIE plans to make phased investments in content and technology while maintaining discipline over development processes and driving returns on investments and acquisitions made over the past several years.

1 Platform Business

PlayStation® has continued to grow rapidly, with combined PS4™ and PS5™ users reaching 116 million monthly active users¹, and PS5™ sales reaching 61.7 million cumulative units². As SIE grows its diverse content portfolio, PS5™ gamers tend to have higher gameplay hours and stronger spending habits. SIE has built PlayStation®Plus into a profitable and reliable service where over half of PlayStation® players are now subscribers. The subscriber base for the Extra and Premium plans have grown as better content value, features, and services are offered. Peripherals are a major part of PlayStation®, promoting engagement, building

loyalty, and enhancing the player experience. Notable releases in FY2023 include PlayStation Portal™, which increases the number of ways players can enjoy their favorite games, and the latest PULSE Explore™ wireless earbuds to immerse players further. SIE continues its efforts to extend PlayStation® beyond the console with PlayStation DualSense® controller support now available in PC releases.

Looking forward, SIE aims to continue to strengthen the solid foundation of PlayStation® and drive profitability and margins by capitalizing on exceptional engineering and our expertise in gaming, while developing new products that leverage innovative technology to level-up the PlayStation® Experience.

2 Studio Business

Studio Business Group (SBG) and PlayStation Studios have fortified SIE’s position as the industry leaders in single-player narratives while expanding efforts into live-services and beyond the console.

SBG proves itself as an IP powerhouse year after year with beloved IP such as *The Last of Us*, *Ghost of Tsushima*, and *Horizon*. Our IP’s stature was further bolstered this year with the release of the highly-praised *Marvel’s Spider-Man 2*, which has sold 11 million units³ and with the critical acclaim for *Destiny*. *Destiny* also exemplifies SIE’s live services initiative and expertise, aimed to reach new audiences, unlock new monetization models, and evolve for the future. In addition to live services, SBG sees opportunities in non-console formats and is pushing the boundaries with PlayStation Productions. Prior investments to extend the PlayStation Experience beyond the console came to fruition with the cinematic release of *Gran Turismo* and the launch of *HELLDIVERS 2* on PC and PS5™, which were met with resounding success.

Amid rapid and transformative growth, SBG balances profitability with reliable development cycles, and is focused on creating efficiencies and sustainable development. Leveraging its expansive resources and knowledge across the portfolio, SBG

continues to push the limits of play as an IP Powerhouse.

Sony Group Collaboration and Sustainability

Collaborating with Group companies is part of SIE’s DNA. SIE aims to maximize the value of game IP through initiatives such as media adaptations, and also undertakes new engagements to connect with new customer segments and markets by collaborating with other Group companies such as Crunchyroll.

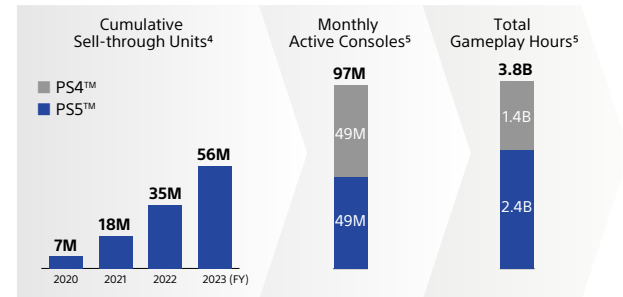
Further, SIE supports core sustainability themes such as accessibility, environmentalism, and DE&I as a part of the Sony Group. SIE is a leader in in-game accessibility functions with the development of the Access™ controller, and PS5™ incorporation of efficient controller charging along with new energy-efficient download methods to help further reduce PlayStation®’s climate impact.

1. As of June 30, 2024

2. As of June 30, 2024; sell-in basis (source: Sony)

3. As of April 20, 2024

PS5™ User Engagement compared with PS4™



4. As of March 31, each fiscal year

5. As of April 30, 2024

Note: Cumulative sell-through units includes PS5™ and PS5™ Digital Edition; monthly active consoles is an estimated total number of unique PS5™ and PlayStation®4 (PS4™) consoles that were used to play games or access services on the PlayStation™ Network, based on company research, and may be updated in the future.

Music

Business Vision

- Be the most artist and songwriter-friendly, employee-friendly company, committed to the following core values: being creator-first, supporting entrepreneurs and fueling excellence while elevating each other and acting responsibly and transparently
- Drive creative development and optimize artist and songwriter revenue through the integration of music, entertainment, and technology
- Provide competitive advantages for artists and songwriters through multiplatform One Sony collaborations that create high-quality, technology-driven entertainment opportunities unique to Sony

Value Created

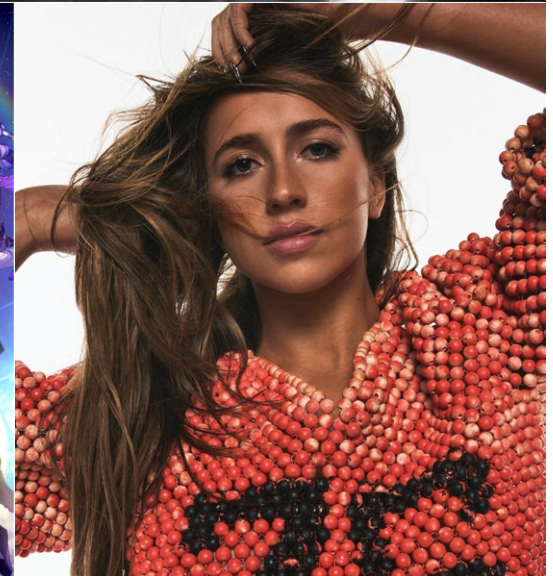
1 Enriching people's hearts through the delivery of emotional experiences

Music is a fundamental part of the human experience and SMG is focused on moving people emotionally through its creative endeavors and technological innovation. SMG works with its artists, songwriters, and audio/video/anime creators to produce highly compelling music and entertainment that fans form powerful emotional and cultural connections with throughout their lives.

2 Helping creators realize their dreams

Building and maintaining strong relationships with music's creators is at the core of SMG's mission — and SMG is most proud of the contributions it makes in developing and advancing artist and songwriter careers. Through synergies within the Sony Group, the company provides creators with transformative opportunities across diverse fields, media, and platforms.

©Solo Leveling Animation Partners
© TYPE-MOON / FGO PROJECT





Sony Music is proudly positioned at the crossroads of music, entertainment, and technology. Putting our artists and songwriters first, we aim to continue to aid their development with our teams adopting new technologies, entrepreneurial creative vision and innovative data interpretation. All this is expected to be achieved in a spirit of integrity, fairness and transparency.

Rob Stringer

Officer in charge of Music Business (Global)
Chairman, Sony Music Group; CEO, Sony Music Entertainment



As a comprehensive entertainment enterprise, we focus on creating new IP with music, anime, and games as the core content, which we combine with our diverse solution functions to realize various business ideas.

Shunsuke Muramatsu

Officer in charge of Music Business (Japan)
President and Representative Director of the Board,
CEO, Sony Music Entertainment (Japan) Inc.

Understanding the Business Environment

- A marketplace full of diverse content that crosses linguistic, genre, and national and regional boundaries
- Advance of digital transformation and increasing necessity of copyright management reform
- Changing industry players and intensifying competition
- Spread of AI models and use of content for their training

Market Presence

Music Publishing market position

No. 1 in the world¹

Recorded Music market position

No. 2 in the world²

Total streaming sales growth of recorded music and music publishing:

+19% (Compared with the previous fiscal year)

FY2022 +33%

FY2021 +38%

Drivers (Creativity, Technology, and Diversity)

- Best-in-class relationships and partnerships with artists and songwriters
- Extensive content IP covering every genre and decade of music
- Futuristic capabilities in finding, developing, marketing, and promoting creators
- Global leadership in entertainment with unparalleled expertise
- Technologies contributing to services and transparency for artists and songwriters
- Ongoing investment to expand creative content, including investment in proprietary data, and in analytics platforms and solutions, to provide support for creators' activities

Areas of Focus for Sustainability DE&I/Well-being/Environment/Social Contribution

- Fostering a culture of respecting DE&I
- Emphasizing the well-being of employees and creators
- Promotion of environmental awareness-raising and social contribution activities using content IP

Strategic Key Points

① Recorded Music / Music Publishing

- Invest in talent and content
- Expand touchpoints, strengthen services
- Strengthen operations in emerging markets and further enhance catalog
- Expand live event and merchandising business
- Sony Group collaboration

② Visual Media & Platform

- Develop/acquire IP and maximize value
- Develop outside of Japan
- Sony Group Collaboration including Crunchyroll

Strategically Emphasized Indicators

- Growth in overall revenue and streaming
- Increasing market share and chart share
- Profit margin growth
- Emerging market revenue growth
- Roster size and song catalog

1. As of December 31, 2023 (source: Music & Copyright) 2. As of December 31, 2023 (source: MEDIA)

Strategic Direction


From its position at the intersection of music, entertainment, and technology, SMG supports its artists and songwriters as they stay on the cutting edge of creativity.

In the business environment, the music market overall is growing vigorously, mainly in the area of streaming, with the recorded music industry having expanded continuously for nine consecutive years¹, and the music publishing industry for eleven consecutive years². Over the medium term going forward, the market is expected to continue to grow at an average annual growth rate in the mid-to-high single digits.

Against this backdrop, SMG will accelerate the growth momentum of the Music segment through aggressive investment. In FY2023, SMG’s outstanding artists and songwriters, as well as its expansive catalog, delivered excellent results on various hit charts. Looking ahead, SMG will continue aiming to outgrow the market by driving the evolution of the music ecosystem through multiple partnerships.

1. Source: MEDiA 2. Source: Music & Copyright

Status of Market Share and Hit Charts in 2023³

	Global	US
Recorded Music	30 Weeks No. 1 Billboard Global Tracks 4 of Top 10 Spotify Global Albums	5 of Top 10 Billboard Hot 100 Artists 27%+ Current Market Share
Music Publishing	No. 1 Market Leader Since 2012 (Based on Revenues) 37 Weeks Interest in No. 1 Songs (Weekly Spotify Worldwide Chart in 2023)	29% Share SMP Share of Top 100 Songs  Quarterly US Billboard Hot 100 in 2023

3. Source: Billboard, Luminate, Spotify, Music & Copyright

① Recorded Music / Music Publishing

In addition to offering its artists and songwriters a full set of progressive services, SMG continually grows its company and the opportunities it offers its creators, including independent labels and artists through acquisitions such as The Orchard and AWAL. These initiatives have been building a robust music ecosystem for SMG overall while creating a foundation for future growth. In 2023, Miley Cyrus’ “Flowers” became the top-selling song in the world, and this year albums by Future and Beyoncé captured the global No. 1 spot as well. SMG is also focused on business expansion in growth markets through acquisitions in regions like Latin America, India, the Middle East and Africa. While nurturing its growth foundation through hit creation and catalog expansion, SMG will also meticulously connect these to earnings opportunities across a wide array of digital platforms and drive expanded fan engagement.

SMG has also expanded services for creators through investments in areas such as merchandising, which is seeing notable growth from its Ceremony of Roses company, as well as in its live experience offerings. To date, more than 70,000 artists and songwriters have taken advantage of the data reporting, commercial insights, and payment solutions SMG offers through the Artists and Songwriters Forward programs, promoting transparency, remuneration, and wellness.

