SONY

FY2020 Consolidated Financial Results

(Fiscal year ended March 31, 2021)

April 28, 2021

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.

- FY2020 Consolidated Financial Results and FY2021 Consolidated Results Forecast
- Segments Outlook
- Direction of Fourth Mid-Range Plan and Capital Allocation Strategy

• Today I will discuss the following topics.

FY2020 Consolidated Results

(Bln Yen)

	FY19	FY20	Change
Sales*1	8,259.9	**8,999.4**	+739.5 bln yen (+9%)
Operating income	845.5	**971.9**	+126.4 bln yen (+15%)
Income before income taxes	799.5	**1,192.4**	+392.9 bln yen (+49%)
Net income attributable to Sony Group Corporation's stockholders	582.2	**1,171.8**	+589.6 bln yen (+101%)
Net income attributable to Sony Group Corporation's stockholders per share of common stock (diluted)	461.23 yen	**936.90 yen**	+475.67 yen
Sony without Financial Services*2			
Operating Cash Flow	+762.9	**+1,122.2**	+359.3 bln yen
Investing Cash Flow	-363.1	**-581.2**	-218.1 bln yen
Free Cash Flow (Operating CF + Investing CF)	+399.8	**+541.0**	+141.3 bln yen
Average Rate			
1 US dollar	108.7 yen	**106.1 yen**	
1 Euro	120.8 yen	**123.7 yen**	

Dividend per Share	
Interim	25 yen
Year-end	30 yen
Full year	**55 yen**

*1 "Sales" is used to mean "sales and operating revenue" in accordance with US GAAP and, in respect of the results forecast for the fiscal year ending March 31, 2022, "sales and financial services revenue" in accordance with International Financial Reporting Standards ("IFRS") (applies to all following pages).
*2 See page F-12 in " FY20 Financial Statements" for Condensed Statements of Cash Flows for Sony without Financial Services (applies to all following pages).

Consolidated cash flow (Sony without Financial Services) and free cash flow are not measures in accordance with US GAAP. However, Sony believes that this disclosure may be useful information to investors.

- FY20 consolidated sales increased 9% compared to the previous fiscal year ("year-on-year") to 8 trillion 999.4 billion yen and consolidated operating income increased 126.4 billion yen to 971.9 billion yen, both record highs.
- Primarily due to an improvement in valuation gains and losses on investment securities in other income and expense, income before income taxes increased 392.9 billion yen year-on-year to 1 trillion 192.4 billion yen and net income attributable to Sony Group Corporation's stockholders increased 589.6 billion yen year-on-year to 1 trillion 171.8 billion yen.
- Adjusted operating income, income before income taxes and net income attributable to Sony Group Corporation's stockholders, which excludes extraordinary items, can be found on pages 4 through 10 of the presentation materials.
- FY20 consolidated operating cash flow excluding the Financial Services segment was 1 trillion 122.2 billion yen, approximately 2.6 trillion yen cumulative for the last three fiscal years, a level that significantly exceeds the target we established for the Third Mid-Range Plan.

FY2020 Cash Flow (CF) by Segment (Sony without Financial Services)

(Bln Yen)

Segment		FY19	FY20
Game & Network Services (G&NS)	Operating CF	+180.5	**+440.3**
	Investing CF	-73.2	**-71.9**
	Free CF*1	+107.3	**+368.4**
Music	Operating CF	+121.1	**+159.0**
	Investing CF	-56.2	**-63.9**
	Free CF	+64.9	**+95.1**
Pictures	Operating CF	+141.5	**+134.0**
	Investing CF	-40.5	**-30.3**
	Free CF	+101.0	**+103.7**
Electronics Products & Solutions (EP&S)	Operating CF	+123.8	**+210.3**
	Investing CF	-108.9	**-97.4**
	Free CF	+14.9	**+112.9**
Imaging & Sensing Solutions (I&SS)	Operating CF	+308.9	**+233.8**
	Investing CF	-224.6	**-282.8**
	Free CF	+84.3	**-49.0**
All Other, Corporate and elimination and Adjustment *2	Operating CF	-112.9	**-55.2**
	Investing CF	+140.3	**-34.9**
	Free CF	+27.4	**-90.1**
Consolidated total without Financial Services	Operating CF	+762.9	**+1,122.2**
	Investing CF	-363.1	**-581.2**
	Free CF	+399.8	**+541.0**

The calculation of Investing CF for each segment differs from the calculation of the Statement of Cash Flows for Sony without Financial Services (See page F-12 of "FY20 Financial Statements") as follows:

- Increases and decreases in fixed-term deposits held by each segment are excluded from Investing CF
- Expenditures for finance leases are included in Investing CF (instead of Financial CF)
- Expenditures for operating leases are excluded from Operating CF and included in Investing CF.

These result in the following amounts being adjusted in each of the Operating CF and the Investing CF figures shown above:

(FY19 Operating CF)G&NS: 11.5 bln yen, Music: 9.8 bln yen, Pictures: 7.1 bln yen, EP&S: 26.4 bln yen, I&SS: 7.5 bln yen, All Other and Corporate and elimination: -2.2 bln yen, Adjustment* -60.1 bln yen
(FY19 Investing CF)G&NS: -11.8 bln yen, Music: -29.4 bln yen, Pictures: -7.1 bln yen, EP&S: -40.2 bln yen, I&SS: -8.6 bln yen, All Other and Corporate and elimination: -17.7 bln yen, Adjustment* 114.8 bln yen
(FY20 Operating CF)G&NS: 11.8 bln yen, Music: 11.2 bln yen, Pictures: 7.0 bln yen, EP&S: 25.3 bln yen, I&SS: 8.9 bln yen, All Other and Corporate and elimination: -1.8 bln yen, Adjustment* -62.4 bln yen
(FY20 Investing CF)G&NS: -11.2 bln yen, Music: -11.8 bln yen, Pictures: -7.0 bln yen, EP&S: -27.7 bln yen, I&SS: -9.9 bln yen, All Other and Corporate and elimination: -2.5 bln yen, Adjustment* 70.1 bln yen

*1 Free CF is the total of Operating CF and Investing CF.

