

SONY

Q2 FY2024 Consolidated Financial Results

(Three months ended September 30, 2024)

November 8, 2024

Sony Group Corporation

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

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

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

- **Q2 FY2024 Consolidated Financial Results and FY2024 Consolidated Results Forecast**
- **Segments Outlook**

- Today, Matsuoka, Hayakawa and Yamada will explain the contents shown here, and I will give a general summary at the end.

Q2 FY2024 Consolidated Results

	Sony without Financial Services			Consolidated			(Bln Yen)
	Q2 FY23	Q2 FY24	Change	Q2 FY23	Q2 FY24	Change	
Sales ^{*1}	2,728.9	2,973.4	+244.5 (+9%)	2,828.6	2,905.6	+77.0 (+3%)	
Operating income	247.3	389.3	+142.0 (+57%)	263.0	455.1	+192.1 (+73%)	
Operating income margin	9.1%	13.1%	+4.0 pts	9.3%	15.7%	+6.4 pts	
Income before income taxes	241.9	384.5	+142.6 (+59%)	257.6	450.2	+192.7 (+75%)	
Net income attributable to Sony Group Corporation's stockholders	189.4	291.9	+102.5 (+54%)	200.1	338.5	+138.4 (+69%)	
Net income attributable to Sony Group Corporation's stockholders per share of common stock (diluted) ^{*2}	30.62 yen	48.06 yen	+17.44 yen	32.35 yen	55.74 yen	+23.39 yen	
Adjusted OIBDA ^{*3}	403.3	554.2	+150.9 (+37%)	425.9	626.7	+200.8 (+47%)	
Adjusted EBITDA ^{*3}	403.7	534.7	+131.0 (+32%)	426.4	607.2	+180.9 (+42%)	
Average Rate							
1 US dollar	144.4 yen	149.5 yen					
1 Euro	157.2 yen	164.1 yen					

Adjusted OIBDA, Adjusted EBITDA and figures for Sony without Financial Services are not measures in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards"). However, Sony believes that these disclosures may be useful information to investors.

For further details about Adjusted OIBDA and Adjusted EBITDA including their formulas and reconciliations, see pages 23-29 (applies to all following pages).

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

*2 Sony conducted a five-for-one stock split of its common stock effective October 1, 2024, with a record date of September 30, 2024. The above figures for Net income attributable to Sony Group Corporation's stockholders per share of common stock (diluted) are calculated based on the assumption that the stock split was conducted at the beginning of FY23 (applies to all following pages).

*3 The differences between Adjusted EBITDA and Adjusted OIBDA on a consolidated basis represent financial income and financial expenses (excluding interest expenses, net, and gains on revaluation of equity instruments, net).

Adjusted EBITDA by segment is not calculated and disclosed because Sony does not include financial income and financial expenses in its performance evaluations by segment, mainly due to the fact that Sony manages its foreign exchange exposure centrally and globally, except for the Financial Services segment (applies to all following pages).

- Consolidated sales excluding the Financial Services segment for the quarter increased 9% compared to the same quarter of the previous fiscal year ("year-on-year") to 2 trillion 973.4 billion yen.
- Operating income increased 57% to 389.3 billion yen, a record high for the second quarter and the first half of the fiscal year.
- Consolidated sales including the Financial Services segment increased 3% year-on-year to 2 trillion 905.6 billion yen, operating income increased 73% to 455.1 billion yen, a record high for the second quarter, and net income increased 69% to 338.5 billion yen.

Q2 FY2024 Results by Segment

(Bln Yen)

		Q2 FY23	Q2 FY24	Change	FX Impact
Game & Network Services (G&NS)	Sales	954.1	1,071.5	+117.4	+33.2
	Operating income	48.9	138.8	+89.9	+4.3
Music	Sales	408.7	448.2	+39.5	+10.7
	Operating income	81.0	90.4	+9.4	
Pictures	Sales	399.6	355.8	-43.8	+11.0
	Operating income	29.4	18.5	-11.0	
Entertainment, Technology & Services (ET&S)	Sales	613.5	619.8	+6.2	+15.0
	Operating income	61.0	70.2	+9.1	+3.5
Imaging & Sensing Solutions (I&SS)	Sales	406.3	535.6	+129.3	+29.7
	Operating income	46.4	92.4	+46.1	+22.9
All other	Sales	24.2	23.9	-0.3	
	Operating income	2.1	-6.5	-8.6	
Corporate and elimination	Sales	-81.8	-85.8	-4.0	
	Operating income	-21.5	-14.4	+7.0	
Sony without Financial Services*	Sales	2,728.9	2,973.4	+244.5	
	Operating income	247.3	389.3	+142.0	
Financial Services*	Revenue	103.9	-63.3	-167.2	
	Operating income	15.7	65.7	+50.1	
Consolidated total*	Sales	2,828.6	2,905.6	+77.0	
	Operating income	263.0	455.1	+192.1	

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

Figures for Sony without Financial Services are not measures in accordance with IFRS Accounting Standards. However, Sony believes that these disclosures may be useful information to investors.

* Transactions between the Financial Services segment and Sony without Financial Services are included in those respective figures but are eliminated in the consolidated figures. Because such eliminations are included in Corporate and elimination in full in the above chart, the figures for Sony without Financial Services differ from the sum of the figures for all segments excluding the Financial Services segment (applies to all following pages).

- The results by segment for the quarter are shown on this slide.