AI represents a generational inflection point for music and content. SMG aims to take an active role in helping to establish a sustainable business rights model within the industry. AI could be a multi-dimensional tool for creativity and efficiency. SMG aims to follow our artists and songwriters creatively in the AI space while seeking to protect their rights at every step.

Moreover, SMG continues to further strengthen links among businesses in the Sony Group. It will look to create further synergies, including collaborating on brand partnerships, unscripted films and documentaries as well as soundtracks. For example, Peso Pluma recently participated in a Sony Electronics’ “For the Music” audio hardware campaign.

Based in and operating from Japan, SMEJ’s management policy is to “maximize hits by strengthening creativity and business exploitation.” SMEJ will promote continuous hit creation by strengthening marketing, development and nurturing of fandom artists who create highly passionate fan communities, expansion of solutions for enhancing fan engagement, and further overseas expansion of artists in collaboration with SMG. Furthermore, on the topic of overseas expansion, YOASOBI’s “Idol” became the first Japanese-language song to top the U.S. Billboard Global Chart “Global Excl. U.S.,” and enjoyed a total number of streams exceeding 700 million plays as of April 2024. The song went on to receive an enthusiastic reaction from fans not only in Japan, but around the world.

② Visual Media and Platform

SMEJ has been working to diversify its revenues in areas including anime and games over the past decade. Its focus now will be to continue its efforts in the production of quality IP/content and accelerate mutual development of anime, music, games, and solutions centered on IP, maximizing its IP economic zone and growing by maintaining a healthy business portfolio. In anime, it will focus on overseas development, including accelerating collaboration with Crunchyroll, as well as on enhancement of the commercialization business. For games, SMEJ will look to deploy a wide range of IP, such as *Fate/Grand Order*, on optimal devices.

Sustainability

SMG works alongside its peers, suppliers, artists, and fans to raise the bar as an industry on environmental standards and expectations. SMG has a commitment to DE&I with a focus on attracting and supporting the careers of employees globally. In addition, SMG actively promotes initiatives in philanthropic areas such as social justice and humanitarian support.

Pictures

Business Vision

Produce and distribute world-class movie, television, and video content to consumers globally around Sony IP and/or serve specific communities of interest

Value Created

1 Enriching people's hearts through the delivery of emotional experiences

The value SPE creates is in working with creators to produce high-quality content for formats such as theatrical films, TV programs, and video streaming, and in delivering outstanding entertainment and emotional experiences to global audiences. Through these activities, we expand communities of interest that are inspired by entertainment.

2 Helping creators realize their dreams

SPE is one of the best places for creators to create. The studio's independence as a producer enables it to make high-quality content with top talent for any audience around the world, and showcase that content on any platform to create the greatest impact.





Despite ongoing industry turbulence and transformation, with a strong leadership team and a clearly defined strategy in place, SPE posted another year of solid results. These results reflect the strength of SPE's market position overall and the recognition of the studio as a stable partner to talent and platforms across all our lines of business. SPE will build on these strengths through continued investment in key areas of growth.

Anthony Vinciguerra

Officer in charge of Pictures Business
Chairman and CEO,
Sony Pictures Entertainment Inc.

Understanding the Business Environment

- Challenges in the entertainment industry continue following lingering COVID pandemic impacts and last year's historic labor negotiations and strikes; now seeing writing, production and distribution getting back up to speed, the overall recovery will still take some time
- Transformative changes in the industry's economic, production, and delivery models driven by the streaming revolution: capital markets' focus is shifting from subscriber growth to profitability, and several major streamers are course-correcting and taking significant measures to cut costs
- Geopolitical challenges remain a concern, particularly in markets where theatrical releasing for U.S. studios has become increasingly difficult

Market Presence

Position as the only independent major Hollywood studio

Sony Pictures Entertainment Library Titles*

- Movies: **Over 4,000 titles**
- TV series: **Over 400 titles**

Drivers (Creativity, Technology, and Diversity)

- Ecosystem for creators to develop visual content and reach viewers (talent, data analytics, studio facilities, marketing, distribution, and existing IP)
- Strong IP and firm commitment to the theatrical window
- Structure that enables synergies within the Sony Group based on IP and technology

Areas of Focus for Sustainability DE&I/Environment

- Expanding the pipeline for diverse stories and talent from a variety of backgrounds
- Undertaking initiatives to combat climate change and preserve natural resources
- Promoting environmental awareness programs using existing content IP

Strategic Key Points

- ① Strong IP
- ② Strength as an independent studio
- ③ A rich library of content
- ④ One Sony collaboration

Areas of Growth:
Expansion of communities of interest

Strategically Emphasized Indicators

- The number of feature film productions
- The number of television productions
- Crunchyroll paid subscriber growth

* As of March 31, 2024

Strategic Direction

Given the studio's efforts to streamline and strengthen the company over the last few years, combined with its strategic decision not to jump into the crowded general entertainment streaming space, SPE believes it is well-positioned to meet the unprecedented challenges in the industry head on. SPE's strength has been driven by its position as one of the leading independent studios globally, its stability in the industry to talent, and its role as a supplier of world-class, platform-defining content. SPE will continue to aim for business growth by promoting the following strategies.

1 Strong IP

The use of valuable IP is key to SPE's content strategy. SPE has developed strong franchises such as *Jumanji* and *Ghostbusters*. To maximize the value of its IP, SPE is also pursuing earning opportunities in LBE, and in January 2024 opened its first immersive entertainment destination, Wonderverse, just outside Chicago.

2 Strength as an Independent Studio

In film production, SPE has distinguished itself from the increasing competition among streaming providers by establishing its core strength in content production. SPE continues to maintain its commitment to theatrical distribution, which has earned the company both box office success and a strong reputation amongst talent and filmmakers. Most recently SPE's *Bad Boys Ride or Die* kickstarted the summer box office. The film is the fourth film in the now billion-dollar franchise. Meanwhile, in television production, SPE continues to hold a strong position, providing content to all partners and negotiating first-rate deals. Recently, Sony Pictures Television's *The Night Agent* was the most-watched TV series on Netflix in 2023, and *Dark Matter* premiered on Apple TV+ as the top show on the platform worldwide.

3 A Rich Library of Content

SPE produces and distributes a variety of content, including IP franchises as well as popular films, TV drama series, game shows, non-fiction series, and content for children, and is expanding its content library. The company is home to popular film franchises including *Spider-Man* and *Ghostbusters*, and the beloved US game shows, *Wheel of Fortune* and *Jeopardy!*, which are the first and second most-watched entertainment programs on linear TV¹.

4 One Sony Collaboration

Cross-company collaboration within the Sony Group provides SPE with a powerful competitive advantage. Video adaptations of game IP continued to deliver outstanding results in FY2023 with the successful film adaptation of *Gran Turismo* and the TV drama series *The Last of Us*, and several more projects are currently in production. In the music domain, SPE is jointly developing multiple films and TV programs, such as artist documentaries. On the technology front, in January 2024 SPE established Torchlight, an advanced visualization facility that allows creators the opportunity to explore, play and develop their visions in realtime prior to going into production. Going forward, Torchlight is designed to be used to realize the creative vision of content creators for upcoming projects.

Areas of Growth: Expansion of Communities of Interest

SPE offers the DTC service Sony LIV in India as well as the dedicated anime video-streaming service Crunchyroll, both services that focus on specific communities. The number of paid subscribers to Crunchyroll exceeded 15 million as of July 2024, and the service continues to deliver exciting anime productions to hardcore anime fans. SPE is currently working with outside partners and delivering services in growth markets while also expanding theatrical distribution of anime films, e-commerce, and other areas in a focused effort to drive deeper engagement.

SPE recently acquired Alamo Drafthouse Cinema, the unique and growing theatrical exhibitor currently operating in 25 metro areas in the U.S. Joining forces with Alamo Drafthouse further reinforces SPE's long-held commitment to theatrical exhibition and continued initiatives in experiential entertainment.

Sustainability

SPE promotes expansion and diversification of its talent pipeline through innovative programs, including the Diverse Directors/ Writers Programs, and Creative Diversity Fund. In environmental efforts, SPE is also guided by the Sony Group's environmental plan, Road to Zero, and is working to reduce GHG emissions and use of disposable plastics.

Box Office Earnings of SPE Franchises and Popular Productions²



1. September 25, 2023 - June 9, 2024 (source: Nielsen) 2. As of August 28, 2024 (source: Sony)

Entertainment, Technology & Services

Business Vision

Create the future of entertainment through the power of technology together with creators

Value Created

1 Enriching people's hearts through the delivery of emotional experiences

Pursue creation of new expressions of image and sound as well as a variety of new services by fully leveraging technology in order to deliver unprecedented entertainment experiences to customers. Create environments where all can enjoy high-quality content through Sony and share *Kando*.

2 Helping creators realize their dreams

Leverage creation technologies to help creators unleash their creativity by providing them with the products and services they need to realize their visions. Create future entertainment together with creators, delivering *Kando* content to people around the world.

3 Contributing to society through the delivery of safety, health, and reliability

By utilizing technologies cultivated over many years, the segment contributes to advance infrastructure and industry in the fields of medical care as well as network communications, toward a society in which all can enjoy healthy lives filled with *Anshin* and entertaining *Kando*.

Note: *Anshin* is a Japanese word with various meanings such as peace of mind, reassurance, reliability and trust.





We aim to leverage our creation technologies for the pursuit of new entertainment and a future full of *Kando* together with creators.

Kimio Maki

Officer in charge of Entertainment, Technology & Services Business
Representative Director, President and CEO,
Sony Corporation

Understanding the Business Environment

- Continuous changes, with geopolitical risks and strengthened policies pertaining to the environment, human rights, and privacy
- Entry into a new phase following the global recession, amidst continuing expansion of the creator economy
- Changes in consumer behavior due to normalization of anxiety resulting from ongoing conflicts and other factors, growing influence of Generation Z, and progression of the aging population
- Advancing technology to connect real and virtual spaces in real time, accelerating evolution and implementation of AI

Market Presence

Achieved **No. 1** market share¹
in full-frame interchangeable lens cameras

Over **90** countries and regions, over **25** sports
Numbers of countries, regions, and sports in which Hawk-Eye's services are provided

70%²
Hawk-Eye's market share of video assistant referee (VAR) in major soccer leagues globally

Godzilla Minus One
Super Bowl LVIII Halftime Show
Using Sony's cameras, including the digital cinema camera VENICE and VENICE 2

Drivers (Creativity, Technology, and Diversity)

- Recognized and esteemed as a high-value-added premium brand (robust product group to expand creator base)
- Differentiated technology assets and platforms in imaging, audio, and network communications fields
- Design and development infrastructure to facilitate provision of creator-oriented products, services, and solutions
- Organizational robustness and flexibility to seamlessly manage development, production, procurement, distribution, and sales among Group companies
- Collaboration framework for co-creation with companies and diverse creators both inside and outside of the Group including entertainment businesses

Areas of Focus for Sustainability Environment/Accessibility/DE&I/Responsible Supply Chain

- Promoting, among other environmental considerations, the powering of operations at all manufacturing sites and offices with renewable energy for electricity and in product manufacturing, reducing energy consumption, using recycled materials, and minimizing plastic packaging
- Pursuing, from an accessibility perspective, incorporation of inclusive design into the product development process that reflects the needs of users who require accessibility features
- Diversifying human resources and creating comfortable work environments, including initiatives to eliminate the gender gap mainly in Japan
- Addressing environmental and human rights risks in the context of global supply chains

Strategic Key Points

- ➊ **Profit Axis Businesses:**
Structural Reforms/Transformation
Increase profit level and reduce volatility
- ➋ **Profit Axis Businesses:**
Area Expansion
Expand business area while enhancing stable revenue and profit base
- ➌ **Growth Axis Businesses:**
Business Growth/Generation
Accelerate business development by expanding investments including human resources

Strategically Emphasized Indicators

Medium-term targets (FY2026):

- Operating income margin of 9%
- Generate over one-third of total ET&S operating income from Growth Axis businesses

1. Annual share amount for FY2023 (source: Sony) 2. As of May 2024 (source: Sony)

Strategic Direction

The mission of the ET&S segment is to create the future of entertainment through the power of technology together with creators. The segment creates new entertainment with creators around the world, utilizing Sony's distinctive technologies centered on the fields of imaging and sound.

