Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 20-F

☐ **REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR 12(g) OF THE SECURITIES EXCHANGE ACT OF 1934**

or

☑ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended March 31, 2026

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from/to

or

☐ **SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Date of event requiring this shell company report:

Commission file number 1-6439

Sony Group Kabushiki Kaisha

(Exact Name of Registrant as specified in its charter)

SONY GROUP CORPORATION

(Translation of Registrant's name into English)

Japan

(Jurisdiction of incorporation or organization)

7-1, KONAN 1-CHOME, MINATO-KU,
TOKYO 108-0075 JAPAN

(Address of principal executive offices)

J. Justin Hill, Senior Vice President, Finance & Investor Relations
Sony Corporation of America
25 Madison Avenue, 26th Floor
New York, New York 10010-8601
Telephone: 212-833-6722
E-mail: ir@sony.com

(Name, Telephone, E-mail and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
American Depositary Shares*	SONY	New York Stock Exchange
Common Stock**		

* American Depositary Shares evidenced by American Depositary Receipts. Each American Depositary Share represents one share of Common Stock.

** No par value per share. Not for trading, but only in connection with the listing of American Depositary Shares pursuant to the requirements of the New York Stock Exchange.

Securities registered or to be registered pursuant to Section 12(g) of the Act:

None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the Annual Report:

	Outstanding as of	
Title of Class	**March 31, 2026 (Tokyo Time)**	**March 31, 2026 (New York Time)**
Common Stock	5,907,667,254	
American Depositary Shares		523,381,332

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☑ No ☐

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes ☐ No ☑

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer, or an emerging growth company. See definition of "large accelerated filer," "accelerated filer" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

☑ Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☐ Emerging growth company

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards† provided pursuant to Section 13(a) of the Exchange Act. ☐

† The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☑

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

US GAAP ☐ International Financial Reporting Standards as issued by the International Accounting Standards Board ☑ Other ☐

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.

Item 17 ☐ Item 18 ☐

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☑

Cautionary Statement

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

(i) Sony's ability to maintain product quality and customer satisfaction with its products and services;

(ii) Sony's ability to continue to design and develop and win acceptance of, as well as achieve sufficient cost reductions for, its products and services, including image sensors, game and network platforms, smartphones and televisions, which are offered in highly competitive markets characterized by severe price competition and continual new product and service introductions, rapid development in technology and subjective and changing customer preferences;

(iii) Sony's ability to implement successful hardware, software, and content integration strategies, and to develop and implement successful sales and distribution strategies in light of new technologies and distribution platforms;

(iv) the effectiveness of Sony's strategies and their execution, including but not limited to the success of Sony's acquisitions, joint ventures, investments, capital expenditures, restructurings and other strategic initiatives;

(v) changes in laws, regulations and government policies in the markets in which Sony and its third-party suppliers, service providers and business partners operate, including those related to taxation, as well as growing consumer focus on corporate social responsibility;

(vi) Sony's continued ability to identify the products, services and market trends with significant growth potential, to devote sufficient resources to research and development, to prioritize investments and capital expenditures correctly and to recoup its investments and capital expenditures, including those required for technology development and product capacity;

(vii) Sony's reliance on external business partners, including for the procurement of parts, components, software and network services for its products or services, the manufacturing, marketing and distribution of its products, and its other business operations;

(viii) the global economic and political environment in which Sony operates and the economic and political conditions in Sony's markets, particularly levels of consumer spending;

(ix) Sony's ability to meet operational and liquidity needs as a result of significant volatility and disruption in the global financial markets or a ratings downgrade;

(x) Sony's ability to forecast demands, manage timely procurement and control inventories;

(xi) foreign exchange rates, particularly between the yen and the U.S. dollar, the euro and other currencies in which Sony makes significant sales and incurs production costs, or in which Sony's assets, liabilities and operating results are denominated;

(xii) Sony's ability to recruit, retain and maintain productive relations with highly skilled personnel;

(xiii) Sony's ability to prevent unauthorized use or theft of intellectual property rights, to obtain or renew licenses relating to intellectual property rights and to defend itself against claims that its products or services infringe the intellectual property rights owned by others;

(xiv) risks related to catastrophic disasters, geopolitical conflicts, pandemic disease or similar events;

(xv) the ability of Sony, its third-party service providers or business partners to anticipate and manage cybersecurity risk, including the risk of unauthorized access to Sony's business information and the personally identifiable information of its employees and customers, potential business disruptions or financial losses; and

(xvi) the outcome of pending and/or future legal and/or regulatory proceedings.