FY2024 Consolidated Results Forecast

(Bln Yen)

	Sony without Financial Services				Consolidated			
	FY23	FY24 FCT			FY23	FY24 FCT		
		August	November	Change		August	November	Change
Sales	11,265.0	11,700	11,800	+100 (+1%)	13,020.8	12,610	12,710	+100 (+1%)
Operating income	1,035.3	1,165	1,165	–	1,208.8	1,310	1,310	–
Operating income margin	9.2%	9.9%	9.9%	-0.0 pts	9.3%	10.4%	10.3%	-0.1 pts
Income before income taxes	1,145.1	1,190	1,190	–	1,268.7	1,335	1,335	–
Net income attributable to Sony Group Corporation's stockholders	896.6	875	875	–	970.6	980	980	–
Adjusted OIBDA	1,644.6	1,820	1,825	+5 (+0%)	1,826.1	1,990	1,995	+5 (+0%)
Adjusted EBITDA	1,686.5	1,820	1,825	+5 (+0%)	1,818.0	1,990	1,995	+5 (+0%)
Operating Cash Flow	1,177.8	1,400	1,440	+40 (+3%)	Dividend per Share			
Foreign exchange rate	FY23	FY24 (Assumption)			Interim	Year-end (Planned)*	Total (Planned)*	Year-on-year Change
	(Actual-Average)	Q2-Q4	Q3-Q4					
1 US dollar	144.4 yen	Approx. 148 yen	Approx. 146 yen		50 yen	After stock split 10 yen	–	–
1 Euro	156.6 yen	Approx. 160 yen	Approx. 160 yen			Before stock split 50 yen	100 yen	+15 yen

Adjusted OIBDA, Adjusted EBITDA and figures for Sony without Financial Services are not measures in accordance with IFRS Accounting Standards. However, Sony believes that these disclosures may be useful information to investors.

* Sony conducted a five-for-one stock split of its common stock effective October 1, 2024, with a record date of September 30, 2024. The above year-end dividends per share (planned) represent the amounts after and before the stock split, respectively. The total annual dividend per share (planned) after the stock split is not presented because the total of the interim dividend and the year-end dividend cannot be calculated due to effect of the stock split.

- Next, I will explain our consolidated results forecast for FY24.
- Consolidated sales excluding the Financial Services segment have been increased slightly from the previous forecast to 11 trillion 800 billion yen, operating income is unchanged at 1 trillion 165 billion yen, and operating cash flow has been increased 40 billion yen to 1 trillion 440 billion yen.
- Consolidated sales including the Financial Services segment have been increased slightly from the previous forecast to 12 trillion 710 billion yen. Operating income and net income are unchanged at 1 trillion 310 billion yen and 980 billion yen, respectively.

FY2024 Results Forecast by Segment

(Bln Yen)

		FY23	FY24 August FCT	FY24 November FCT	Change from August FCT
Game & Network Services (G&NS)	Sales	4,267.7	4,320	4,490	+170
	Operating income	290.2	320	355	+35
Music	Sales	1,619.0	1,740	1,740	-
	Operating income	301.7	330	330	-
Pictures	Sales	1,493.1	1,520	1,510	-10
	Operating income	117.7	125	115	-10
Entertainment, Technology & Services (ET&S)	Sales	2,453.7	2,420	2,420	-
	Operating income	187.4	190	190	-
Imaging & Sensing Solutions (I&SS)	Sales	1,602.7	1,850	1,770	-80
	Operating income	193.5	275	250	-25
All Other, Corporate and elimination	Operating income	-55.2	-75	-75	-
Sony without Financial Services	Sales	11,265.0	11,700	11,800	+100
	Operating income	1,035.3	1,165	1,165	-
Financial Services	Revenue	1,770.0	910	910	-
	Operating income	173.6	145	145	-
Consolidated total	Sales	13,020.8	12,610	12,710	+100
	Operating income	1,208.8	1,310	1,310	-

Figures for Sony without Financial Services are not measures in accordance with IFRS Accounting Standards. However, Sony believes that these disclosures may be useful information to investors.

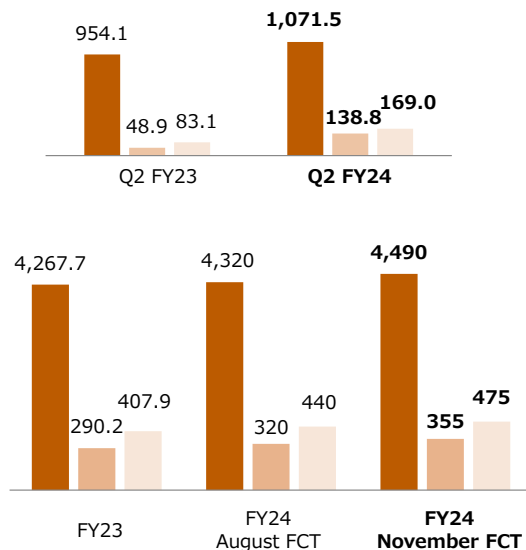
- The full-year forecast by segment is shown here.
- Now, I will move on to an explanation of the state of each business.