While the business environment is expected to continue changing rapidly, ET&S employees are working in unison to establish a business structure with two axes, a Profit Axis and a Growth Axis. The segment has structured its business portfolio from the perspectives of profitability and growth potential, and it aims to evolve further based on the strategies defined for each of the three themes below. The segment's numerical target for FY2026, the final year of the fifth mid-range plan, assuming net sales at around the same level as FY2023, is to improve the operating income margin from the FY2023 level to around 9%, mainly by improving the profitability of Profit Axis businesses and promoting a portfolio shift to Growth Axis businesses. Furthermore, the segment will aim for over one-third of its operating income to be generated from Growth Axis businesses.

① Profit Axis Businesses: Structural Reforms/Transformation

The TV and smartphone businesses plan to control risk by increasing profit levels and reducing volatility. In operations, the segment plans to implement structural reforms in sales, manufacturing, and product design. The TV business plans to develop displays with the goal of realizing creators' production intentions, while the smartphone business is aiming to strengthen its positioning in data communication devices and accelerate business transformation.

② Profit Axis Businesses: Area Expansion

As the core of the Profit Axis businesses, the segment aims to pursue further growth by strengthening its stable revenue and

profit base while expanding its business area. The imaging business plans to contribute to unleashing the creativity of diverse creators through the development of real-time creation technology and, through collaboration with the I&SS segment, proprietary sensors. Moreover, the imaging business is aiming to strengthen the imaging ecosystem by applying software value to strong hardware, and expanding its highly profitable solution business in remote, 3D content, live streaming, and other areas. The sound business will work to expand its field by strengthening branding through creating with artists in the headphones market and with pro e-sports gamers and teams, as well as by developing the pro audio market, such as studios.

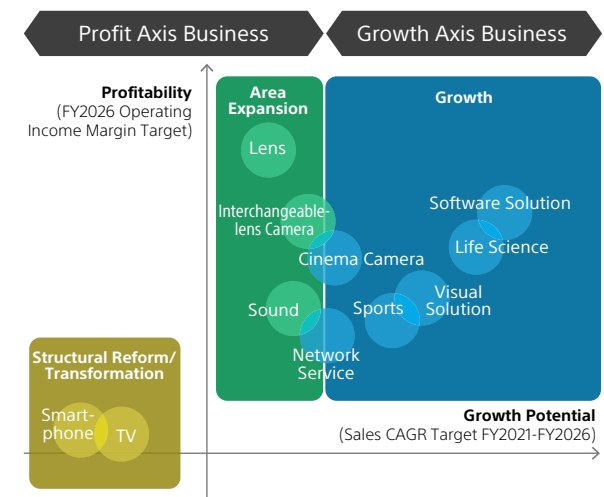
③ Growth Axis Businesses

The segment plans to accelerate its business expansion by expanding investments, including in human resources, and evolving its business models. The sports business, already boasting high market share in officiating services with Hawk-Eye, aims for further growth by helping various sports leagues to expand their fanbases, through enhancing the entertainment potential of sports through visualization technology. The visual solutions business, with its virtual production technologies as a core, plans to strengthen content creation and services as well as promote the development of new markets. The life science business is aiming to contribute to the elucidation of cancer and immune mechanisms through expanding its customer base by leveraging its flow cytometer with world-leading analysis capabilities and cloud solutions. The network service business, meanwhile, aims to strengthen the subscriber base for the NURO optical fiber broadband service and plans to also increase ARPU by promoting the shift to 10G and enhancing optional services. The segment plans to also strengthen incubation, co-creation, and R&D as initiatives to create business opportunities for further growth.

Sustainability

Regarding the environment, in FY2023 the segment achieved full operation of its major offices and manufacturing sites with 100% renewable energy. Going forward, the segment expects to continue to focus on reducing energy consumption when using its products, mainly focusing on TVs, and on further reducing the use of virgin plastic, including through expanded use of recycled materials developed by Sony. Meanwhile, for accessibility, the segment aims to incorporate inclusive design into nearly all product development processes by FY2025 and reflect in product development the needs of those who require accessibility features. The segment plans to address DE&I by accelerating initiatives to resolve the gender gap in Japan, which is an emerging social issue, and creating an environment in which diverse employees can flourish.

ET&S Business Portfolio



Note: Only major businesses are listed.

Imaging & Sensing Solutions

Business Vision

Spark people's imaginations and enrich society, by providing inspiring, intelligent, and reassuring solutions that push the boundaries of image quality and cognition with transcendent imaging and sensing technologies

Value Created

1 Enriching people's hearts through the delivery of emotional experiences

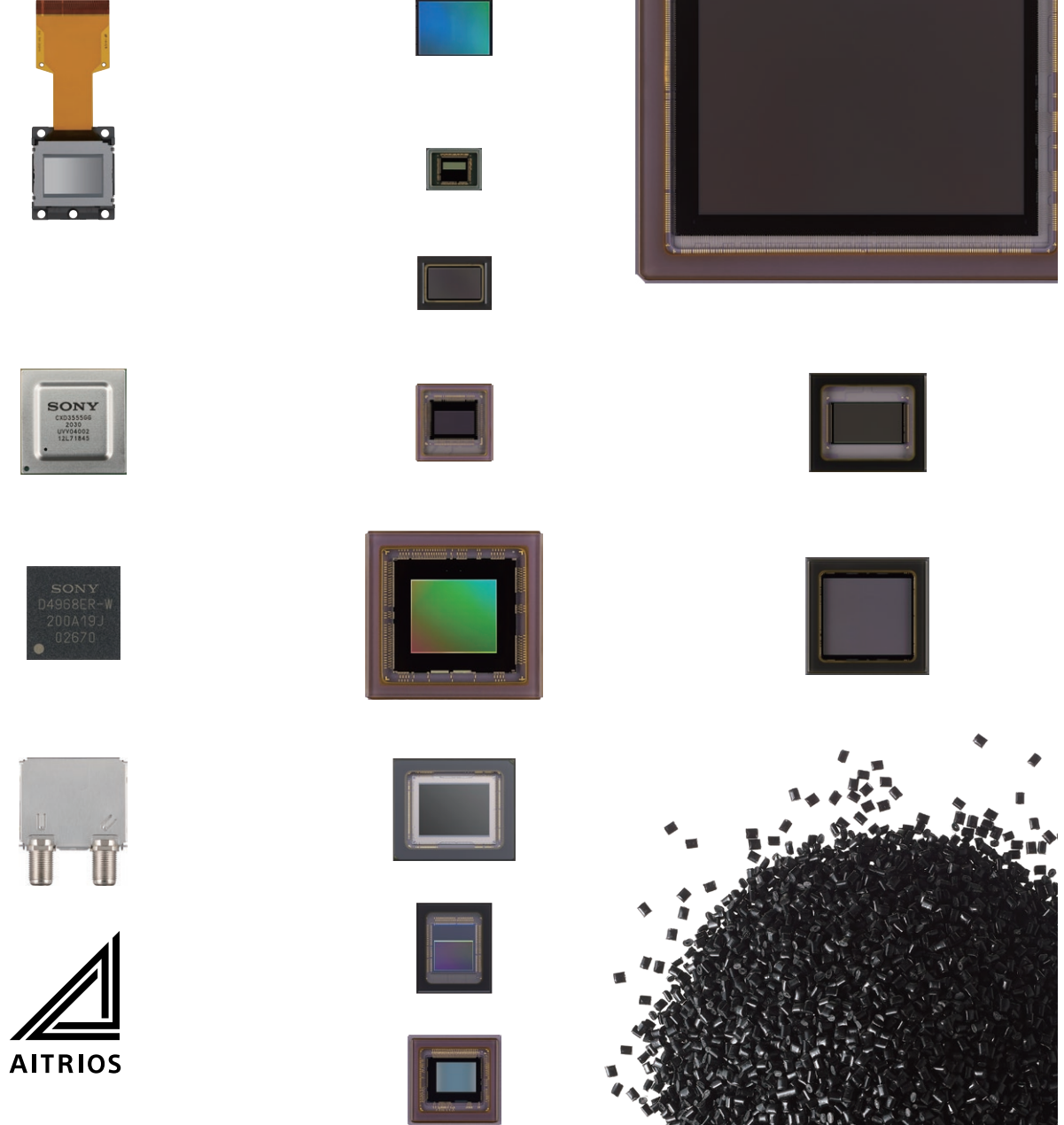
Cutting-edge imaging and sensing technologies enable Reality and Real-time in communication and generate comfort and excitement. I&SS creates opportunities for people to enhance their sensitivity to the world and share their excitement and joy.

2 Helping creators realize their dreams

Imaging and sensing technologies enable the exploration of new knowledge that overturns conventional wisdom and enhances the discovery of new richness hidden in everyday life, thereby stimulating creativity in various industries and contributing to the creation of new use cases, ecosystems and others.

3 Contributing to society through the delivery of safety, health, and reliability

Functionality that surpasses the capacity of human eyes and cognition aims to expand the scope of human ability through enhancing danger prediction, risk measurement, and efficiency, thereby contributing to a safer, more secure society that can serve as the basis for people's fulfillment.





Under our corporate slogan, “Sense the Wonder,” we aim to work with various stakeholders to co-create new value and achieve growth with the aim of sparking people’s imaginations and enriching society.