*2 "Adjustment" is the total corrected for the above adjustments made to the Operating CF and the Investing CF for each segment.

Operating cash flow by segment, investing cash flow by segment and free cash flow are not measures in accordance with US GAAP. However, Sony believes that this disclosure may be useful information to investors.

- The cash flow of each of our business segments in FY20 is shown on this slide.

FY2020 Results by Segment

(Bln Yen)

		FY19	FY20	Change	FX Impact
Game & Network Services (G&NS)	Sales	1,977.6	**2,656.3**	+678.7	-15.1
	Operating income	238.4	**342.2**	+103.8	+15.3
Music	Sales	849.9	**939.9**	+90.0	-14.3
	Operating income	142.3	**188.1**	+45.7	
Pictures	Sales	1,011.9	**758.8**	-253.1	-19.4
	Operating income	68.2	**80.5**	+12.3	
Electronics Products & Solutions (EP&S)	Sales	1,991.3	**1,920.7**	-70.5	-17.1
	Operating income	87.3	**139.2**	+51.9	+6.6
Imaging & Sensing Solutions (I&SS)	Sales	1,070.6	**1,012.5**	-58.1	-21.4
	Operating income	235.6	**145.9**	-89.7	-8.6
Financial Services	Revenue	1,307.7	**1,668.9**	+361.2	
	Operating income	129.6	**164.6**	+35.0	
All Other	Sales	251.4	**229.3**	-22.2	
	Operating income	16.3	**11.4**	-4.9	
Corporate and elimination	Sales	-200.4	**-187.0**	+13.5	
	Operating income	-72.2	**-99.9**	-27.7	
Consolidated total	Sales	8,259.9	**8,999.4**	+739.5	
	Operating income	845.5	**971.9**	+126.4	

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 (applies to all following pages).

- This slide shows the results by segment for FY20.

FY2021 Consolidated Results Forecast

(Bln Yen)

	FY19 (US GAAP)	FY20 (US GAAP)	FY21 FCT (IFRS)	Change from FY20 (Reference)*
Sales	8,259.9	8,999.4	**9,700**	+700.6 bln yen (+8%)
Operating income	845.5	971.9	**930**	-41.9 bln yen (-4%)
Income before income taxes	799.5	1,192.4	**905**	-287.4 bln yen (-24%)
Net income attributable to Sony Group Corporation's stockholders	582.2	1,171.8	**660**	-511.8 bln yen (-44%)
Operating Cash Flow (Sony without Financial Services)	762.9	1,122.2	**910**	-212.2 bln yen (-19%)

Average rate	Actual	Actual	Assumption
1 US dollar	108.7 yen	106.1 yen	Approx. 107 yen
1 Euro	120.8 yen	123.7 yen	Approx. 126 yen

Dividend per Share (Planned)	
Interim	30 yen
Year-end	Undecided

Because Sony will voluntarily adopt IFRS starting in Q1 FY21, the forecast is based on IFRS (applies to all following pages). For the major expected impacts of the voluntary adoption of IFRS on Sony's consolidated financial statements, please refer to page 28 to page 35, "Effects of Transition to International Financial Reporting Standards (IFRS) as of February 3, 2021."

* Direct comparisons of the US GAAP-based results for FY20 and the IFRS-based results forecast for FY21 (applies to all following pages).

Consolidated Operating Cash Flow (Sony without Financial Services) is not a measure in accordance with US GAAP and IFRS. However, Sony believes that this disclosure may be useful information to investors.

- Next, I will show the consolidated results forecast for FY21.
- Sales are expected to be 9 trillion 700 billion yen and operating income is expected to be 930 billion yen.
- We have changed our accounting standards to International Financial Reporting Standards ("IFRS") from FY21. Therefore, the FY20 results I will explain today are based on US GAAP while our FY21 forecast is based on IFRS.
- As a result of the adoption of IFRS, the impact of fluctuations in the market for financial instruments is expected to result in variances with US GAAP in the results of the Financial Services segment and in consolidated other income and expenses. However, since we do not incorporate into our forecast any impact from fluctuations in market conditions, we believe the variances in our forecast resulting from the difference in accounting standards are limited.

FY2021 Results Forecast by Segment [Reclassified]

(Bln Yen)

Segment		FY20 (US GAAP)	FY21 FCT (IFRS)	Change from FY20 (Reference)
Game & Network Services (G&NS)	Sales	2,656.3	**2,900**	+243.7
	Operating income	342.2	**325**	-17.2
Music	Sales	939.9	**990**	+50.1
	Operating income	188.1	**162**	-26.1
Pictures	Sales	758.8	**1,140**	+381.2
	Operating income	80.5	**83**	+2.5
Electronics Products & Solutions (EP&S)*	Sales	2,066.5	**2,260**	+193.5
	Operating income	134.1	**148**	+13.9
Imaging & Sensing Solutions (I&SS)	Sales	1,012.5	**1,130**	+117.5
	Operating income	145.9	**140**	-5.9
Financial Services	Revenue	1,668.9	**1,400**	-268.9
	Operating income	164.6	**170**	+5.4
All Other, Corporate and elimination*	Operating income	-83.4	**-98**	-14.6
Consolidated total	Sales	8,999.4	**9,700**	+700.6
	Operating income	971.9	**930**	-41.9