Game & Network Services Segment (G&NS Segment)

Sales, Operating Income and Adjusted OIBDA

■ Sales
■ Operating Income
■ Adjusted OIBDA

(Bln Yen)



Q2 FY2024 (year-on-year)

- Sales: 117.4 bln yen (12%) significant increase (FX Impact: +33.2 bln yen)
 - (+) Increase in sales of non-first-party game software titles including add-on content
 - (+) Impact of foreign exchanges rates
 - (+) Increase in sales from network services, mainly PlayStation® Plus
 - (-) Decrease in sales of hardware due to a decrease in unit sales
- OI: 89.9 bln yen (184%) significant increase (FX Impact: +4.3 bln yen)
/ Adjusted OIBDA: 85.9 bln yen (103%) significant increase
 - (+) Improvement in hardware profitability
 - (+) Impact of increase in sales of non-first-party game software titles
 - (+) Impact of increase in sales from network services

FY2024 Forecast (change from August forecast)

- Sales: 170 bln yen (4%) upward revision
 - (+) Increase in sales of non-first-party game software titles
- OI: 35 bln yen (11%) upward revision
/ Adjusted OIBDA: 35 bln yen (8%) upward revision
 - (+) Improvement in hardware profitability
 - (+) Impact of increase in sales of non-first-party game software titles
 - (-) Impact of decrease in sales of first-party game software titles

- First is the G&NS segment.
- Sales for the quarter increased 12% year-on-year to 1 trillion 71.5 billion yen primarily due to an increase in third-party software sales, despite a decrease in hardware sales.
- Operating income increased 184% year-on-year to 138.8 billion yen, a new record high for this segment in the second quarter, due to an increase in the profit of hardware, third-party software and network services.
- We have increased the full-year forecast for sales 4% from the previous forecast to 4 trillion 490 billion yen.
- Taking into account the results of the quarter, we expect operating income to increase 11% to 355 billion yen, a new record high for profit for this segment.

Platform Business Group

Network Services



Content



Peripherals



Vertical stands sold separately.
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- Now I will discuss the state of the business, starting with our platform business.
- The number of monthly active users across all PlayStation (“PS”) platforms in September increased 8% compared to the same month last year to 116 million accounts, marking the eighth consecutive quarter of growth compared to the same period of the previous year.
- Total play time also increased 14% compared to the same month last year and 11% on a cumulative basis since the beginning of the current fiscal year compared to the same period of the previous fiscal year, demonstrating steady growth for the platform.
- PS Plus is providing a stable base of earnings as sales on a U.S. dollar basis increased 18% year-on-year. This is due to an increase in ARPU (average revenue per user) primarily resulting from a shift to higher tiers of service and the impact of price revisions.
- As for third-party software, sales significantly grew due to contributions from solid franchise titles as well as hit new IP, including a new sports title and an action RPG title from China.

Studio Business Group

A collage of various PlayStation game characters and scenes, including Kratos from God of War, Ellie from The Last of Us, Sackboy from Sackboy: A Big Adventure, and others, arranged in a circular pattern around the PlayStation Studios logo. The background is a dark blue gradient with a subtle geometric pattern.

- 9

Game & Network Services



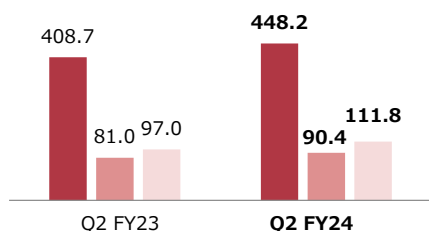
- As the quarterly results show, the platform business has strong momentum, and we expect to see stable expansion of user engagement and associated revenue growth in the second half and beyond.
- In the studio business, we expect sales and profits to decline in the second half of this fiscal year compared to the same period of last fiscal year, when *Marvel's Spider-Man 2* and *Helldivers 2* were huge hits. However, we are making steady progress in the development of new titles and in improving our live service game processes.
- Starting with *Ghost of Yōtei*, which is a sequel to the smash hit *Ghost of Tsushima*, we plan to continue releasing major single-player game titles every year from next fiscal year onwards.

Music Segment

Sales, Operating Income and Adjusted OIBDA

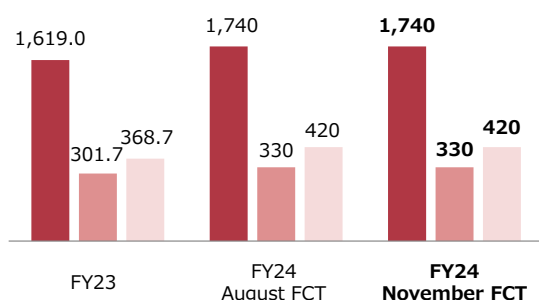
(Bln Yen)

■ Sales
■ Operating Income
■ Adjusted OIBDA



Q2 FY2024 (year-on-year)

- Sales: 39.5 bln yen (10%) increase (FX Impact: +10.7 bln yen)
 - (+) Higher revenues from live events, merchandising and licensing in Recorded Music
 - (+) Higher revenues from streaming services in Recorded Music and Music Publishing
 - (+) Impact of foreign exchange rates
- OI: 9.4 bln yen (12%) increase / Adjusted OIBDA: 14.7 bln yen (15%) increase
 - (+) Impact of increase in Recorded Music and Music Publishing sales
 - (+) Remeasurement gain on existing equity resulting from the consolidation of eplus inc.
 - (-) Increase in selling, general and administrative expenses



FY2024 Forecast (change from August forecast)

- Sales: Remains unchanged from August forecast
- OI / Adjusted OIBDA: Remain unchanged from August forecast

- Next is the Music segment.
- Sales for the quarter increased 10% year-on-year to 448.2 billion yen and operating income increased 12% to 90.4 billion yen, primarily due to an increase in live performance, merchandising and licensing revenues, as well as streaming revenue.
- Streaming revenue for the quarter increased 9% year-on-year for both Recorded Music and Music Publishing, a 5% and 6% increase, respectively, on a U.S. dollar basis.
- The FY24 forecast remains unchanged from the previous forecast.