Terushi Shimizu

Officer in charge of Imaging & Sensing Solutions Business
Representative Director,
President and CEO, Sony Semiconductor Solutions Corporation

Understanding the Business Environment

- Uncertain business environment, mainly due to geopolitical risk and macro-economic trends
- Increased government policy support for the semiconductor industry in countries around the world
- Spread of video usage on smartphones and other mobile devices
- Advancements in smart operations and DX, including automation and labor-saving
- Rising importance of advanced recognition technologies and edge computing accompanying the evolution of AI and IoT

Market Presence

Image sensors global market share by revenue in 2023:

53%¹

2022: 49%²

Drivers (Creativity, Technology, and Diversity)

- High technological capabilities for pixels, signal processing, and algorithms of CMOS image sensors (achieving characteristics such as high sensitivity, low noise, wide dynamic range, high resolution, high-speed image capture, and low power consumption)
- Lineup of sensing devices with varied applications
- Excellent customer and partner base in each application
- High-quality manufacturing technology and production capacity to meet customer demand
- Opportunities for collaboration and synergy with Sony Group businesses

Areas of Focus for Sustainability Environment/Accessibility/Employees/Responsible Supply Chain

- Reducing environmental footprint through such means as reducing GHG emissions and recycling natural resources in semiconductor manufacturing processes
- Undertaking initiatives for the environment and accessibility using imaging and sensing technologies
- Creating an environment that encourages an aspirational spirit for people with diverse backgrounds and perspectives
- The semiconductor industry-wide efforts to develop talent through collaboration with industry, governments and academia, and acquisition of talent
- Addressing environmental and human rights risks in the context of global supply chains

Strategic Key Points

- ➊ **Growth-driving business area:**
Continue growth investment to drive medium- to long-term business growth
- ➋ **Profitable business area:**
Maintain and strengthen high competitiveness to maximize profits
- ➌ **Strategic business area:**
Strategically invest in potential growth areas to build future business pillars

Strategically Emphasized Indicators

- Global image sensor market share by revenue (2025 target: 60%)
- ROIC (Medium-term target for FY2024–FY2026: 10-13%, long-term target for FY2027 onward: 20% or more)

1. As of May 31, 2024 (excluding fingerprint sensors) (source: Sony)

2. As of May 31, 2023 (excluding fingerprint sensors) (source: Sony)

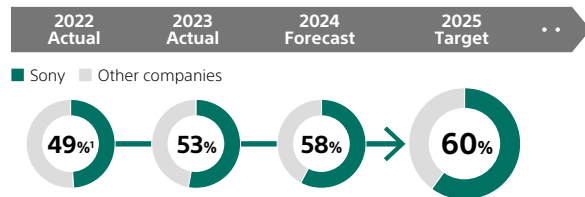
Strategic Direction

Under the fourth mid-range plan (FY2021-FY2023), the I&SS segment made capital investments, equity investments, and R&D investments in order to seize growth opportunities in a business environment that was highly uncertain and opaque. As a result, the segment's growth has outpaced the market, mainly in image sensors, further consolidating its number one position by revenue. On the other hand, issues remain to be addressed going forward, namely deteriorating investment efficiency (including yield issue), and improving profitability.

Considering this situation, under the fifth mid-range plan (FY2024-FY2026), the segment's basic strategy is to restructure the business foundation for growth with profitability. The segment's business strategy clarifies its direction in each of the three business areas outlined below, aiming to achieve growth with profitability through balanced business operations and capital investments. The target for image sensor shares by revenue has been set at 60% for 2025, as before, and the segment will look to further increase its share after that, with expectations for medium- to long-term market growth.

Hence, the segment will continue to make essential capital investments for growth, but by carefully selecting investments and making maximum use of existing assets. In this way, it plans to reduce capital investments to around 70% of the amount under the fourth mid-range plan. While increasing the amount of investment,

Target for Image Sensor Share by Revenue¹



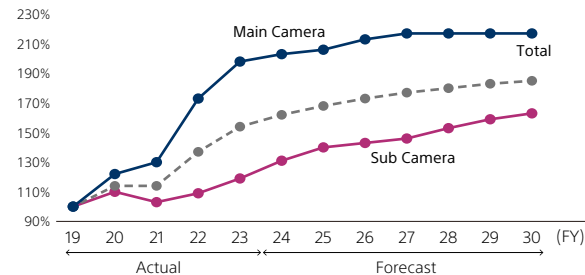
1. Excludes fingerprint sensors (source: Sony)

the segment will also work to improve R&D investment efficiency by examining themes and reducing the ratio of investment to net sales from the previous 15% level. Continuing to focus on ROIC as a profitability indicator, the segment will aim for a range of 10-13% under the fifth mid-range plan. In its long-term focus point for the next mid-range plan onward, I&SS will aim to achieve ROIC of 20% or more, based on factors such as improving profitability, and expanding use of existing assets.

① Growth-Driving Business Area

The segment will continue to invest in mobile image sensors, which are expected to drive growth of the overall I&SS segment over the medium to long term. Notably, video is expected to see growth associated with increasing usage for creative work and communication, necessitating greater real-time capabilities than does work with still images. Among the multiple cameras mounted on devices, there is significant potential for technological evolution in the area of sub-camera (telephoto and ultra-wide-angle) sensor characteristics in particular. Riding the trend toward larger sensors for sub-cameras as well as main cameras, the segment aims to leverage its technological advantage to further strengthen its position in the market.

Sensor Size Increase in Mobile Image Sensor Market² (only in high-end models)



2. Where 100% represents average chip area in FY2019 (source: Sony)

② Profitable Business Area and ③ Strategic Business Area

The segment will work to maintain and strengthen its competitiveness in image sensors for cameras as well in industrial and social infrastructure while maximizing its earnings.

Furthermore, it plans to make strategic investments in automotive image sensors, system solutions, OLED Microdisplays, semiconductor lasers, and other areas as strategic business areas that it plans to develop into future business pillars. In the automotive area, the segment is aiming to promote development of differentiating technologies to capture technology trends, such as the use of increasing numbers of automotive cameras, smaller pixel sizes, and larger pixel counts. The segment is aiming to achieve a 43% share of the automotive image sensor market on a revenue basis by FY2026. Moreover, the segment has focused on Heat-Assisted Magnetic Recording (HAMR), which dramatically improves the recording density of hard disk drives (HDDs). It has become the first in the world to begin mass production of semiconductor lasers, a key device for realizing HAMR, in collaboration with Seagate Technology. In the system solutions area, the segment is steadily advancing with demonstrating the value of AITRIOS™, an edge AI sensing platform, in its primary target markets of retail, logistics, and factories.

Sustainability

The segment requires a significant amount of natural resources and energy. Recognizing that it therefore holds a particularly large responsibility for the natural environment and society, it has formulated the "Sustainability Compass" as its proprietary ESG policy and is strengthening its initiatives to realize its "Social Vision Seven" by 2030. Among these seven principles, the segment is focusing on accessibility, to help realize "a society where the world is full of active people with vital roles." The segment is also working to develop new value propositions that deliver visual information to non-visual sensory organs through multimodal integration of imaging and sensing technologies with ring-shaped cameras, AR glasses and others.

Financial Services

Business Vision

With the ability to stay close to people and the power of technology, we will continue to be a supportive presence for our customers

Value Created

3 Contributing to society through the delivery of safety, health, and reliability

Utilizing a wide variety of information, SFG provides advice tailored to each and every customer's life plan. Providing products and services suited for a society of longevity, SFG offers safety and peace of mind by facilitating wealth-building and contributing to economic security. SFG employs technology to create new insurance products and services to increase safety and peace of mind in society. Additionally, it aims to make life more convenient by improving access to financial services and promoting innovation.





As a comprehensive financial group with businesses including life and non-life insurance, banking, and nursing care, we are committed to making every effort to continue supporting our customers in living true to themselves by staying close to people and using the power of technology.

Toshihide Endo

President and CEO, Representative Director,
Sony Financial Group Inc.

Understanding the Business Environment

- Population decline, arrival of the era of 100-year lifespan and changes in household structure
- Sharp fluctuations and greater market volatility in interest rates and exchange rates
- Changes in financial regulations, operations based strictly on fiduciary duty
- Advent of data economy, widespread adoption of AI, and advancement of autonomous driving technologies
- Changes in business models brought about by players entering the financial industry from other industries
- Lifestyle changes in response to manifestation of infectious disease risk
- Uncertainty in financial markets due to increasing geopolitical risks

Market Presence

66.6 trillion yen¹ Sony Life policy amount in force:
As of March 31, 2023: 61.1 trillion yen
As of March 31, 2022: 57.7 trillion yen

154.7 billion yen² Sony Assurance direct premiums written:
FY2022: 146.6 billion yen
FY2021: 141.7 billion yen

3.4 trillion yen³ Sony Bank mortgage loan balance:
As of March 31, 2023: 3.0 trillion yen
As of March 31, 2022: 2.6 trillion yen

Drivers (Creativity, Technology, and Diversity)

- Direct communication with customers to offer products and services tailored to each individual customer
- Unique position in the Japanese financial market with a business model that utilizes products and services with high added value and differentiated strengths
- Business infrastructure that can provide high-quality products and services at reasonable prices
- Utilization of technology through coordination with other Sony Group companies
- Corporate culture of prioritizing customer-first mentality and originality, and respecting diversity

Areas of Focus for Sustainability Climate Change/DE&I/Ethics and Compliance

- Responding to climate change problems, mainly focusing on reduction of GHG emissions
- Improving investment and asset management structure according to SFG's ESG investment policy
- Producing highly specialized personnel by attracting and cultivating talented human resources, and promoting DE&I, such as through increasing the percentage of management positions held by women and improving accessibility
- Acting ethically and with integrity, complying with laws and regulations, and ensuring healthy and appropriate management with an awareness of the public nature of financial services businesses

Strategic Key Points

- ❶ **Exploitation: Growth of existing businesses**
- ❷ **Exploration: Cross-group initiatives for further growth**
 - Expansion of customer segments
 - Strengthen collaboration with the Sony Group

Strategically Emphasized Indicators

FY2026 Targets

- Adjusted net income (IFRS 17 basis): 120 billion yen (FY2023: 88.8 billion yen)
- Adjusted ROE (IFRS 17 basis): 10.0% or higher (FY2023: 8.0%)

1. Total of individual life insurance and individual annuities as of March 31, 2024 2. FY2023 3. As of March 31, 2024

Strategic Direction

SFG has always pursued a different business model than conventional financial institutions, providing products and services with high added-value by meeting the needs of each and every customer through differentiation. Under the fourth mid-range plan (FY2021-FY2023), SFG steadily expanded its earnings by promoting measures based on the theme of self-transformation, such as strengthening its competitive advantages and altering its profit structure. However, considering future growth, it is essential for it to both expand investment in aspects such as IT systems and human resources, and maintain a sound financial position. Hence, SFG will enhance its financial flexibility as well as propose and implement its own unique growth strategy through the execution of a partial spin-off from Sony Group Corporation, and listing of shares of Sony Financial Group Inc., planned for October 2025.

As it embarks on this new growth journey, SFG has defined its new objective as “With the ability to stay close to people and the power of technology, we will continue to be a supportive presence for our customers.” This objective clarifies SFG’s commitment to being a supporting presence by staying close to people through three “For Life” concepts: “Health for Life,” to live with energy and vibrance, “Asset for Life,” to live with financial well-being, and “Kando for Life,” to live a life filled with emotion. Based on this objective, SFG has started a mid-range plan (FY2024-FY2026) aiming for growth through both exploitation and exploration ahead of its listing on the stock market.

① Exploitation: Growth of Existing Businesses

In addition to growth in the Lifeplanner channel, which boasts peerless customer contacts, Sony Life has seen significant growth in its Agency channel. Going forward, Sony Life will focus on DX, business process reform, and other initiatives to create an environment in which top-tier Lifeplanner sales specialists and Agency supporters can dedicate themselves to higher value-added activities. At the same time, Sony Life will aim to enhance products

and services not only for families, its core customer segment, but also for corporate customers, which have made a significant contribution to performance in the previous mid-range plan, as well as the affluent and senior segments. It will also continue to expand capital-light savings-type and protection-type products and build a more profitable product mix.