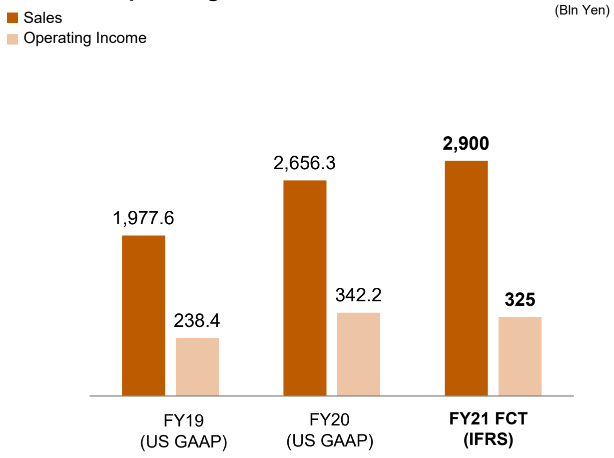
* Due to organizational changes as of April 1, 2021, from Q1 FY21, Sony will transfer some of the businesses and functions previously included within All Other and Corporate and elimination to the EP&S segment, and make changes to the business segment classification for performance reporting. As a result of this segment change, sales and operating income (loss) for EP&S and All Other, Corporate and elimination for FY20 have been reclassified to conform to the presentation for FY21.

This reclassification is not a measure in accordance with US GAAP. However, Sony believes that this disclosure may be useful information to investors. For a reconciliation of figures in accordance with US GAAP, see pages 7 and 8 of the "FY20 Financial Statements" (applies to all following pages).

- This slide shows our forecast by segment for FY21.
- I will now explain the situation in each of our business segments.

Game & Network Services Segment (“G&NS Segment”)

Sales and Operating Income



FY2020 **(year-on-year)**

- Sales: 678.7 bln yen (34%) significant increase (FX Impact: -15.1 bln yen)
  - ·(+) Increase in game software sales including add-on content
  - ·(+) Increase in hardware sales due to PlayStation®5 (PS5™) launch
- OI: 103.8 bln yen significant increase (FX Impact: +15.3 bln yen)
  - ·(+) Increase in game software sales
  - ·(+) Increase in Network Services sales, mainly from PlayStation®Plus
  - ·(–) Loss resulting from strategic price points for PS5™ hardware that were set lower than the manufacturing costs
  - ·(–) Increase in selling, general and administrative expenses related to the launch of PS5™

FY2021 Forecast **(year-on-year)**

- Sales: 243.7 bln yen (9%) increase
  - ·(+) Increase in hardware unit sales
  - ·(+) Impact of foreign exchange rates
  - ·(–) Decrease in sales of non-first-party titles including add-on content
- OI: 17.2 bln yen decrease
  - ·(–) Decrease in sales of non-first-party titles including add-on content
  - ·(–) Increase in costs, mainly for game software development
  - ·(+) Increase in revenues from first-party titles
  - ·(+) Improvement in hardware profitability

- First is the Game & Network Services segment.
- Sales in FY20 increased a significant 34% year-on-year to 2 trillion 656.3 billion yen.
- Operating income increased a significant 103.8 billion yen year-on-year to 342.2 billion yen, a record high for the segment. The increase in operating income was primarily due to an increase in sales of game software and network services, partially offset by an increase in selling, general and administrative expenses associated with the launch of the PlayStation®5 (“PS5™”).
- FY21 sales are expected to increase 9% year-on-year to 2 trillion 900 billion yen and operating income is expected to decrease 17.2 billion yen to 325 billion yen.

Assessment of the Business Environment and Forecast Assumptions

- Now I will explain in a little more detail the assumptions we made in the fiscal year forecast.
- As for hardware, supply has not been able to keep up with the extremely strong demand for PS5™.
- Although constraints on the supply of components, especially semiconductors, are expected to continue this fiscal year, our current target is to exceed the 14.8 million units we sold in the second year after the launch of the PlayStation®4.
- In order to meet the strong demand from our customers, we will continue to work to secure components and strive to do our utmost to produce and sell more units than that target.
- Primarily due to improvements in the profitability of the PS5™, we expect hardware and peripherals together to contribute the same level of profit for the full year as they did in the previous fiscal year.
- Next, I will talk about software.
- Total gameplay time of PlayStation users in March 2021 continued to be quite high at approximately 20% above March 2019, which had no impact from COVID-19. We believe that this level of strong user engagement will continue in FY21.
- Software sales in the first quarter ending June 30, 2021 are expected to be below the same period of the previous fiscal year when lockdowns were widespread worldwide, but we expect the same or greater revenue year-on-year from the second quarter ending September 30, 2021 onward.
- Regarding network services, we do not anticipate a significant increase in subscribers as was the case in the previous fiscal year, resulting from stay-at-home demand, but we do aim to maintain and expand the number of subscribers to PlayStation®Plus, which increased throughout the previous fiscal year.
- In terms of costs, we plan to increase development, personnel and other costs in our in-house studios by approximately 20 billion yen year-on-year as we further strengthen our in-house produced software.
- On the other hand, we plan to keep costs in all other areas at a level similar to the previous fiscal year despite the increase in sales.

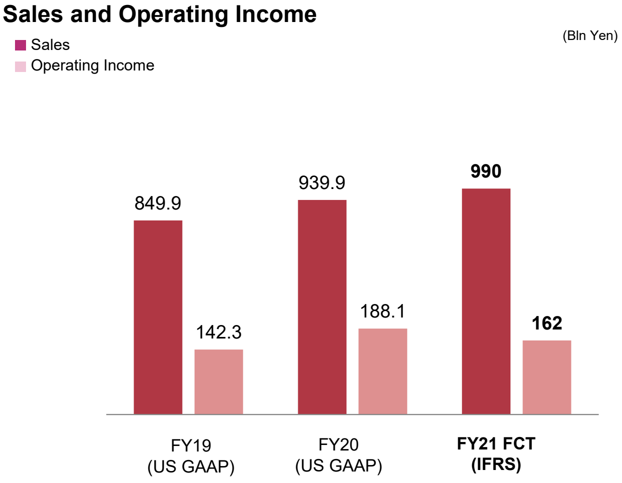
Software Enhancement

- To enhance our software offering, we intend to continue investing in or partnering with external studios in addition to aggressively investing in our in-house studios, as I just mentioned.