Music



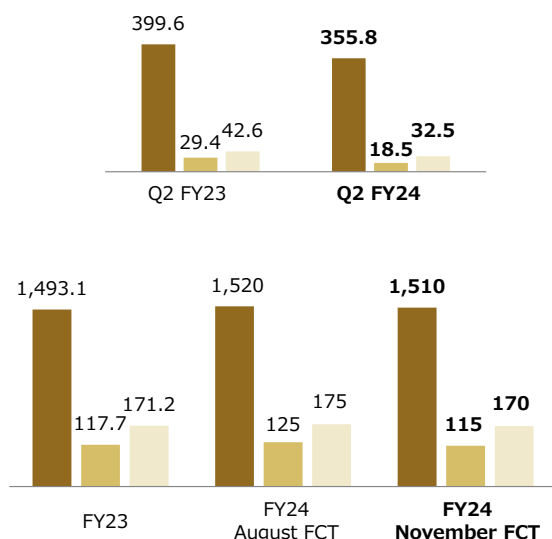
- We are expanding our business globally in markets where streaming is growing quickly, such as emerging markets, including through digital music distribution and artist services provided by The Orchard and AWAL.
- On the other hand, in countries and territories where streaming is more widespread, consumption of catalog music is increasing. For example, the share of consumption of catalog music released more than 18 months ago reached 73% in the Recorded Music market in the U.S.
- Additionally, in the Spotify Global Top 200, the share of songs released more than 10 years ago has increased significantly from less than 5% in calendar year 2020 to more than 20% this year through the end of July 2024.
- This is primarily due to a shift in the age demographic of users to more mature age groups in those countries and territories, as well as younger listeners having more opportunities to consume major hit songs from the past, due to discovery on such things as social media platforms.
- We have carefully selected such evergreen music catalogs and acquired them through investment or the signing of licensing agreements. These music catalog assets serve as a stable earnings foundation for the long term not only from the consumption of streaming but also from use in media such as movies and advertisements.
- Additionally, by also acquiring name, image and likeness rights related to music artists for some catalogs, we are pursuing additional monetization opportunities such as merchandising and experiential live events that use these rights.

Pictures Segment

Sales, Operating Income and Adjusted OIBDA

(Bln Yen)

■ Sales
■ Operating Income
■ Adjusted OIBDA



Q2 FY2024 (year-on-year)

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

■ Sales: 43.8 bln yen (11%) significant decrease

(U.S. dollar basis: -382 mil USD / -14%)

- (-) Lower series deliveries in Television Productions, in part due to production delays related to the strikes in Hollywood in FY23
- (+) Higher revenues for Crunchyroll mainly due to paid subscriber growth
- (+) Impact of the acquisition of Alamo Drafthouse Cinema

■ OI: 11.0 bln yen (37%) significant decrease

(U.S. dollar basis: -81 mil USD / -39%)

/ Adjusted OIBDA: 10.0 bln yen (24%) significant decrease

(U.S. dollar basis: -78 mil USD / -26%)

- (-) Impact of decrease in sales
- (-) Higher programming and marketing costs in the India business in Media Networks

FY2024 Forecast (change from August forecast)

■ Sales: 10 bln yen (1%) downward revision

- (-) Impact of foreign exchange rates

■ OI: 10 bln yen (8%) downward revision

/ Adjusted OIBDA: 5 bln yen (3%) downward revision

- (-) Impact of lower advertising revenues in the India business in Media Networks

- Next is the Pictures segment.
- Sales in the quarter decreased 11% year-on-year to 355.8 billion yen, primarily due to a decrease in the number of deliveries of television programs in part due to the impact of the strikes in the previous year.
- Operating income decreased 37% year-on-year to 18.5 billion yen, mainly due to the decline in sales.
- For FY24, we forecast sales to decrease slightly from the previous forecast to 1 trillion 510 billion yen and operating income to decrease 8% to 115 billion yen.
- We have revised downward the forecast for operating income from the previous forecast primarily due to a revision in the results forecast of our India business in Media Networks.

Pictures



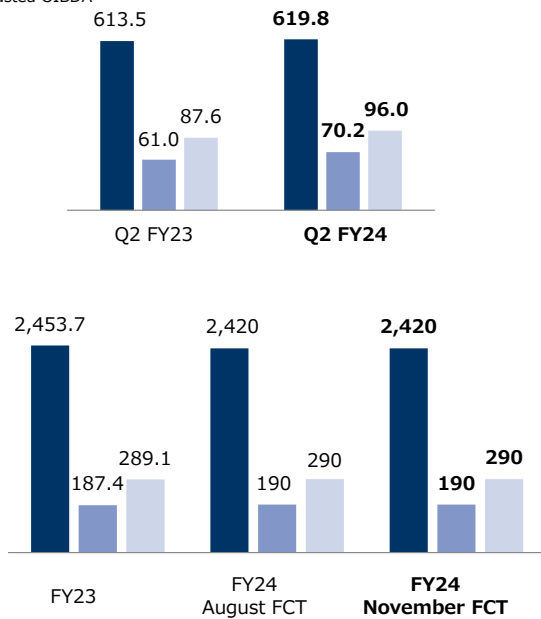
- In Motion Pictures, *It Ends with Us*, a film adaptation of a best-selling novel released on August 9, generated box office revenue that significantly exceeded our expectations and contributed to the results of the quarter.
- We are still recovering from the impact of the strikes, but the number of major films released after the end of the strikes has been increasing, such as *Bad Boys: Ride or Die*, which was released in June, and *Venom: The Last Dance*, which was released last month. We expect television and video streaming service licensing revenues to recover from the second half of this fiscal year through next fiscal year.
- Crunchyroll is actively expanding its global user base, including by partnering with Amazon Prime Video channels and signing a distribution agreement with YouTube Primetime channels, which service is scheduled to launch towards the end of the year.
- Moreover, we have begun streaming many new anime titles from the second half of this fiscal year and aim to further increase engagement with anime fans around the world.
- Regarding our business in India, the operating environment is challenged primarily due to softness in the advertising market and a decrease in viewers of pay television. However, under the new local management team that started in August, we are strengthening our operations and rebuilding our strategy to grow the business over the mid- to long-term, including by continuing to improve viewership through re-strengthening of our programming.