Sony Assurance, in addition to building on its strong brand recognition and customer satisfaction, will promote development of potential customers by enhancing its products and services. Sony Bank will strengthen its response to customer needs and environmental changes including interest rates, with a primary focus on the mortgage loan and foreign currency businesses, which are its growth engines.

② Exploration: Cross-group Initiatives for Further Growth

Under the new mid-range plan, SFG will accelerate growth by expanding its customer segments beyond the mainstay family segment. It will build touchpoints with younger generations, who are the potential customer base for the future, through using non-

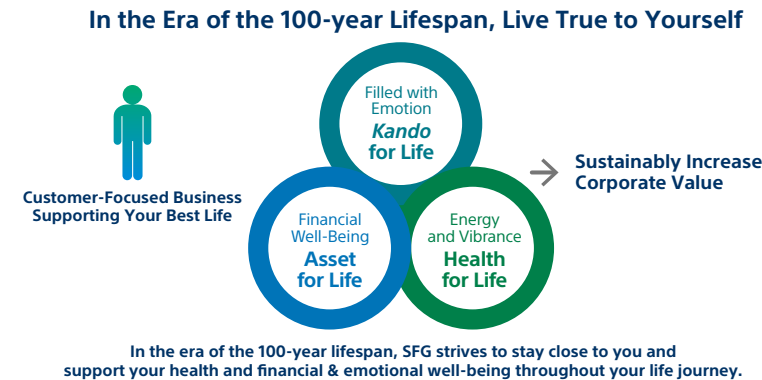
financial and entertainment services. For the mass affluent market, it will develop comprehensive services through new experience-based branches called Hoken Seisakusho, while strengthening its response to the needs of pre-seniors and seniors through senior life-planning and other services.

After the spin-off, SFG will further reinforce business collaboration centered on entertainment, while exploring the development of AI-based assistant Lifeplanner sales specialists, in addition to a digital bank, looking to create a seamless customer experience from non-financial to financial services.

Sustainability

In its Sustainability Committee, SFG conducts deliberations on issues and risks regarding its overall sustainability, including climate change response, ESG investment promotion, and the creation of workplace environments that consider DE&I. Looking ahead, SFG will advance its sustainability initiatives according to its own material topics, which have been newly formulated with a focus on the three “For Life” concepts.

SFG Core Concept



SFG Objective



Corporate Governance

- Messages from Outside Directors
- Board of Directors
- Strengthening Corporate Governance

Messages from Outside Directors



Message from the Chair of the Board and Chair of the Nominating Committee

Yoshihiko Hatanaka

Outside Director

Looking Back on FY2023

In FY2023, Sony recorded its highest net sales ever and maintained a high profit level.

The Board of Directors conducted lively discussions with the management team regarding growth strategies and issues to be addressed in the six main segments, synergies between businesses, our business portfolio, strategic investments, and capital allocation policies, including shareholder returns. Based on these discussions, the Board passed a resolution on the fifth mid-range plan, starting from FY2024. We also received timely reports from the management team on various issues, including issues associated with the evolution of AI, which is likely to have a major impact on Sony's business, geopolitical risks, and cybersecurity. These issues were discussed by the Board. Furthermore, we also confirmed progress on Sony's sustainability initiatives, compliance activities, and other matters.

On the topic of sustainability, I had the opportunity to dialogue with companies

providing advisory services for institutional investors in October 2023. They are increasingly focused on understanding the track record and approach of the companies they invest in regarding areas such as the environment, human rights, and governance. I reaffirmed that their expectations for Sony in these areas are highly significant.

Regarding the composition of our Board of Directors, in FY2023 we welcomed the addition of two U.S.-based Directors who hold deep knowledge of the entertainment, digital, and network businesses, which has enhanced the quality of the Board's discussions in these areas. On the operational side of the Board, we have continued using online meetings that connect Japan, the U.S., and Europe while maintaining meeting quality. At the same time, we also value opportunities to have all Directors meet in person. At the strategy workshop in December, the Directors convened in a common space with the management teams of corporate and each major business over two days, during which they engaged in rich discussions about strategy

and challenges from a medium- to long-term perspective. In September, we visited the head office of the Pictures business and the game development studio, as well as a studio where Sony's camera division works together with picture production professionals, all located in greater Los Angeles, U.S. On this visit, we observed creative production on the front line and exchanged views with management in the Pictures business. Opportunities such as these enable outside Directors to learn about Sony's diverse global businesses and human resources. Moreover, they are also meaningful for maintaining a healthy level of tension in the relationships amongst the Directors, as well as between the Directors and the management team. As such, I would like to continue these opportunities in the future.

Activities of the Nominating Committee

Appointing human resources to steer Sony's management is one of our most important tasks, and I feel that the role of the Nominating Committee has become increasingly crucial. Since FY2023, the Chairs of each committee have become members of the Nominating Committee. This facilitates the process of including the input of each committee in the evaluation and discussion of our succession plans for Directors and managements. I believe that this has improved our structure to facilitate decision-making through multifaceted discussions. Under this structure, in FY2023, we

received progress reports on the succession plans for Senior Executives who are responsible for head office functions and important management roles in each business, such as G&NS. We discussed and evaluated the plans from perspectives such as strengthening organizational capabilities and enhancing the competitive advantages of each business. For the selection of outside Directors this year, we nominated Shingo Konomoto as a candidate for a new Director under the policy of nominating individuals with experience as CEOs, and this nomination was approved at the General Shareholders' Meeting. We will engage in even deeper discussion of the management succession plan in FY2024, aiming to further advance this function, and discuss Director candidates with a view to ensuring a wide range of experience, expertise, and diversity on the Board of Directors.

Looking Ahead

In FY2024, the environment surrounding Sony is expected to change significantly. The Board of Directors will be even more attuned to changes in technology and the business environment, supervising and supporting the management team from the viewpoint of shareholders and other stakeholders. Simultaneously, we aim to contribute to the steady execution of the fifth mid-range plan, and the continuous increase in corporate value of the Sony Group with a longer-term perspective.



**Message from the
Vice Chair of the Board and
Chair of the Compensation
Committee**

Wendy Becker
Outside Director

In FY2023, the utilization of new technologies such as generative AI and virtual production has been further advancing, and in turn impacting the Sony Group, including our core philosophy and how we and our creator partners generate value. Emerging countries, including India, referred to as the “Global South,” have been increasingly gaining prominence, and geopolitical risks continue to exist. However, Sony did not view these issues simply as risks, but also as opportunities for its growth and transformation, and has undertaken proactive initiatives. In the Board of Directors, we have spent a significant amount of time on discussions about the future and growth of the Sony Group, including new business fields, the mobility business, leveraging technologies and capturing growth markets. In FY2024, the Board of Directors aims to contribute to the enhancement of the Sony Group’s corporate value through effective oversight of the management, and through continuing discussions among Directors and between Directors and the management team.

With its diverse businesses, Sony’s executive remuneration is, in principle, comprised of a fixed remuneration, a remuneration linked to

business results (“bonus”), and stock-based compensation. This is designed to incentivize the short-, medium-, and long-term growth of the Sony Group by aligning our efforts with the expectations of our shareholders and various other stakeholders, including our communities and employees. In FY2023, the Compensation Committee introduced the “Group Sustainability Evaluation” to determine a bonus structure that focuses more on the evaluation of efforts by executives to enhance sustainable growth of the Sony Group. This includes management succession planning, investment in human capital, and sustainability initiatives related to social value creation. The Committee also introduced a clawback policy, which is expected to strengthen each executive’s commitment to governance. In FY2024, we will determine evaluation measures for the bonus structure based on the fifth mid-range plan, as well as consider the use of stock-based compensation beyond existing plans. By doing so, we aim to further link compensation to short-, medium-, and long-term business performance and shareholder value, ultimately to support the further growth of the Sony Group.



**Message from the
Chair of the Audit Committee
and Director in Charge of
Information Security**

Joseph A. Kraft Jr.
Outside Director

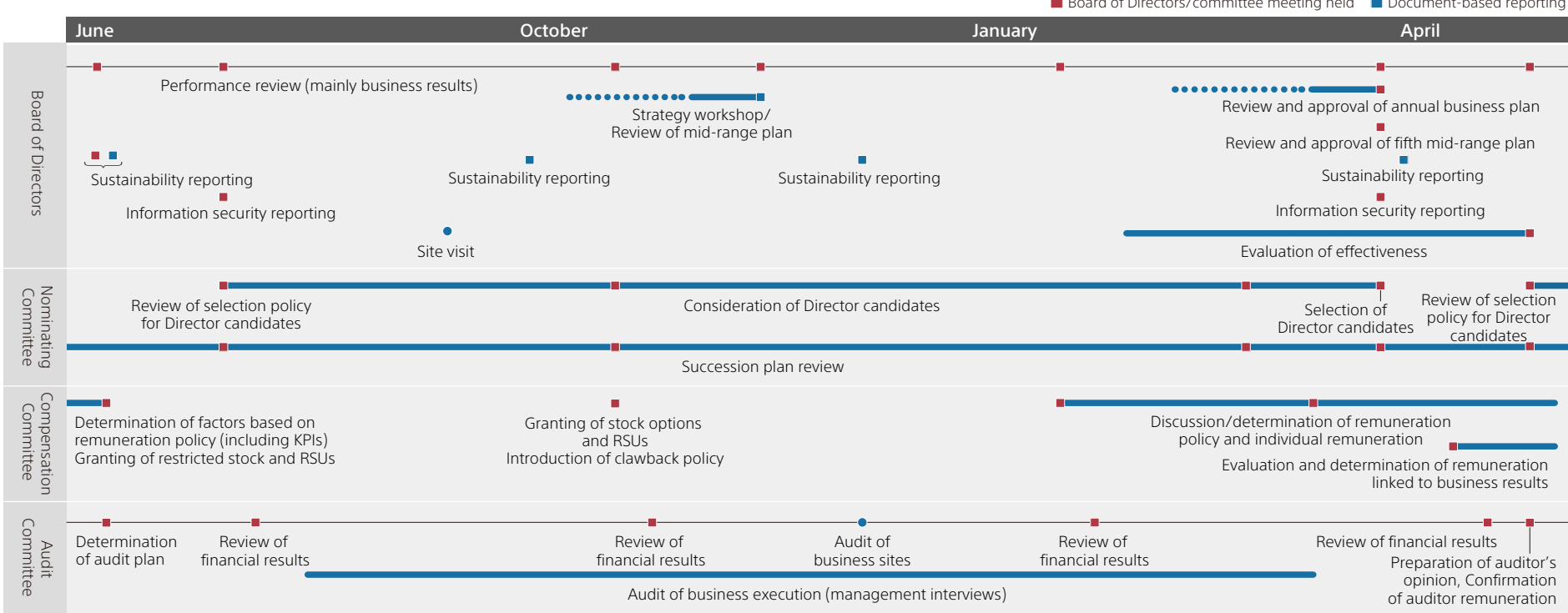
In FY2023, the Audit Committee’s key themes were non-financial information disclosure, risk management, and subsidiary management. The committee conducted its audit activities by receiving reports from, and exchanging opinions with, the internal control department of the executive side, the internal audit departments of headquarters and each business domain, and the independent auditor. Regarding financial information, the committee received regular reports about the impact of the new IFRS 17 accounting standard adopted by the life insurance business from the executive side and the independent auditor regarding checking the financial statements. In FY2024, the committee plans to receive reports from, and exchange opinions with, the executive side and the independent auditor regarding the aforementioned key themes. The committee plans to focus further on dialogue with the management team and conducting effective auditing over Sony’s wide-ranging businesses. We will also strive to improve the quality of our audit activities by deepening our understanding of the financial services business, which is scheduled to be partially spun off, and the entertainment and

semiconductor businesses, which are growing in importance to management year by year.