Risks and uncertainties also include the impact of any future events with material adverse impact. The continued impact of developments relating to the situations in Ukraine and Russia and in the Middle East, as well as the series of changes in U.S. tariff policy, could heighten many of the risks and uncertainties noted above.

Important information regarding risks and uncertainties is also set forth elsewhere in this annual report, including in "Risk Factors" under "Item 3. *Key Information*," "Item 4. *Information on the Company*," "Item 5. *Operating and Financial Review and Prospects*," "Legal Proceedings" included in "Item 8. *Financial Information*," Sony's consolidated financial statements referenced in "Item 8. *Financial Information*" and "Item 11. *Quantitative and Qualitative Disclosures about Market Risk*."

In this document, Sony Group Corporation and its consolidated subsidiaries are together referred to as "Sony" or "Sony Group."

At a meeting of Sony Group Corporation's Board of Directors held on May 14, 2025, Sony Group Corporation decided on a plan for the execution of a partial spin-off of Sony Financial Group Inc. ("SFGI"), a wholly-owned subsidiary engaged in the Financial Services business, as of October 1, 2025 (the "Partial Spin-off of the Financial Services business"). In accordance with the resolution, the Financial Services business was classified as a discontinued operation and has been excluded from the reporting segments. Consequently, the figures for comparative periods have been re-presented (refer to Note 33 of the consolidated financial statements).

TABLE OF CONTENTS

Item 1. *Identity of Directors, Senior Management and Advisers* 6
Item 2. *Offer Statistics and Expected Timetable* 6
Item 3. *Key Information* 6
A. [Reserved] 6
B. Capitalization and Indebtedness 6
C. Reasons for the Offer and Use of Proceeds 6
D. Risk Factors 6
Item 4. *Information on the Company* 17
A. History and Development of the Company 17
B. Business Overview 20
C. Organizational Structure 34
D. Property, Plant and Equipment 35
Item 4A. *Unresolved Staff Comments* 36
Item 5. *Operating and Financial Review and Prospects* 37
A. Operating Results 37
B. Liquidity and Capital Resources 47
C. Research and Development 48
D. Trend Information 49
E. Critical Accounting Estimates 52
Item 6. *Directors, Senior Management and Employees* 55
A. Directors and Senior Management 55
B. Compensation 61
C. Board Practices 68
D. Employees 83
E. Share Ownership 84
F. Disclosure of a Registrant's Action to Recover Erroneously Awarded Compensation 86
Item 7. *Major Shareholders and Related Party Transactions* 87
A. Major Shareholders 87
B. Related Party Transactions 87
C. Interests of Experts and Counsel 87
Item 8. *Financial Information* 87
A. Consolidated Statements and Other Financial Information 87
Legal Proceedings 87
Dividend Policy 88
B. Significant Changes 88
Item 9. *The Offer and Listing* 88
A. Offer and Listing Details 88
B. Plan of Distribution 88
C. Markets 88
D. Selling Shareholders 88
E. Dilution 88
F. Expenses of the Issue 88
Item 10. *Additional Information* 88
A. Share Capital 88
B. Memorandum and Articles of Association 89
C. Material Contracts 97
D. Exchange Controls 97
E. Taxation 102
F. Dividends and Paying Agents 105
G. Statement by Experts 105
H. Documents on Display 105
I. Subsidiary Information 105
J. Annual Report to Security Holders 105
Item 11. *Quantitative and Qualitative Disclosures about Market Risk* 106

Table of Contents

Item 12. *Description of Securities Other Than Equity Securities* 106
A. Debt Securities 106
B. Warrants and Rights 106
C. Other Securities 106
D. American Depositary Shares 106
Item 13. *Defaults, Dividend Arrearages and Delinquencies* 108
Item 14. *Material Modifications to the Rights of Security Holders and Use of Proceeds* 108
Item 15. *Controls and Procedures* 108
Item 16. *[Reserved]* 109
Item 16A. *Audit Committee Financial Expert* 109
Item 16B. *Code of Ethics* 109
Item 16C. *Principal Accountant Fees and Services* 110
Audit and Non-Audit Fees 110
Audit Committee's Pre-Approval Policies and Procedures 110
Item 16D. *Exemptions from the Listing Standards for Audit Committees* 110
Item 16E. *Purchases of Equity Securities by the Issuer and Affiliated Purchasers* 111
Item 16F. *Change in Registrant's Certifying Accountant* 112
Item 16G. *Corporate Governance* 113
Item 16H. *Mine Safety Disclosure* 118
Item 16I. *Disclosure Regarding Foreign Jurisdictions that Prevent Inspections* 118
Item 16J. Insider Trading Policies 119
Item 16K. Cybersecurity 119
Item 17. *Financial Statements* 120
Item 18. *Financial Statements* 120
Item 19. *Exhibits* 121
Signatures 122