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

Sales, Operating Income and Adjusted OIBDA

(Bln Yen)

■ Sales
■ Operating Income
■ Adjusted OIBDA



Q2 FY2024 (year-on-year)

- Sales: 6.2 bln yen (1%) increase (FX Impact: +15.0 bln yen)
·(+) Impact of foreign exchange rates
- OI: 9.1 bln yen (15%) increase (FX Impact: +3.5 bln yen)
/ Adjusted OIBDA: 8.4 bln yen (10%) increase
·(+) Positive impact of foreign exchange rates
·(+) Reductions in operating expenses

FY2024 Forecast (change from August forecast)

- Sales : Remains unchanged from August forecast
- OI / Adjusted OIBDA: Remain unchanged from August forecast

- Next is the ET&S segment.
- Sales for the quarter were 619.8 billion yen, essentially flat year-on-year.
- Operating income increased 15% year-on-year to 70.2 billion yen, mainly due to the favorable impact of foreign exchange rates and cost reduction effects.
- The FY24 forecast remains unchanged from the previous forecast.

Entertainment, Technology & Services



- Major markets such as North America, Europe, China and Japan remained generally stable during the quarter, and solid business operations enabled us to achieve operating income that exceeded the same quarter of the previous fiscal year.
- We continue to pay close attention to inventory control, and, while overall segment sales remained essentially the same as in the same period of the previous fiscal year, we were able to reduce inventory by approximately 10% at the end of the quarter.
- On the other hand, the imaging business, which significantly grew year-on-year in the first quarter ended June 30, 2024, mainly in China, was essentially flat year-on-year in the current quarter. As a result, we have incorporated into our forecast a pro-active change to a more cautious production and inventory plan in preparation for the year-end selling season.

Sports Business

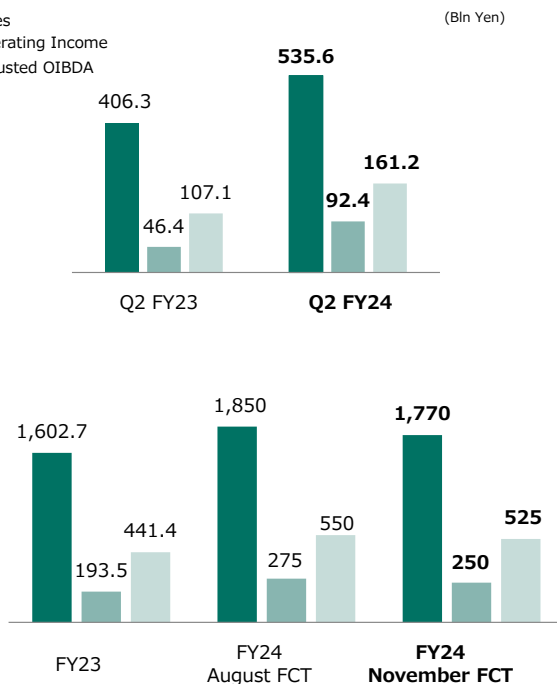
SONY



- In the sports business, which is a growth axis area, we are working to further expand our business opportunities by collaborating with partners and incorporating new technologies centered on Hawk-Eye, which provides referee decision support solutions based on video data.
- On August 1, we announced a technology partnership with the NFL (National Football League) in the U.S.
- Through this collaboration, we aim to advance the practical application of our cutting-edge sports-related technologies, such as using Hawk-Eye to assist referee decisions, improving the accuracy of measuring key game metrics, such as yards gained, through video data analysis.
- Also, on October 15, we completed the acquisition of KinaTrax, a U.S. company that uses high-precision motion capture technology and data analysis to provide support services such as those aimed at improving athlete performance.
- The company has a strong affinity with Hawk-Eye in terms of technology for acquiring highly reliable sports data, and we expect great synergies in terms of maximization of data accumulation and use.
- Although the sports business is not large in scale, we expect it to generate stable, high profits and aim to continue to focus on expanding it.

Imaging & Sensing Solutions Segment (I&SS Segment)

Sales, Operating Income and Adjusted OIBDA



Q2 FY2024 (year-on-year)

- Sales: 129.3 bln yen (32%) significant increase (FX Impact: +29.7 bln yen)
 - (+) Increase in sales of image sensors for mobile products
 - (+) Increase in unit sales
 - (+) Improvement in product mix
 - (+) Impact of foreign exchange rates
- OI: 46.1 bln yen (99%) significant increase (FX Impact: +22.9 bln yen) / Adjusted OIBDA: 54.1 bln yen (50%) significant increase
 - (+) Impact of increase in sales
 - (+) Positive impact of foreign exchange rates
 - (+) Decrease in costs associated with the launch of mass production of a new image sensor for mobile products
 - (-) Increase in manufacturing costs
 - (-) Increase in depreciation and amortization expenses*