Threats in cyberspace increase each year and have become one of the biggest risk factors companies face throughout the world today. Advances in AI and computing technology will enrich the business environment, but can increase risks when used for purposes such as sophisticated cyberattacks and fraud. As a Director in charge of information security, I coordinate with organizations responsible for information security on the executive side to increase awareness of the crisis regarding cyber risks at the Board of Directors and among the management team, and support the enhancement of the information security management system across the Sony Group. Sony’s Purpose is to “fill the world with emotion, through the power of creativity and technology,” and it is vital that Sony remains a trusted presence in the digital space. We will continue to focus on contributing to the maintenance and enhancement of an effective information security system to uphold the trust placed in us by diverse stakeholders.

Board of Directors

Roles and Annual Schedule of the Board and Committees (FY2023)



The Board determines Sony's fundamental management policies, and oversees the management of Sony's business operations. As part of this role, the Board has the authority to (i) appoint and dismiss statutory committee members, and (ii) appoint/dismiss and/or conduct oversight of appointment/dismissal of Senior Executives. In addition, in order to improve Directors' understanding of Sony businesses so that the Board, a majority of which is comprised of independent outside

Directors, can effectively perform its oversight role, the Board has conducted events such as two-day Strategy Workshop and site visits. The Board also periodically receives reports on and discusses sustainability and information security matters, which are more focused on recently, and oversees such matters.

The Nominating Committee determines the content of proposals regarding the appointment/dismissal of Directors to be submitted for approval at the General Meeting of Shareholders,

and evaluates management succession plans for the CEO and other executives. The Compensation Committee sets policy on the content of compensation for Directors, Corporate Executive Officers and other officers, and also determines or oversees the determination of their individual compensation in accordance with such policy. The Audit Committee monitors the performance of duties by Directors and Corporate Executive Officers, and oversees the independent auditor.

Board of Directors (As of July 31, 2024)



1 Kenichiro Yoshida



2 Hiroki Totoki



3 Yoshihiko Hatanaka



4 Wendy Becker



5 Sakie Akiyama



6 Keiko Kishigami



7 Joseph A. Kraft Jr.



8 Neil Hunt



9 William Morrow



10 Shingo Konomoto

As of July 31, 2024

Name	Position / Principal Activities Outside Sony	Years as Director	Committee Membership/Assignment				Experience and Expertise, Etc.						
			Audit Committee Member	Nominating Committee Member	Compensation Committee Member	Director in Charge of Information Security	CEO or Equivalent Position of Business Enterprise	Global Business	Diversity (Gender/ Nationality)	Engineering/ IT/ Technology	Sony Group Business Segment/ Relevant Industry	Finance/ Accounting	Risk Management/ Government Relations
1 Kenichiro Yoshida	Representative Corporate Executive Officer, Chairman and Chief Executive Officer	10			—		●	●		●	2	●	●
2 Hiroki Totoki	Representative Corporate Executive Officer, President, Chief Operating Officer and Chief Financial Officer	5			—		●	●		●	2	●	●
3 Yoshihiko Hatanaka ¹ (Chair of the Board)	External Director, Shiseido Company, Limited Former Representative Director, Chairman of the Board, Astellas Pharma Inc.	5		Chair			●	●			● (Healthcare)	●	●
4 Wendy Becker ¹ (Vice Chair of the Board)	Chairperson of the Board, Logitech International S.A. Independent Non-Executive Director, Chair of Remuneration Committee, GSK plc	5			Chair		●	●	●		● (Tele-communication Service/ Consumer Goods)		●
5 Sakie Akiyama ¹	Founder, Saki Corporation	5					●	●	●	●	● (IT/Devices)		
6 Keiko Kishigami ¹	Certified Public Accountant in Japan Board Member, WWF Japan	4						●	●			●	●
7 Joseph A. Kraft Jr. ¹	CEO, Rorschach Advisory Inc.	4	Chair					●	●		● (Financials)	●	●
8 Neil Hunt ¹	Non-Executive Director, Roku, Inc. Former Chief Product Officer, Netflix, Inc.	1						●	●	●	● (Entertainment/ IT/ Software)		●
9 William Morrow ¹	CEO, DIRECTV Entertainment Holdings LLC	1					●	●	●	●	● (Tele-communication Service/ Entertainment)	●	●
10 Shingo Konomoto ¹	Chairman, Member of the Board, Nomura Research Institute, Ltd.	Newly appointed					●	●		●	● (IT)	●	●

1. An outside Director who satisfies the requirements under Article 2, Item 15 of the Companies Act of Japan

2. Executive Directors Kenichiro Yoshida and Hiroki Totoki have comprehensive knowledge of each business of Sony and play important roles in developing and executing strategies of overall management of Sony.

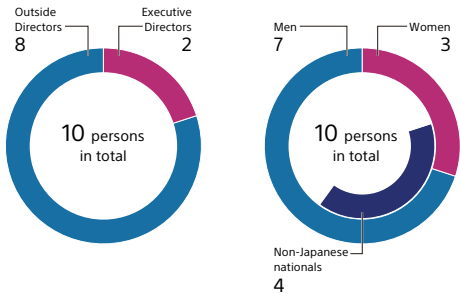
Policy Regarding Composition of the Board

With a view toward securing effective oversight by the Board, the Nominating Committee reviews and selects candidates for the Board with the aim of ensuring that a substantial part of the Board is comprised of qualified outside Directors that satisfy the requirements established by Sony and by law. The Nominating Committee selects candidates that it views as well-suited to be Directors in light of the Board's purpose of enhancing Sony's corporate value. The Nominating Committee broadly considers various relevant factors, including a candidate's capabilities (such as work and other experience, achievements and

expertise), availability, and independence, as well as diversity (including gender and internationality) in the boardroom, the appropriate size of the Board, and the knowledge, experience and talent the role requires.

Under the Board Charter, Sony Group Corporation also requires that the Board consist of at least 8, but no more than 14, Directors. In addition, since 2005 the majority of the members of the Board have been outside Directors. As of July 31, 2024, the Chair and the Vice Chair of the Board and all members of the Audit Committee, the Nominating Committee and the Compensation Committee are outside Directors.

Composition of Board of Directors



Reasons for Specification of the Experience and Expertise, Etc., Required of Directors of the Corporation

Experience and Expertise, Etc.	Reason for Specification
CEO or Equivalent Position of Business Enterprise	As the Board is required to comprehensively oversee the management of the Sony Group, the Corporation believes that experience and knowledge in corporate leadership as a top executive are important, and therefore specified this criterion.
Global Business	As the Sony Group has developed all its businesses globally and has headquartered half of its six main business segments in the U.S., the Corporation believes that management experience and insight developed in companies with global operations are important, and therefore specified this criterion.
Diversity (Gender/Nationality)	As the Sony Group operates diverse businesses, the Corporation believes that it is important to appoint Directors with various backgrounds, including gender and nationality, to oversee the management from multiple perspectives, and therefore specified this criterion.
Engineering/IT/Technology	As the Corporation brands itself "A Creative Entertainment Company with a Solid Foundation of Technology," the Corporation believes that experience and knowledge in technological research and development, as well as in the development of products and services using IT/digital technologies, are important, and therefore specified this criterion.
Sony Group Business Segment/ Relevant Industry	As the Board is required to evaluate the restructuring of the Corporation's business portfolio, as well as supervise the Sony Group's six main businesses segments, the Corporation believes that experience and knowledge related to its businesses or its relevant industries are important, and therefore specified this criterion.
Finance/Accounting	As the Board is required to supervise the Sony Group's financial strategies and accounting practices effectively, the Corporation believes that experience and knowledge in finance and accounting are important, and therefore specified this criterion.
Risk Management/Government Relations	As the Board is required to oversee responses to major changes in the environment surrounding the Sony Group including geopolitical risks, information security, and the rise of new technologies such as AI, global environmental challenges and social division, the Corporation believes that experience and knowledge in risk evaluation and management, and experience and knowledge in government agencies/NGOs/specialized institutions are important, and therefore specified this criterion.

Strengthening Corporate Governance

Governance at Sony

Historically, Sony has consistently focused on effective group management by evolving its governance while diversifying its businesses, the regions it serves and its capital procurement methods. Sony therefore sees corporate governance as the basis for management that improves corporate value over the medium- to long-term as highly important, not simply as a response to legal requirements or social trends.

To realize Sony's Purpose and achieve sustainable corporate growth, Sony continuously strives to operate the Sony Group effectively by maintaining objective, transparent and sound management and realizing timely and efficient decision-making.

Sony clearly separates its management and oversight functions,

and enhances the independence of the Board of Directors ("the Board") and its functions as an oversight organization to ensure objective, transparent and sound management. In addition, Sony enables timely and efficient decision-making by largely delegating authority for conducting Sony's business operations from the Board to the management team.

An outstanding governance system is becoming more important than ever for earning greater trust from stakeholders. Sony will therefore work to further enhance its governance system.

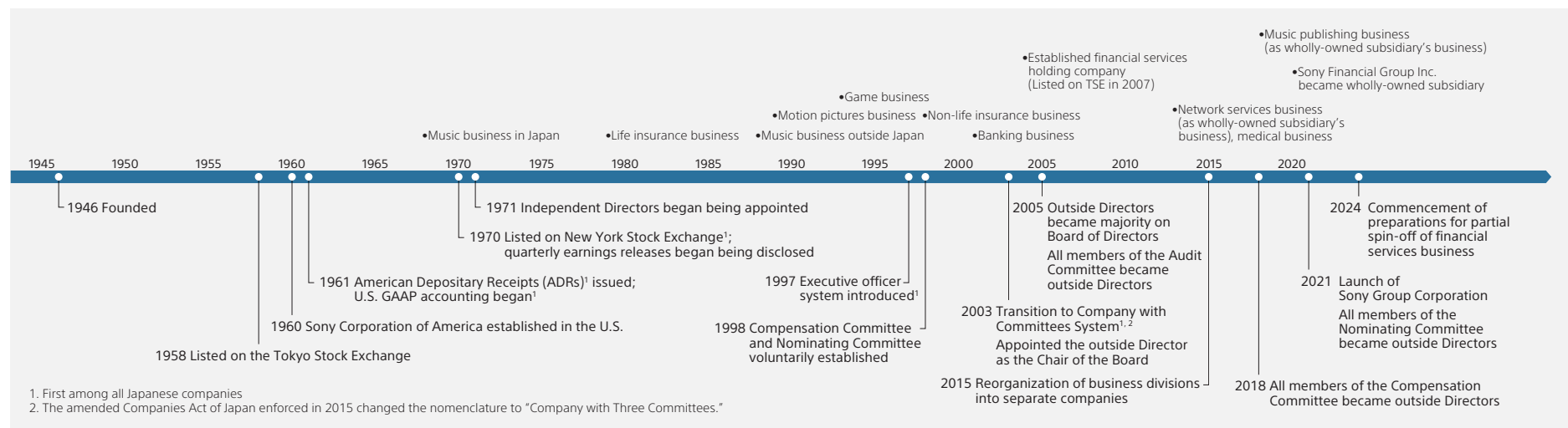
Healthy Tension is Key to Governance

Sony emphasizes healthy tension between the Board and the management team to ensure highly effective governance, and accordingly, it clearly separates the oversight function of the

Board and the management function of the management team.