- We aim to strengthen the PlayStation platform through action such as the recently announced partnership with Haven Entertainment Studios, which was established by Jade Raymond, the creator of the famous game Assassin's Creed, and our additional investment in Epic Games. Along with the rest of the Sony Group, we will also work to enhance the social and platform capabilities of games.

Music Segment

Sales and Operating Income



FY2020 **(year-on-year)**

- Sales: 90.0 bln yen (11%) significant increase (FX Impact: -14.3 bln yen)
  - ·(+) Increase in revenues from streaming services for Recorded Music
  - ·(+) Higher sales for Visual Media and Platform
    - ·(+) Increase in anime business sales primarily reflecting the contribution of *Demon Slayer – Kimetsu no Yaiba – the Movie: Mugen Train*
    - ·(+) Increase in revenues from mobile game applications

- OI: 45.7 bln yen significant increase
  - ·(+) Impact of increase in sales
  - ·(+) Gain recorded on the sale of a portion of shares of Pledis (6.5 bln yen)
  - ·(+) Gain recorded in connection with the transfer of an overseas business (5.4 bln yen)

FY2021 Forecast **(year-on-year)**

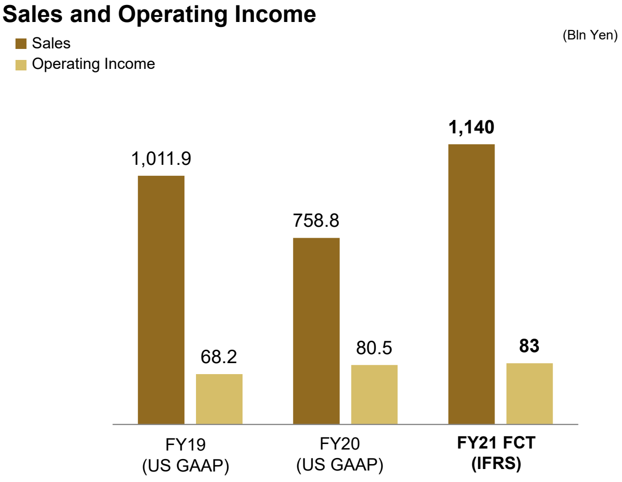
- Sales: 50.1 bln yen (5%) increase
  - ·(+) Higher sales for Recorded Music and Music Publishing resulting from an increase in revenues from streaming services
  - ·(–) Lower sales for Visual Media and Platform
    - ·(–) Decrease in contribution from *Demon Slayer – Kimetsu no Yaiba – the Movie: Mugen Train* which was released in FY20
    - ·(–) Decrease in revenues from mobile game applications

- OI: 26.1 bln yen decrease
  - ·(–) Impact of lower sales for Visual Media and Platform
  - ·(–) Absence of gain recorded on the sale of a portion of shares of Pledis in FY20 (6.5 bln yen)
  - ·(–) Absence of gain recorded in connection with the transfer of an overseas business in FY20 (5.4 bln yen)
  - ·(+) Impact of increase in sales for Recorded Music and Music Publishing

- Next is the Music segment.
- FY20 sales increased 11% year-on-year to 939.9 billion yen primarily due to the growth of streaming revenue and Demon Slayer – Kimetsu no Yaiba – the Movie: Mugen Train, which was a blockbuster hit.
- Operating income increased a significant 45.7 billion yen year-on-year to 188.1 billion yen primarily due to the impact of the increased sales and the recording of one-time gains of 11.9 billion yen from the transfer of businesses.
- In Recorded Music, streaming revenue for the fiscal year continued to grow at the high rate of approximately 22% year-on-year.
- The profit contribution from Visual Media & Platform, which includes mobile game applications and anime, mainly in Japan, accounted for a little less than 30% of the operating income of the entire segment.
- FY21 sales are expected to increase 5% yen year-on-year to 990 billion yen and operating income is expected to decrease 26.1 billion yen to 162 billion yen.
- The decrease in operating income is primarily due to a conservative view as to the profit contribution of mobile game applications this fiscal year, while the previous fiscal year had one-time gains and the historic blockbuster hit Kimetsu no Yaiba that I mentioned earlier.
- On the other hand, in the Recorded Music and Music Publishing businesses, we expect continued profit growth as we capitalize on the growth of streaming revenue.
- We are steadily improving our ability to discover and nurture artists and continuously create hits and we aim to continue to increase our profitability going forward.
- Opportunities for investment in the Music segment are steadily increasing, and we are aggressively pursuing them. To capture more of the growth in emerging markets, we recently announced the acquisition of Som Livre, an independent music label in Brazil.
- Like the acquisition of AWAL, an artist services business in the independent space, that we announced in February, regulatory approval is necessary, but we believe both these transactions will contribute to the further growth of the Music segment.