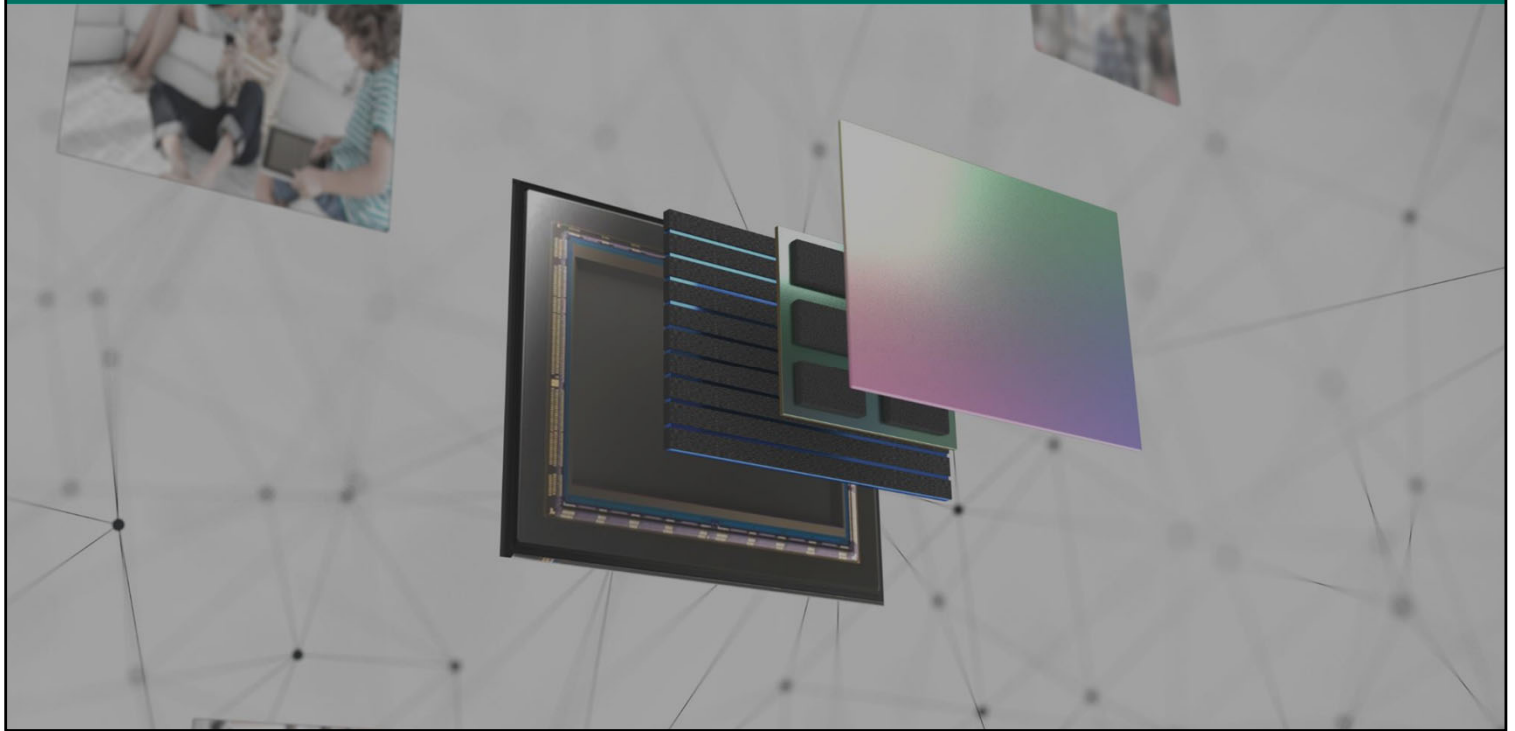
FY2024 Forecast (change from August forecast)

- Sales: 80 bln yen (4%) downward revision
 - (-) Decrease in unit sales of image sensors for mobile products
- OI: 25 bln yen (9%) downward revision / Adjusted OIBDA: 25 bln yen (5%) downward revision
 - (-) Impact of decrease in sales

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

- Next is the I&SS segment.
- Sales for the quarter increased 32% year-on-year to 535.6 billion yen, primarily due to increased sales of image sensors for mobile products and the impact of foreign exchange rates.
- Operating income approximately doubled year-on-year to 92.4 billion yen, primarily due to the benefit of the increased sales and the favorable impact of foreign exchange rates.
- For FY24, we forecast sales to decrease 4% from the previous forecast to 1 trillion 770 billion yen and operating income to decrease 9% to 250 billion yen.

Imaging & Sensing Solutions

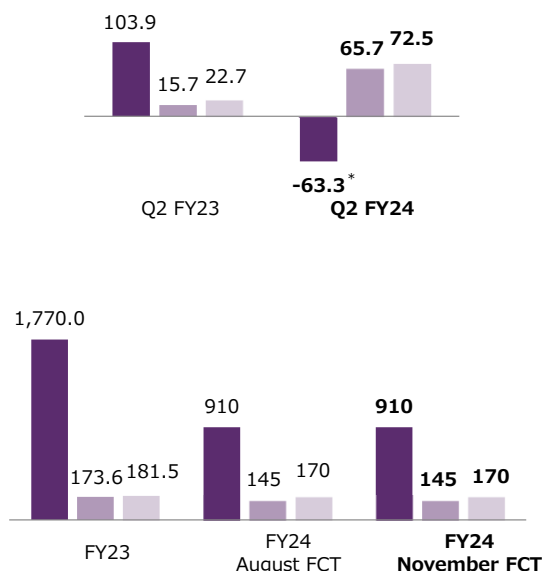


- The global smartphone market continued its gradual recovery trend with positive year-on-year growth continuing in China and Europe, and signs of recovery in the North America market.
- Mobile sensor sales during the quarter significantly increased due to an increase in unit prices resulting from larger die sizes and steady shipments of image sensors for new products to a major customer. This led to the segment overall recording its highest ever second quarter sales.
- On the other hand, with regards to the second half, we have downwardly revised our sales and profit forecasts for mobile sensors to reflect a revision in the production plan of a major customer.
- The introduction of AI functionality and services into smartphones, which is currently underway, may bring short-term volatility to the high-end market depending on the speed of roll-out and initial reactions. However, in the mid- to long-term, we expect that the convenience brought by AI will make smartphone functionality more attractive, revitalizing the market and encouraging a shift to high-end products.
- On the production side, improvements in yields for mobile sensors are progressing as planned since the beginning of the fiscal year, and we expect to achieve a normal run rate in the fourth quarter ending March 31, 2025.