The Board is responsible for oversight. While utilizing each Committee, the Board primarily reviews and approves Sony's basic management policies, confirms their progress, and encourages the management team to take corrective action as necessary, including through the exercise of its authority over personnel matters. At the same time, the management team is responsible for outcomes of business operations and assumes accountability to the Board. To ensure that these systems operate effectively, Sony believes that a majority of the Board should be comprised of independent outside Directors, including the Chair and the Vice Chair of the Board.

Evolution of Governance along with Diversification of Businesses



Sony's Governance System (Monitoring Model):
Separation of Management and Oversight

Enhancing the Independence and Oversight Functions
of the Board

- Adopted the “Company with Three Committees” system in 2003
- 8 out of 10 members of the Board are outside Directors
- Appointed an outside Director as the Chair and the Vice Chair of the Board
- All members of the Audit Committee, the Nominating Committee and the Compensation Committee are outside Directors
- Require additional independence requirements and limit re-election for outside Directors*

* In principle, re-election is limited to five times. Thereafter, re-election requires a resolution of the Nominating Committee and the consent of all of the Directors. Even with the consent of all of the Directors, in no event may any outside Director be reelected more than eight times.

Delegation of Authority

The Board has the authority to determine basic management policy, and ensures timely decision-making by largely delegating its authority for business operations to the management team.

Continuously Improving Governance

Sony's governance is a continuously evolving management system. Sony has conducted evaluations of the effectiveness of the Board and each Committee (“Evaluation”) annually since 2015. An outside counsel conducted the Evaluation in respect of the Board and Committee activities in the fiscal year ended March 31, 2024, and reported that the Board is established and operated in a manner sufficient to be highly appreciated, based on various points, including the self-evaluation results of the Directors and comparison with benchmarked companies in Japan and the United States. Following discussion and analysis based on the Evaluation, the Board affirmed that the Board and each Committee were functioning effectively.

Major efforts to improve effectiveness of Sony's Board of Directors and Committees for the fiscal year ended March 31, 2024 and operation policy and priority matters of Sony's Board of Directors and Committees for the fiscal year ending March 31, 2025 based on the result of the Evaluation are as follows. Sony aims to continuously take appropriate actions to

further enhance functions of the Board and the Committees in response to the results of the Evaluation, as well as various comments and opinions given by Directors and the outside counsel during the Evaluation process.

Management Succession

Sony places priority on CEO succession to realize sustainable value creation throughout the Sony Group. In the CEO succession planning process, the Nominating Committee, composed entirely of independent outside Directors, vets potential successors based on the Sony CEO's qualifications. It does so in frequent consultation with executives, including the CEO, and reports its recommendations to the Board of Directors. In addition to CEO succession planning, the Nominating Committee assesses succession plans for Senior Executives with key management responsibilities for individual business units and headquarters functions, based on reports from management side, including the CEO.

CEO Succession Planning Process

CEO succession planning involves defining the qualifications that Sony seeks in CEOs able to manage its diverse businesses as a unified Group, screening both internal and external candidates, and comparing the two groups, so as to ensure the thoroughly objective evaluation of successor candidates. Sony looks for candidates both internally and externally on a year-round basis. The Nominating Committee narrows down the pool of candidates by vetting them in light of their potential to fulfill the CEO role, and then reviews both near-term and longer-term CEO successor candidates based on their anticipated timelines toward becoming CEO.

Major Efforts to Improve
Effectiveness of Sony's Board
of Directors and Committees
(FY2023)

- Formulate the fifth mid-range plan (FY2024-FY2026)
- Intensively review and effectively supervise the following items:
 - Sustainability (including climate change, human rights, DE&I, and accessibility)
 - Risk management (including information security and geopolitical risks)
 - AI and group collaboration through IP collaboration

Operation Policy and Priority
Matters of Sony's Board of
Directors and Committees
(FY2024)

- Monitoring the progress of the fifth mid-range plan and long-term growth strategy
- Deepening discussion and supervision over focus areas, including growth through IP value maximization and technology platform supporting IP value maximization
- Risk management, including cybersecurity and economic security/geopolitical risks
- Selection of Director candidates to ensure diversity/continuity of the Board of Directors
- Further consideration of the use of stock-based compensation and strengthening remuneration governance measures
- Audit Committee to ensure effective cooperation with management side and appropriate relationships with the accounting auditor and internal audit department

Promoting Dialogue with Shareholders/Investors

To foster trust with shareholders and investors as well as maximize corporate value, under the leadership of the CFO, Sony promotes constructive dialogue with shareholders and investors, primarily conducted by the SVP and the department in charge of investor relations.

In FY2023, Sony held individual interviews and group meetings conducted by the SVP and the department in charge of investor relations. Sony also held investor briefings such as the Corporate Strategy Meeting, the Business Segment Meeting, and the Sustainability Meeting, all conducted by the management team including the CEO, COO/CFO, and the heads of headquarter functions and each business segment, in addition to an image sensor manufacturing site tour. After such events, Sony conducted individual interviews and group meetings and had dialogues with a wide range of Japanese and non-Japanese institutional investors. There were also opportunities for individual dialogues between an outside Director and a company which provides advisory services to institutional investors.

In addition to an overview of financial results, the interests of investors at these dialogues included the business environment, competitive advantages and growth potential of the entertainment businesses, mainly the gaming business, and the image sensor business; progress in creating synergies among businesses within the Group; business opportunities and risks resulting from generative AI; initiatives in new areas such as mobility; Sony's policy regarding the business portfolio and M&A, including the partial spin-off of the Financial Services business; a review of the fourth mid-range plan; the details of the fifth mid-range plan; the policy regarding shareholder returns; and sustainability initiatives, including the environment. The department in charge of investor relations reports the interests and opinions of investors obtained through such dialogues as feedback to the Board and management team in a timely manner to enhance Sony's future dialogues, including by

expanding disclosure.

In addition to dialogues with institutional investors, Sony held multiple briefings for individual investors conducted by the department in charge of investor relations in order to encourage active dialogue with individual investors.

Revision of Sony Group Code of Conduct

Sony established the Sony Group Code of Conduct in 2003 and has been continuously working to foster an ethical corporate culture. Sony revised the Code of Conduct on April 1, 2024, reflecting the Sony Group's changed business portfolio as well as recent social and technology trends.

The new Code of Conduct explains concisely and clearly what executives and employees should do in their day-to-day work in alignment with Sony's Purpose & Values. It also provides guidance on how to respond to emerging risks as society and Sony's business change. For example, a section was added entitled "Use Technology Responsibly." While it is important for Sony to use innovative technologies to expand creativity, such technologies sometimes bring related risks that must be properly managed. Sony has introduced individual policies and guidelines to address these issues, and now the new Code of Conduct states Sony's commitment to the responsible use of technology.

Sony is updating its global Code of Conduct training programs to align with the new Code and is ensuring that the new Code of Conduct is distributed throughout the Group, through such training as well as via senior management messaging to further strengthen the Company's ethics and compliance program.

Trust in Sony by a wide range of stakeholders, including shareholders, investors, customers, business partners, society and employees, is essential for its sustainable growth. Sony will continue to build a foundation of trust that supports its value creation through responsible conduct by all Sony executives and employees in line with the principles of the Code.



**Message from the
Senior Vice President,
in charge of Legal,
Compliance
and Privacy**

Kaori Takezawa

Senior Vice President,
in charge of Legal,
Compliance and Privacy

Since our foundation, Sony has been focusing on fostering an ethical corporate culture and earning the trust of stakeholders. Amid the rapid evolution of technology and changes in geopolitical situations, in order to continue to "fill the world with emotion, through the power of creativity and technology," it is vital for us to act responsibly, with due consideration of increasingly complex laws and regulations in various countries and regions.

For example, we see national and regional laws and regulations relating to privacy and personal information being strengthened day by day in response to advances in technologies like AI. Sony is committed to protecting and handling personal information in an ethical manner, and has set policies to do so, as explicitly stated in the revised Code of Conduct.

Based on the principles set forth in our new Code of Conduct, Sony plans to continue to enhance our ethics and compliance programs and pursue responsible behavior in line with changes in Sony's business environment and business portfolio, so that we can ensure our stakeholders' continued trust.

Ensuring Transparent Compensation that Incentivizes Sound Management

Sony's Compensation Committee sets the policy on the content of individual compensation for Directors, Senior Executives and other officers, and determines, or supervises the determination of, the amount and content of individual compensation of Directors and Senior Executives in accordance with the policy.

Basic Policy regarding Director Remuneration

The basic policy for Director remuneration is to improve the supervisory function for business operations based on research regarding remuneration of Directors of other companies. Based on this policy, Director remuneration consists of (1) Fixed remuneration and (2) Stock-based compensation (restricted stocks or restricted stock units). Director remuneration does not include remuneration linked to business results on a short-term basis.

Basic Policy regarding Senior Executive Remuneration

Senior Executives are key members of management responsible for executing operations of Sony or its businesses, and Senior Executive remuneration provides effective incentives to improve

business results on a short-, medium-, and long-term basis in order to further improve corporate performance as a whole. The amount of each component and its percentage of total compensation are determined in accordance with the individual's level of responsibility, emphasizing linking the remuneration to business results and shareholder values*. Based on this policy, Senior Executive remuneration consists of (1) Fixed remuneration, (2) Remuneration linked to business results, (3) Stock-based compensation (Stock acquisition rights, and restricted stocks or restricted stock units), and (4) the Phantom restricted stock plan. In order to ensure that remuneration linked to business results effectively incentivizes Senior Executives to achieve financial targets for the medium- to long-term and financial targets for the fiscal year for which compensation will be paid, the amount of such remuneration is determined based on the level of achievement of the two metrics below and can fluctuate, in principle, from 0% to 200% of the standard payment amount in FY2024.

(i) Certain key performance indicators linked to the consolidated or individual business results of Sony during the fiscal year, such as Operating Income and Operating Income Margin, which are selected based on the areas for which each

Senior Executive is responsible.

(ii) Achievement of the Group Sustainability Evaluation.

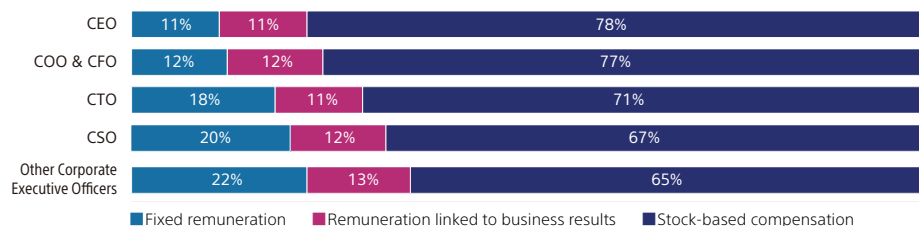
Group Sustainability is an evaluation of efforts by executives to enhance the medium- to long-term corporate value and sustainable growth of the Sony Group as a whole, not being limited to their respective businesses and organizations, including management succession and investment in human capital, sustainability initiatives related to social value creation and ESG, value creation through collaborations among businesses of Sony, and engagement indicators based on employee surveys.