Pictures Segment

Sales and Operating Income



FY2020 (year-on-year)

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

- Sales: 253.1 bln yen (25%) significant decrease (U.S. dollar basis: -2,160 mil USD / -23%)
  - ·(–) Decrease in theatrical revenues resulting from theater closures due to COVID-19
  - ·(–) Decrease in sales for Television Productions due to lower deliveries of new shows as a result of COVID-19
  - ·(+) Higher home entertainment sales from prior year and catalog titles
- OI: 12.3 bln yen increase
  - ·(+) Lower theatrical marketing costs in Motion Pictures
  - ·(+) Higher home entertainment sales from prior year and catalog titles
  - ·(+) Decrease in charges related to the channel portfolio review in Media Networks (-17.0 billion yen in FY19 and -5.0 billion yen in FY20)
  - ·(–) Decrease in sales

FY2021 Forecast (year-on-year)

- Sales: 381.2 bln yen (50%) significant increase
  - ·(+) Increase in sales for Motion Pictures resulting from an increase in theatrical releases as theaters reopen
  - ·(+) Increase in sales for Television Productions including revenues from the licensing of *Seinfeld*
  - ·(+) Increase in sales for Media Networks
- OI: 2.5 bln yen increase
  - ·(+) Impact of increase in sales
  - ·(–) Increase in marketing costs in support of upcoming theatrical releases

- Next is the Pictures segment.
- FY20 sales decreased a significant 25% year-on-year to 758.8 billion yen primarily due to a significant decrease in theatrical releases and delays in TV show production and deliveries resulting from the impact of COVID-19.
- Despite the impact of the lower sales, operating income increased 12.3 billion yen year-on-year to 80.5 billion yen primarily due to a significant decrease in marketing costs and strong home entertainment and television licensing revenues in Motion Pictures, as well as a decrease in portfolio review costs in Media Networks.
- FY21 sales are expected to increase a significant 50% yen year-on-year to 1 trillion 140 billion yen. This increase is primarily due to a resumption of theatrical releases in Motion Pictures, and a recovery in TV Productions and Media Networks.
- Operating income is expected to increase 2.5 billion yen year-on-year to 83 billion yen primarily due to the impact of the increase in sales for the entire segment, including license revenue for the popular U.S. TV series Seinfeld, partially offset by an increase in marketing costs associated with the reopening of theaters.

Current State of the Business
~ Pictures ~

- In Motion Pictures, theaters in major U.S. cities are reopening, and, from June, we plan to release into U.S. theaters sequels to hit films like Peter Rabbit and Hotel Transylvania.

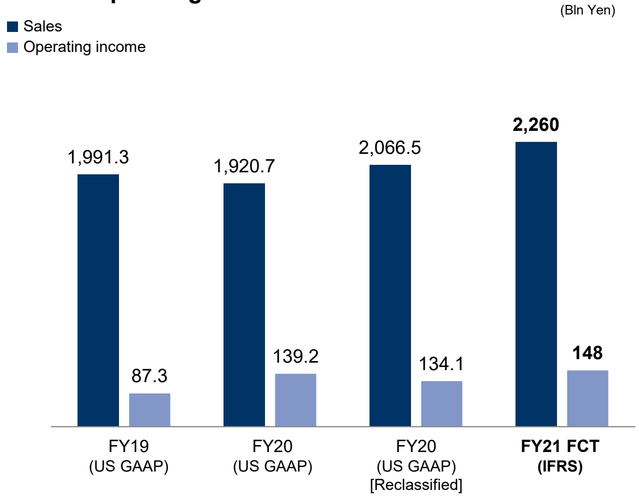
- Theatrical releases remain important to Sony, but, taking into account the crowded schedule of releases post-theater reopening, we will be flexible when selecting the channel through which we will sell our product depending on the content, scale and timing of the work so as to maximize the long-term value of each work.

- In addition, license agreement negotiations for films and TV shows are proceeding smoothly against the backdrop of increasing demand for content.

- As we announced the other day, we have signed long-term license agreements on good terms with Netflix and Disney for U.S. distribution of our theatrical releases from 2022.

Electronics Products & Solutions Segment (“EP&S Segment”)

Sales and Operating Income



Mobile Communications*1 (Included above)		
Sales to External Customers	362.1	358.6
Operating Income	-21.1	27.7

*1 Mobile Communications includes the smartphone business and internet-related service business.
*2 Comparison with FY20 results after reclassification. For further details about the reclassification, see page 16.

FY2020 (year-on-year)

- Sales: 70.5 bln yen (4%) decrease (FX Impact: -17.1 bln yen)
  - ·(–) Decrease in sales of digital cameras, broadcast- and professional-use products and Audio and Video due to lower unit sales
  - ·(–) Impact of foreign exchange rates
  - ·(+) Increase in sales of televisions due to an improvement in the product mix
- OI: 51.9 bln yen significant increase (FX Impact: +6.6 bln yen)
  - ·(+) Reductions in operating costs, mainly within Mobile Communications
  - ·(+) Improvement in the product mix of televisions and digital cameras
  - ·(–) Impact of decrease in sales

FY2021 Forecast (year-on-year*2)

- Sales: 193.5 bln yen (9%) increase
  - ·(+) Increase in sales of televisions due to an improvement in the product mix
  - ·(+) Increase in sales of digital cameras due to higher unit sales
  - ·(+) Impact of foreign exchange rates
- OI: 13.9 bln yen increase
  - ·(+) Impact of increase in sales
  - ·(+) Positive impact of foreign exchange rates
  - ·(–) Increase in costs resulting from an increase in sales

- Next is the Electronics Products & Solutions (“EP&S”) segment.
- FY20 sales decreased 4% year-on-year to 1 trillion 920.7 billion yen primarily due to a decrease in unit sales, especially of digital cameras, and the impact of foreign exchange rates.
- Operating income increased a significant 51.9 billion yen year-on-year to 139.2 billion yen primarily due to a reduction of operating costs, mainly in Mobile Communications, and an improvement in the product mix for TVs and other products, partially offset by the impact of the decrease in sales.
- FY21 sales are expected to be 2 trillion 260 billion yen and operating income is expected to be 148 billion yen.
- Excluding the impact of the change in segmentation resulting from the recent organizational change, we expect that sales will increase 9% year-on-year and operating income will increase 13.9 billion yen year-on-year.

Current State of the Business
~ EP&S ~

- Throughout FY20, this segment was significantly impacted by intermittent disruptions in the supply chain of components caused by various factors such as COVID-19. However, we were able to respond swiftly to these changes and secure a high level of profit.