Financial Services Segment

Financial Services Revenue, Operating Income and Adjusted OIBDA

■ Financial Services Revenue
■ Operating Income
■ Adjusted OIBDA



Q2 FY2024 (year-on-year)

- Revenue: 167.2 bln yen significant decrease
 - (-) Significant decrease in revenue at Sony Life (175.6 bln yen decrease, revenue: -132.8 bln yen)
 - (-) Increase in net loss on investments related to market fluctuations for both the general account and the separate accounts
 - (-) Impact of foreign exchange rate fluctuations
- OI: 50.1 bln yen (319%) significant increase / Adjusted OIBDA: 49.9 bln yen (220%) significant increase
 - (+) Significant increase in OI at Sony Life (46.9 bln yen increase, OI: 56.7 bln yen)
 - (+) Improvement in net gains and losses related to market fluctuations for minimum guarantees for variable life insurance and other products
 - (+) Impact of interest rate fluctuations

FY2024 Forecast (change from August forecast)

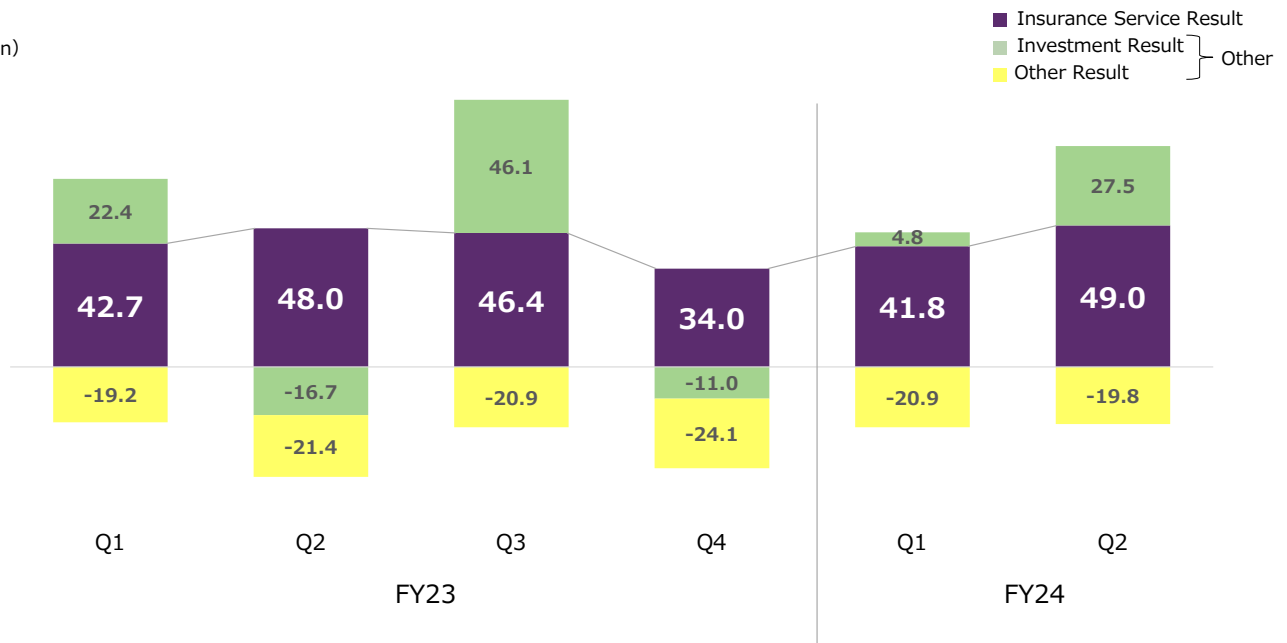
- Revenue: Remains unchanged from August forecast
 - (-) Decrease in net gains related to market fluctuations at Sony Life
 - (+) Uncertainties in market fluctuations
- OI / Adjusted OIBDA: Remain unchanged from August forecast
 - (+) Increase in net gains related to market fluctuations for minimum guarantees for variable life insurance and other products at Sony Life
 - (-) Uncertainties in market fluctuations

* Revenue decreased due to a significant appreciation of the yen during Q2 FY24, which led to a significant decrease in the yen-based valuation of assets under management for foreign currency-denominated insurance. However, because the valuation of liabilities declined in a similar manner, this did not have a significant impact on profitability.

- Last is the Financial Services segment.
- Financial services revenue for the quarter decreased 167.2 billion yen year-on-year to negative 63.3 billion yen, primarily due to the impact of market fluctuations at Sony Life.
- This was due to the significant appreciation of the yen during the quarter which led to a significant decrease in the yen-based valuation of assets under management for foreign currency-denominated insurance. However, since the valuation of liabilities declined in a similar manner, this did not have a significant impact on profitability.
- Operating income increased 50.1 billion yen year-on-year to 65.7 billion yen, primarily due to the impact of interest rate fluctuations at Sony Life.

Sony Life Operating Income Breakdown

(Bln Yen)



- Insurance service results at Sony Life, which are the baseload of profitability for the business, continued their stable trend at 49.0 billion yen.
- The FY24 forecast remains unchanged from the previous forecast.