Stock acquisition rights, and restricted stocks or restricted stock units are granted as stock-based compensation to increase the willingness of executives/employees to contribute to the enhancement of Sony's corporate value, and thereby to increase business results of Sony.

Implementation of the Clawback Policy

To strengthen governance, Sony has adopted a clawback policy, with an effective date of October 2, 2023, in compliance with the new rules adopted by the Securities and Exchange Commission in October 2022.

The Clawback Policy provides for the mandatory recovery of erroneously awarded incentive-based compensation received by any Executive Officer during the three-fiscal-year period prior to the date Sony Group Corporation is required to prepare an Accounting Restatement, in accordance with the above rules. The amount of erroneously awarded incentive compensation that the Executive Officer(s) would be required to repay is the amount of incentive-based compensation paid to the Executive Officer(s) that exceeds the amount the Executive Officer(s) would have received had it been determined based on the restated amounts, computed without regard to any taxes paid. The recovery of such compensation applies regardless of whether an Executive Officer engaged in misconduct or otherwise caused or contributed to the requirement of an accounting restatement.



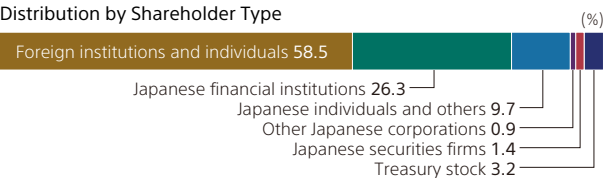
* Reference: Executive Compensation Package Designed to Focus on Long-Term Management (FY2023)

The above chart shows the components of remuneration for Corporate Executive Officers for FY2023. The standard payment amount is used to depict remuneration linked to business results and stock-based compensation is calculated based on the fair value of stock acquisition rights and the issue price of restricted stock as of the date granted in FY2023. Accordingly, the proportion of each component based on the amount actually paid will differ from the chart. Due to rounding, individual sums may not total 100%.

Group Information

Corporate Data (As of March 31, 2024)

Company name	Sony Group Corporation
Founded	May 7, 1946
Headquarters	1-7-1 Konan, Minato-ku, Tokyo 108-0075, Japan
Common stock	881.4 billion yen
Subsidiaries	1,667
Affiliated companies	163
	Out of which 1,634 are consolidated subsidiaries (including structured entities), and 150 are equity-method affiliates (including jointly-controlled entities)
Headcount (consolidated)	113,000
Listed stock exchanges	Tokyo Stock Exchange (Japan) New York Stock Exchange (outside Japan)
Shares per unit	100
Fiscal year-end	March
Ordinary general meeting of shareholders	June
Number of shares issued	1,261,231,889
Number of shareholders	373,144

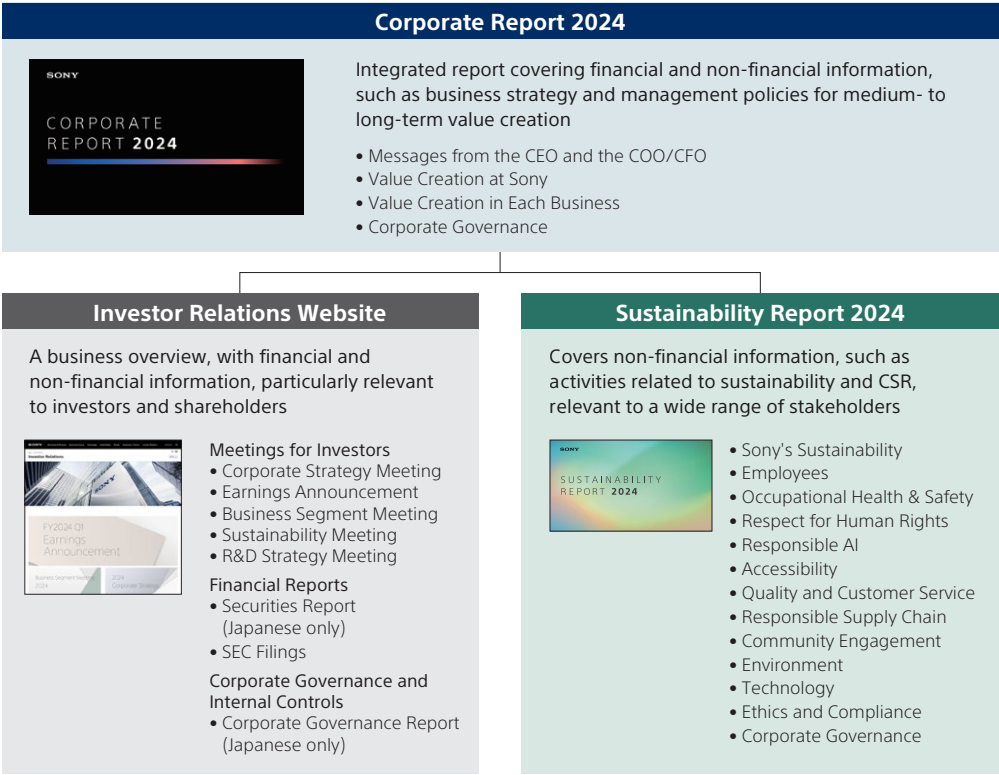


Selection for ESG Indices



2024 CONSTITUENT MSCI NIHONKABU
ESG SELECT LEADERS INDEX

Disclosure of Financial and Non-Financial Information



FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company) confirms that Sony Group Corporation has been independently assessed according to the criteria of the FTSE4Good and FTSE Blossom Index Series and has satisfied the requirements to become a constituent of those index series. Created by the global index provider FTSE Russell, those index series are designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices and used by a wide variety of market participants to create and assess responsible investment funds and other products.

THE INCLUSION OF SONY GROUP CORPORATION IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF SONY GROUP CORPORATION BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.

Cautionary Statement

Statements made in this report 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. Sony adopted International Financial Reporting Standards (IFRS) starting in the three-month period ended June 30, 2021, in lieu of the previously applied generally accepted accounting principles in the United States (U.S. GAAP). The results for the fiscal year ended March 31, 2021 are also presented in accordance with IFRS. Investors also should not rely on any obligation of Sony to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Sony disclaims any such obligation. Risks and uncertainties that might affect Sony include, but are not limited to:

- (i) Sony's ability to maintain product quality and customer satisfaction with its products and services;
- (ii) Sony's ability to continue to design and develop and win acceptance of, as well as achieve sufficient cost reductions for, its products and services, including image sensors, game and network platforms, smartphones and televisions, which are offered in highly competitive markets characterized by severe price competition and continual new product and service introductions, rapid development in technology and subjective and changing customer preferences;
- (iii) Sony's ability to implement successful hardware, software, and content integration strategies, and to develop and implement successful sales and distribution strategies in light of new technologies and distribution platforms;
- (iv) the effectiveness of Sony's strategies and their execution, including but not limited to the success of Sony's acquisitions, joint ventures, investments, capital expenditures, restructurings and other strategic initiatives;
- (v) changes in laws, regulations and government policies in the markets in which Sony and its third-party suppliers, service providers and business partners operate, including those related to taxation, as well as growing consumer focus on corporate social responsibility;
- (vi) Sony's continued ability to identify the products, services and market trends with significant growth potential, to devote sufficient resources to research and development, to prioritize investments and capital expenditures correctly and to recoup its investments and capital expenditures, including those required for technology development and product capacity;
- (vii) Sony's reliance on external business partners, including for the procurement of parts, components, software and network services for its products or services, the manufacturing, marketing and distribution of its products, and its other business operations;

- (viii) the global economic and political environment in which Sony operates and the economic and political conditions in Sony's markets, particularly levels of consumer spending;
- (ix) Sony's ability to meet operational and liquidity needs as a result of significant volatility and disruption in the global financial markets or a ratings downgrade;
- (x) Sony's ability to forecast demands, manage timely procurement and control inventories;
- (xi) foreign exchange rates, particularly between the yen and the U.S. dollar, the euro and other currencies in which Sony makes significant sales and incurs production costs, or in which Sony's assets, liabilities and operating results are denominated;
- (xii) Sony's ability to recruit, retain and maintain productive relations with highly skilled personnel;
- (xiii) Sony's ability to prevent unauthorized use or theft of intellectual property rights, to obtain or renew licenses relating to intellectual property rights and to defend itself against claims that its products or services infringe the intellectual property rights owned by others;
- (xiv) the impact of changes in interest rates and unfavorable conditions or developments (including market fluctuations or volatility) in the equity and bond markets on the revenue and operating income of the Financial Services segment;
- (xv) shifts in customer demand for financial services such as life insurance and Sony's ability to conduct successful asset liability management in the Financial Services segment;
- (xvi) risks related to catastrophic disasters, geopolitical conflicts, pandemic disease or similar events;
- (xvii) the ability of Sony, its third-party service providers or business partners to anticipate and manage cybersecurity risk, including the risk of unauthorized access to Sony's business information and the personally identifiable information of its employees and customers, potential business disruptions or financial losses; and
- (xviii) the outcome of pending and/or future legal and/or regulatory proceedings.

Risks and uncertainties also include the impact of any future events with material adverse impact. The continued impact of developments relating to the situations in Ukraine and Russia and in the Middle East 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.

Note Regarding the Financial Information Excluding Financial Services

Financial information excluding Financial Services presented in this report is not in accordance with International Financial Reporting Standards (IFRS), which is used by Sony to prepare its consolidated financial statements. However, because the Financial Services segment is different in nature from Sony's other segments, Sony utilizes this information to analyze its results excluding the Financial Services segment and believes that a comparative presentation may be useful in understanding and analyzing Sony's consolidated financial statements.

Editorial Policy

Sony's *Corporate Report 2024* is an integrated report that covers the worldwide business activities of the Sony Group on a consolidated basis. The report's purpose is to comprehensively communicate financial information, including business results, policies for medium- to long-term value creation and business strategies, and non-financial information to Sony's stakeholders.

Reporting Scope

Scope: Sony Group Corporation, consolidated subsidiaries and other companies within the scope of consolidation

Period: FY2023 (April 1, 2023–March 31, 2024)
Certain subsequent information announced by September 13, 2024 is also included.

Note: In this report, "Sony" and "the Group" refer to the "Sony Group," as distinct from Sony Group Corporation and Sony Corporation. The "Sony Group" refers to Sony Group Corporation (the parent company operating in Japan) and all consolidated subsidiaries in which Sony Group Corporation holds a capital stake of more than 50%.
For a list of consolidated subsidiaries please see "Affiliated Companies" on Sony's website.

Affiliated Companies

<https://www.sony.com/en/SonyInfo/CorporateInfo/Subsidiaries/>

Guidelines Referenced

Integrated Reporting, International Integrated Reporting Council
Guidance for Collaborative Value Creation, Ministry of Economy, Trade and Industry, Government of Japan
Environmental Reporting Guidelines 2018, Ministry of the Environment, Government of Japan
GRI Standards, Global Reporting Initiative

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SONY