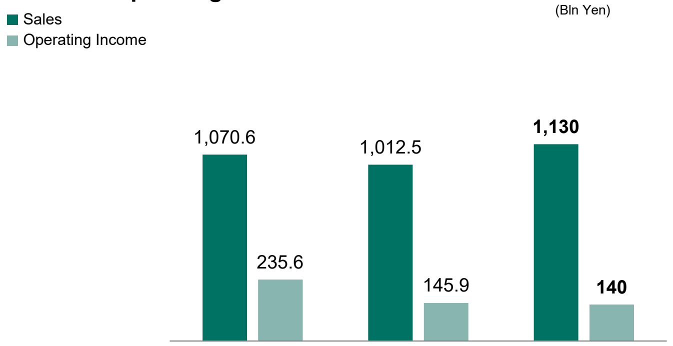
- Moreover, the Mobile Communications business, which had been an issue for us, was able to record a large profit which exceeded our initial expectations.

- From this April, the businesses within EP&S have been combined into the new Sony Corporation.

- The operating environment remains unpredictable, but the new management team, which is comprised of people who helped manage through the difficult operating environment of the previous fiscal year, are expected to continue to manage this business with a high degree of resiliency to change.

Imaging & Sensing Solutions Segment (“I&SS Segment”)

Sales and Operating Income



	FY19 (US GAAP)	FY20 (US GAAP)	**FY21 FCT (IFRS)**
Image Sensors Sales	930.2	872.2	**970**
Additions to long-lived assets for I&SS Segment	276.8	194.0	**305**
for Image Sensors (included above)	265.7	180.0	**285**

FY2020 (year-on-year)

- Sales: 58.1 bln yen (5%) decrease (FX Impact: -21.4 bln yen)
  - ·(–) Decrease in sales of image sensors for mobile products
    - ·(–) Deterioration of the product mix
    - ·(+) Increase in unit sales
  - ·(–) Impact of foreign exchange rates
  - ·(–) Decrease in sales of image sensors for digital cameras due to a decrease in unit sales
- OI: 89.7 bln yen significant decrease (FX Impact: -8.6 bln yen)
  - ·(–) Increase in research and development expenses as well as depreciation and amortization expenses
  - ·(–) Impact of decrease in sales
  - ·(–) Negative impact of foreign exchange rates
  - ·(–) Inventory write-downs of certain image sensors for mobile products (-7.2 bln yen)

FY2021 Forecast (year-on-year)

- Sales: 117.5 bln yen (12%) significant increase
  - ·(+) Increase in sales of image sensors for mobile products
    - ·(+) Increase in unit sales
    - ·(–) Deterioration of the product mix
  - ·(+) Increase in sales of image sensors for digital cameras due to an increase in unit sales
- OI: 5.9 bln yen decrease
  - ·(–) Increase in research and development expenses as well as depreciation and amortization expenses
  - ·(+) Impact of increase in sales

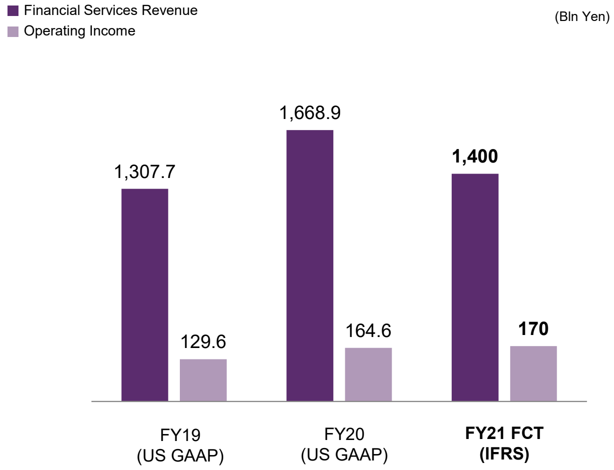
- Next is the Imaging & Sensing Solutions segment.
- FY20 sales decreased 5% year-on-year to 1 trillion 12.5 billion yen primarily due to lower sales of image sensors for mobile.
- Operating income decreased a significant 89.7 billion yen year-on-year to 145.9 billion yen primarily due to an increase in research and development expenses and depreciation, as well as the impact of the decrease in sales.
- FY21 sales are expected to increase 12% year-on-year to 1 trillion 130 billion yen and operating income is expected to decrease 5.9 billion yen to 140 billion yen.

Current State of the Business
~ I&SS ~

- In FY21, we expect that our market share on a volume basis will return to a similar level as it was in the fiscal year ended March 31, 2020, thanks to our efforts to expand our customer base in the mobile sensor business, and we will manage the business in a more proactive manner while keeping an eye on risk.
- We plan to increase research expenses in FY21 by approximately 15%, or 25 billion yen, year-on-year to expand the type of products we sell and to shift to higher value-added models from the fiscal year ending March 31, 2023 (“FY22”).
- We expect image sensor capital expenditures to be 285 billion yen, part of which was postponed from the previous fiscal year.
- We plan to shift to higher value-added products that leverage Sony’s stacked technology in preparation for an improvement in the product mix from FY22, and we will concentrate our investment on production capacity necessary to produce them.
- The other day, we held a completion ceremony for our new Fab 5 building at our Nagasaki Factory. Expansion of production capacity is progressing according to plan and we will build, expand and equip facilities in-line with the pace of expansion of our business going forward.
- Shortages of semiconductors have become an issue recently, but, with the cooperation of our partners, we have already secured enough supply of logic semiconductors used in our image sensors to cover our production plan for this fiscal year.
- However, there is a possibility that the semiconductor shortage will be prolonged, so we are accelerating the shift to higher value-added products that we have been advancing heretofore.
- We are also continuing to proactively pursue mid- to long-term initiatives in the automotive and 3D sensing areas and will explain more details at the IR Day scheduled for next month.