Sony Life New Policy Amount

(Tn Yen)

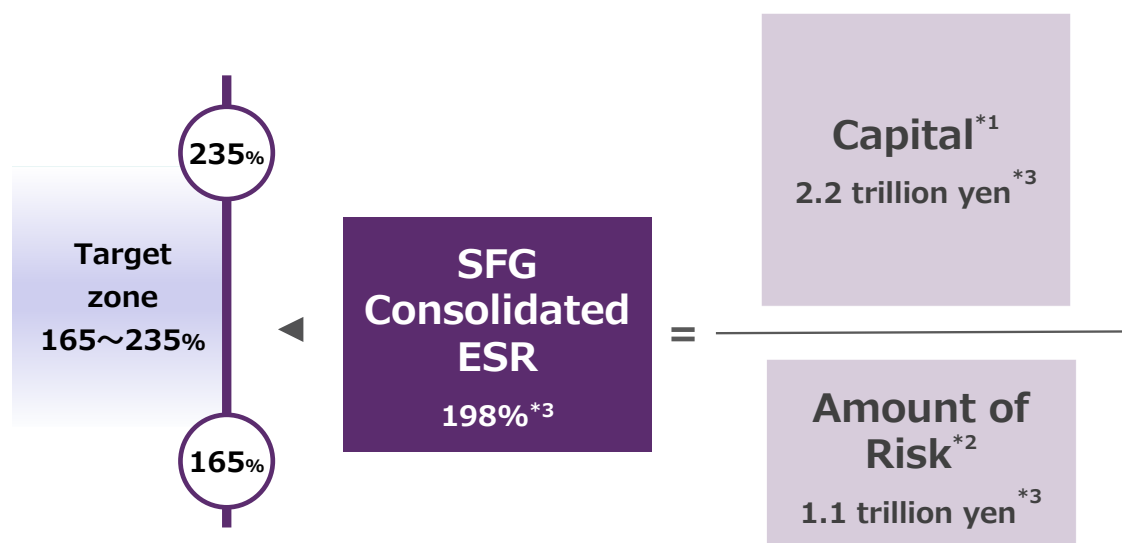


- Sony Life's new policy amount continues to be strong with cumulative first half growth of 14% compared to the same period of the previous fiscal year.

Preparation for Listing of Sony Financial Group Inc.

- Preparations for the partial spin-off and the listing of Sony Financial Group Inc. (“SFGI”), planned for October next year, are progressing smoothly.
- As a part of those preparations and in order to strengthen its governance and accelerate its decision-making, SFGI transitioned to a Company with Three Committees corporate governance structure as of October 1.

SFG Consolidated ESR (Economic value-based Solvency Ratio)



^{*1} Economic value-based capital is calculated by adding frictional costs to the economic value-based EV (Embedded Value).

^{*2} Economic value-based risk post-tax.

^{*3} As of March 31, 2024.

- Next, I will explain our efforts to improve and stabilize our economic value-based solvency ratio ("ESR"), which is an important issue ahead of the listing.
- ESR is an indicator of the financial soundness of a financial services business. It shows the level of capital relative to the amount of risk calculated based on conservative assumptions after assets and liabilities are evaluated on an economic value basis. As shown on this slide, the ESR of SFG (Sony Financial Group) on a consolidated basis is within the target range.
- However, the high sensitivity of ESR to interest rate fluctuations is an issue for the life insurance business, and we are implementing measures to reduce sensitivity in terms of both capital and risk amount.
- With regard to capital, which is the numerator in ESR, the assets held on the balance sheet, such as our bonds, exceed insurance liabilities, resulting in an over-hedge situation, and a structure in which net assets decrease when interest rates rise.
- In order to correct this, we sold a portion of our yen-denominated bonds so as to mitigate over-hedging, and we are currently undertaking transactions designed to curb capital fluctuations.
- The amount of risk, which is the denominator, also increases as interest rates rise, so we are working to refine our risk measurement methods and further improve our risk management.
- We have created a 2-3 year roadmap for improving and stabilizing ESR, and we will continue to report on our progress and results.

Closing

- Finally, I would like to give you an overall summary.
- The key performance indicators for the entire Sony Group in the 5th Mid-Range Plan are a growth rate of operating income of 10% or more and a three-year cumulative operating income margin of 10% or more, both on a consolidated basis excluding the Financial Services segment.
- The consolidated results forecast for this fiscal year announced today predicts a new record high operating income, a year-on-year growth rate of operating income of more than 12% and an operating income margin of approximately 10%. We believe that we have gotten off to a good start in the first year of this mid-range plan.
- In the second half, there will be no major first-party software title releases in G&NS and there will be an adjustment in demand from a major customer in I&SS. As a result of these and other factors, consolidated operating income excluding the Financial Services segment is expected to be slightly lower than the same period of the previous fiscal year. However, business momentum is currently good, particularly in the G&NS and Music segments, and we aim to produce solid results in order to achieve the targets of our mid-range plan.
- Moreover, under the mid-range plan, we aim to strengthen shareholder returns, and the cumulative amount of shares repurchased through the end of October out of the 250 billion yen authorized this fiscal year was 237.1 billion yen.
- Amid a rapidly changing business environment, we will continue to manage our business in a way that will enable us to achieve sustainable growth across the entire Group, while addressing the various challenges that each business faces.

SONY

Notes

Notes about Adjusted OIBDA and Adjusted EBITDA

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

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

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

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

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

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

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

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

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

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

Notes about Financial Performance of the Music, Pictures and Financial Services segments

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

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

The Financial Services segment results include SFGI and SFGI's consolidated subsidiaries such as Sony Life Insurance Co., Ltd., Sony Assurance Inc., and Sony Bank Inc. The results discussed in the Financial Services segment differ from the results that SFGI and SFGI's consolidated subsidiaries disclose separately on a Japanese statutory basis.

Cautionary Statement

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

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