Item 1. ***Identity of Directors, Senior Management and Advisers***

Not Applicable

Item 2. ***Offer Statistics and Expected Timetable***

Not Applicable

Item 3. ***Key Information***

A. [Reserved]

B. Capitalization and Indebtedness

Not Applicable

C. Reasons for the Offer and Use of Proceeds

Not Applicable

D. Risk Factors

This section contains forward-looking statements that are subject to the Cautionary Statement appearing on page 2 of this annual report. Risks to Sony are also discussed elsewhere in this annual report.

Sony must overcome increasingly intense competition, which could lead to lower revenue or operating margins.

Sony has several business segments in different industries with many product and service categories, which cause it to compete with many existing and new competitors ranging from large multinational companies to highly specialized entities that focus on only one or a few businesses and also, potentially, with outsourced manufacturing service partners that currently supply products to Sony. These competitors may have greater financial, technical, labor and marketing resources available to them than those available to Sony. Sony's financial condition and operating results depend on its ability to efficiently anticipate and respond to these established and new competitors.

The competitive factors Sony faces vary depending on the nature of the business. For example, in the Game & Network Services ("G&NS"), Music and Pictures segments, Sony competes for talent, such as game creators, artists, songwriters, actors, directors and producers, and for entertainment content that is created, acquired, licensed and/or distributed. Competition for talent and appealing content can lead to lower profitability if the higher costs required for such talent and content acquisition cannot be recouped through greater sales. In addition, the evolution of innovative technologies such as artificial intelligence ("AI") and the use of them by competitors may impact Sony's existing business models. In the G&NS, Music and Pictures segments, operating results can be impacted by worldwide consumer acceptance of their products, which is difficult to predict, and by alternative forms of entertainment and leisure activities available to consumers, as well as by competing products released or sold at or near the same time.

In the G&NS, Entertainment, Technology & Services ("ET&S") and Imaging & Sensing Solutions ("I&SS") segments, Sony competes on the basis of various factors including price and function, and price competition can lead to lower margins when costs cannot be reduced at a proportional rate. Even for those products where Sony believes it has a strong competitive advantage, such as image sensors, it is possible that its competitors' technological capabilities will accelerate such that Sony would be unable to maintain its advantageous market position. Additionally, in terms of consumer electronics products, to produce products that appeal to changing and increasingly diverse consumer preferences, including constantly changing consumer interest in minimizing energy consumption and selecting materials with environmental considerations in mind for both products and packaging, or to overcome the fact that a relatively high percentage of consumers already possess similar products, Sony must develop superior technology, anticipate consumer tastes, and rapidly develop attractive and differentiated products with competitive prices and features. Sony faces increasingly intense pricing pressure from competitors, retailer consolidation, new sales/distribution channels, and shorter product cycles in a variety of consumer product categories. If Sony is unable to maintain its advantageous market position in the fields in which it has a technological or other competitive advantage, Sony is unable to effectively

anticipate and counter the ongoing price erosion that frequently affects its consumer products or the cost pressures affecting its businesses, there is a change in existing business models or consumer preferences, or the average prices of Sony's products decrease faster than Sony is able to reduce manufacturing costs, Sony's operating results and financial condition may be adversely impacted.

To remain competitive and stimulate customer demand, Sony must invest in research and development to achieve product and service innovations and successfully manage frequent introductions of such new products and services.

To strengthen the competitiveness of its products and services, Sony continues to invest in research and development ("R&D"), particularly in growth areas such as the G&NS and I&SS segments. However, Sony may not be successful in investing in R&D if it fails to identify products, services and market trends with significant growth potential. In addition, Sony's investments may not yield the innovation or the expected results quickly enough, or competitors may lead Sony in technological innovation. This may hinder Sony's ability to commercialize new and competitive products and services.