Financial Services Segment

Financial Services Revenue and Operating Income



FY2020 **(year-on-year)**

- Revenue: 361.2 bln yen (28%) significant increase
  - ·(+) Significant increase in revenue at Sony Life (299.2 bln yen increase, revenue: 1,470.9 bln yen)
    - ·(+) Increase in gains on investments in the separate accounts
    - ·(–) Decrease in premiums (decrease in premiums from single premium insurance, partially offset by increase in policy amount in force)
  - ·(+) Improvement in valuation gains and losses on securities at Sony Bank
- OI: 35.0 bln yen significant increase
  - ·(+) Improvement in valuation gains and losses on securities at Sony Bank
  - ·(+) Decline in the loss ratio for automobile insurance at Sony Assurance
  - ·(+) Increase in OI at Sony Life (4.5 bln yen increase, OI: 128.0 bln yen)
    - · (+) Decrease in the provision of policy reserves, driven by the improvement in the stock market and an increase in interest rates
    - · (–) Deterioration in net gains and losses related to market fluctuations for variable life insurance and other products*
    - · (–) Expenses recorded for various provisions related to COVID-19
  - ·(–) Impairment charge against long-lived assets recorded in the nursing care business

FY2021 Forecast **(year-on-year)**

- Revenue: 268.9 bln yen (16%) significant decrease
  - ·(–) Absence of the positive impact on net gains on investments in the separate accounts, resulting from positive market conditions in FY20
- OI: 5.4 bln yen increase
  - ·(+) Absence of the impairment charge against long-lived assets in the nursing care business recorded in FY20
  - ·(+) Increase in insurance premium revenue reflecting an increase in the policy amount in force at Sony Life
  - ·(–) Absence of the positive impact of the gains from market fluctuations in FY20 (including the impact of changes in the classification and measurement of financial instruments resulting from the adoption of IFRS in FY21)

* Overall deterioration in the provision of policy reserves for minimum guarantees for variable life insurance and other products resulting from market fluctuations, and net gains and losses on derivative transactions to hedge market risks

- Last is the Financial Services segment.
- FY20 Financial Services revenue increased a significant 28% year-on-year to 1 trillion 668.9 billion yen primarily due to an increase in net gains on investments in the separate accounts at Sony Life Insurance Co., Ltd. (“Sony Life”), partially offset by a decrease in single premium insurance.
- Operating income increased a significant 35.0 billion yen year-on-year to 164.6 billion yen primarily due to an improvement in valuation gains and losses on securities at Sony Bank Inc. and a decline in the loss ratio for automobile insurance at Sony Assurance Inc., partially offset by an impairment charge against long-lived assets in the nursing care business.
- New policy amount in force at Sony Life in FY20 was below that of the previous fiscal year due to the impact of COVID-19, but it has trended higher year-on-year from the second quarter ended September 30, 2020.
- FY21 Financial Services revenue is expected to decrease 16% to 1 trillion 400 billion yen primarily because we do not incorporate into our forecast an increase in net gains on investments in the separate accounts at Sony Life resulting from strong market conditions as was the case in the previous fiscal year.
- Operating income is expected to increase 5.4 billion yen to 170 billion yen primarily due to an increase in policy amount in force at Sony Life.

Fourth Mid-Range Plan Financial Target (FY2021~FY2023)

Adjusted EBITDA※
3 year total

4.3 Trillion yen

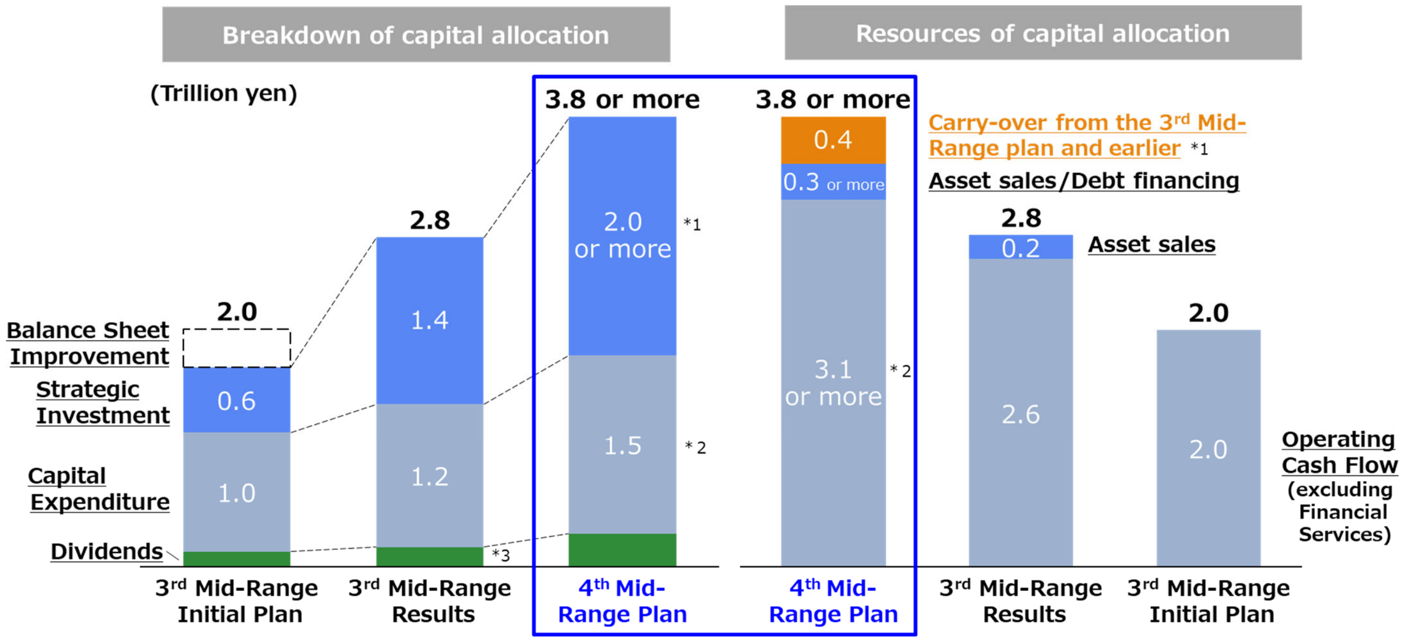
EBITDA and Adjusted EBITDA are not measures in accordance with IFRS. However, Sony believes that this disclosure may be useful information to investors