Sony must continually introduce and enhance products and services, and stimulate and sustain customer demand for them. Sales of these products and services are particularly sensitive to consumer demand in the year-end holiday season. In the G&NS segment, the successful introduction and penetration of gaming platforms, including game streaming, is a significant factor driving sales and profitability, and this success is affected by the ability to provide customers with attractive software line-ups and online services. However, there is no assurance that major contributors to this effort, such as third-party software developers and publishers, will continue to develop and release software, and transaction terms for software and related services with such contributors may be subject to change. In addition, Sony believes that integrating its hardware, software, including AI, entertainment content and network services and minimizing their energy consumption, as well as investing in R&D to effect such integration, is essential in generating revenue growth and profitability. However, this strategy depends on its ability to further develop AI and network services technologies, coordinate and prioritize strategic and operational issues among Sony's various business units and sales channels, continually introduce enhanced, energy efficient and competitively priced hardware that is seamlessly connected to energy efficient network platforms with user interfaces that are innovative and attractive to consumers and also standardize technological and interface specifications industry-wide and across Sony's networked products and business units. In addition, the G&NS, Music and Pictures segments must invest substantial amounts, which may include significant upfront investments, in internally developed software titles, artist advances, music catalogs, motion picture productions, television productions and broadcast programming before knowing whether their products will receive customer acceptance. Furthermore, underperformance of Pictures' products in the initial distribution market is correlated with weak performance in subsequent distribution markets, which would have an adverse effect on Sony's results in the year of initial release as well as future years.

The successful introductions of, and transitions to, new products and services depend on a number of factors, such as the timely and successful completion of development efforts, market acceptance, planning and executing an effective marketing strategy, managing new product introductions, managing production ramp-up issues, the availability of application software for new products, quality control and the concentration of consumer demand in the year-end holiday season. If Sony cannot achieve the expected results from its investment in R&D, adequately manage frequent introductions of new products and services and obtain consumer acceptance of its new products and services, or if Sony is not successful in implementing its integration strategy, Sony's reputation, operating results and financial condition may be adversely impacted.

Sony's strategic initiatives, including acquisitions, joint ventures, investments, capital expenditures and restructurings, may not be successful in achieving their strategic objectives.

Sony actively engages in acquisitions, joint ventures, capital expenditures and other strategic investments to acquire new technologies, efficiently develop new businesses and enhance its business competitiveness. For example, in the fiscal year ended March 31, 2025, Sony acquired additional shares of KADOKAWA Corporation. In the fiscal year ended March 31, 2026, Sony acquired shares of Bandai Namco Holdings Inc. ("Bandai Namco") and acquired an additional equity interest in Peanuts Holdings LLC ("Peanuts Holdings").

In some cases, the completion of mergers, acquisitions and joint ventures is subject to certain closing conditions, including regulatory approvals. As a result of anti-trust laws and regulations and anti-trust regulatory authorities becoming stricter, regulatory reviews following the signing of a definitive agreement may take longer than expected, or Sony may fail to obtain regulatory approvals. Also, closing conditions for mergers and acquisitions, which are set forth in definitive agreements, may not be satisfied due to unanticipated changes in

the strategies or financial conditions of the organizations to be merged or acquired, leading to mergers and acquisitions not proceeding as expected, or the definitive agreements being changed or terminated. As a result, Sony may lose business opportunities and may not realize some or all of the initially expected results of mergers and acquisitions. As of the date of this report, mergers, acquisitions and joint ventures for which Sony has already signed definitive agreements and whose completions are subject to regulatory approvals include the establishment of a joint venture through a strategic partnership in the home entertainment field between Sony Corporation and TCL Electronics Holdings Limited and its subsidiaries (collectively, "TCL"), for which definitive agreements were signed in March 2026.

While Sony performs a comprehensive analysis and evaluation of merged or acquired organizations prior to their merger or acquisition from various perspectives such as technology, accounting, tax, finance, human resources ("HR"), and legal, Sony's financial results may be adversely affected by factors including the significant cost of the acquisition and/or integration expenses, IT and information security risks introduced from newly merged or acquired organizations, failure to achieve initially expected synergies, failure to generate expected revenue and cost improvements, loss of key personnel and assumption of liabilities.