※ EBITDA is calculated by the following formula, and Adjusted EBITDA excludes the profit and loss amount that Sony deems to be non-recurring and discloses in the Quarterly Financial Statements, the Earnings Presentation Slides, the Quarterly Securities Reports and the Form 20-F. The financial figures in the fourth mid-range plan are based on IFRS.

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 securities, net, recorded in Financial income and Financial expense + Depreciation and amortization expense excluding amortization for film costs included in Content assets and deferred insurance acquisition costs.

- Now, I would like to discuss the financial direction of the Fourth Mid-Range Plan, which starts this fiscal year.
- In previous Mid-Range Plans, we have prioritized improvement and enhancement of the profitability of each business, but in the Fourth Mid-Range Plan, we aim to grow both sales and profit.
- We will adopt adjusted EBITDA as the group key performance indicator for the Fourth Mid-Range Plan.
- EBITDA is a metric that enables us to confirm that all of the businesses in the Sony Group, including Financial Services, which is now a wholly owned subsidiary, are expanding over the mid- to long-term through cycles of investment and return, and it is often used to calculate corporate value.
- Our target for the cumulative total of the next three fiscal years is 4.3 trillion yen.
- For more details including the definition of adjusted EBITDA, please refer to page 23 of the presentation materials.

Fourth Mid-Range Plan Capital Allocation (excluding Financial Services)



The 4th Mid-Range Plan covers FY21-FY23, and the 3rd Mid-Range Plan covered FY18-FY20.
*1 Improvements in cumulative operating CF for the 3rd Mid-Range Plan from the end of 3Q 2020 and delays in cash-outs related to strategic investments that have already been decided.
*2 The financial figures in the 4th Mid-Range Plan are based on IFRS. Operating CF includes the impacts of the differences in accounting standards for the principal payments for operating lease liabilities and the purchases and sales of content assets. Capital expenditure also includes increases in right-of-use assets related to operating lease agreements.
*3 Dividend result in the 3rd Mid-Range Plan was approximately 170 billion yen.

- Now I will update you on our capital allocation plan.
- During the Third Mid-Range Plan, we used the consolidated operating cash flow excluding the Financial Services segment, and the cash we generated from asset sales, to invest 1.2 trillion yen in capital expenditures, to invest 1.4 trillion yen in strategic investments including share repurchases, and to issue 170 billion yen in dividends.
- In the new Mid-Range Plan, we have established a capital expenditure target of 1.5 trillion yen and a strategic investment target of 2 trillion yen or more as we aim to grow our business over the long-term, beyond the duration of the plan.
- Regarding dividends, our policy is to increase dividends in a stable manner over the long-term.
- We expect to fund our allocation of capital through consolidated operating cash flow excluding the Financial Services segment, including cash left-over from before. If additional funds become necessary, we might also sell assets and borrow with a strict eye on financial discipline.
- Operating cash flow includes dividends from the Financial Services business, and we expect that the Financial Services business will contribute to the growth investment capability of the Sony Group through a stable increase in its dividends as its own profit grows over the mid- to long-term.

Repurchase of Shares of Common Stock

- Lastly, I would like to touch on share repurchases.
- Today, we announced the establishment of a facility to repurchase up to 200 billion yen of the shares of Sony Group Corporation over the period of one year.
- In the previous fiscal year, we did not avail ourselves of the share repurchase facility we had in place because of a steady increase in growth investment opportunities and the price of our shares, but we continue to view share repurchases as a part of strategic investment and will implement them in an opportunistic manner.
- This concludes my remarks.

SONY

Notes

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, 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.

*Sony/ATV Music Publishing LLC, which operates EMI Music Publishing Ltd., changed its trade name to Sony Music Publishing LLC as described in the news release titled "Introducing the New Sony Music Publishing" dated February 12, 2021.

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 operating income (loss) for that segment.

This information is not a substitute for Sony's consolidated financial statements measured in accordance with US GAAP. However, Sony believes that these disclosures provide additional useful analytical information to investors regarding the operating performance of Sony.

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

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

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

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

Cautionary Statement

Statements made in this presentation with respect to Sony's current plans, estimates, strategies and beliefs and other statements that are not historical facts are forward-looking statements about the future performance of Sony. Forward-looking statements include, but are not limited to, those statements using words such as "believe," "expect," "plans," "strategy," "prospects," "forecast," "estimate," "project," "anticipate," "aim," "intend," "seek," "may," "might," "could" or "should," and words of similar meaning in connection with a discussion of future operations, financial performance, events or conditions. From time to time, oral or written forward-looking statements may also be included in other materials released to the public. These statements are based on management's assumptions, judgments and beliefs in light of the information currently available to it. Sony cautions investors that a number of important risks and uncertainties could cause actual results to differ materially from those discussed in the forward-looking statements, and therefore investors should not place undue reliance on them. Please note that Sony discloses its forecast for consolidated results for the fiscal year ending March 31, 2022 based on International Financial Reporting Standards (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 Japanese equity markets on the revenue and operating income of the Financial Services segment;
(xv) shifts in customer demand for financial services such as life insurance and Sony's ability to conduct successful asset liability management in the Financial Services segment;
(xvi) risks related to catastrophic disasters, 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 COVID-19 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.