When establishing joint ventures and strategic partnerships, Sony's financial and operating results may be adversely affected by strategic or cultural differences with partners, conflicts of interest, failure to achieve synergies, additional funding or debt guarantees required to maintain the joint venture or partnership, requirements to buy out a joint venture partner, sell its shares or dissolve a partnership, insufficient management control including control over cash flow, loss of proprietary technology and know-how, impairment losses and reputational harm from the actions or activities of a joint venture that uses the Sony brand. For example, Sony Honda Mobility Inc. ("Sony Honda Mobility"), a joint venture between Sony Group Corporation and Honda Motor Co., Ltd. ("Honda"), decided to discontinue the development and launch of its electric vehicle models and downsize its business as a result of Honda's reassessment of its automobile electrification strategy announced in March 2026. Consequently, Sony recorded an additional 44.9 billion yen loss of equity method investment in the fiscal year ended March 31, 2026. Refer to Note 8 of the consolidated financial statements for details.

Sony invests heavily in production facilities and equipment, including fabrication facilities used to make image sensors for smartphones and other products. Sony may not be able to execute these capital expenditures as planned or recover these capital expenditures in part or full or in the planned timeframe due to the competitive environment, lower-than-expected consumer demand, changes in the financial condition or business decisions of Sony's major customers, or delays in the procurement of production facilities and equipment. Sony invested 227.4 billion yen and 246.7 billion yen of capital in the fiscal years ended March 31, 2025 and 2026, respectively, mainly for the purpose of increasing image sensor production capacity.

Further, Sony is implementing initiatives for restructuring and transformation to enhance profitability, business autonomy and shareholder value or to clearly position each business within the overall business portfolio. However, the expected benefits of these initiatives, including the expected level of profitability, may not be realized due to internal and external impediments or market conditions worsening beyond expectations. If Sony is not successful in achieving its restructuring and transformation initiatives, Sony's operating results, financial condition, reputation, competitiveness or profitability may be adversely affected.

Sony's sales and profitability may be affected by the operating performance of wholesalers, retailers, other resellers and third-party distributors.

Sony is dependent for the distribution of its products on wholesalers, retailers, other resellers and third-party distributors, many of whom also distribute competitors' products. For example, in some cases, the Pictures segment depends on third parties to theatrically exhibit its motion pictures, and to operate cable, satellite, internet and other distribution systems to distribute its motion pictures and television programming. A decline in the licensing fees received from these third parties may adversely affect the Pictures segment's sales. The Pictures segment's various television networks are also distributed on third-party cable, satellite and other distribution systems and the failure to renew, or the renewal on less favorable terms of, television carriage contracts (broadcasting agreements) with these third-party distributors may adversely affect the Pictures segment's ability to generate advertising and subscription sales through these networks.

Sony invests in programs to incentivize wholesalers, retailers, and other resellers and third-party distributors to position and promote Sony's products, but there is no assurance that these programs will provide a significant return or incremental revenue by persuading consumers to buy Sony's products instead of competitors' products.

The operating results and financial condition of many wholesalers, retailers, other resellers and third-party distributors have been adversely impacted by competition, especially from online retailers, and weak economic

conditions. If their financial condition continues to weaken, they stop distributing Sony's products, or uncertainty regarding demand for Sony's products or other factors cause them to reduce their ordering, marketing, subsidizing, or distributing Sony's products, Sony's operating results and financial condition may be adversely impacted.

As a global company, Sony is subject to a wide range of laws and regulations in many countries and a growing focus on sustainability efforts, including corporate social responsibility from external stakeholders including shareholders, consumers, local communities and non-governmental organizations ("NGOs"). Those laws and regulations, as well as external stakeholder and regulator focus, might change in significant ways, leading to an increase in the costs of Sony's operations, a curtailment of Sony's activities, and/or an adverse effect on Sony's reputation.

As a global company, Sony is subject to the laws and regulations of many countries throughout the world that affect its business operations in a number of areas, including advertising, promotions, consumer protection, import and export requirements, anti-corruption, anti-trust, environmental protection (including decarbonizing regulations in connection with actions against climate change and regulations on the use and/or spillage of hazardous substances such as specific organic fluorine compounds), data privacy and data protection, product security, content and broadcast regulation, development and utilization of AI, intellectual property, labor, occupational health and safety, product liability, taxation (including taxes from certain revenue on digital services), foreign investment, government procurement, foreign exchange controls, and economic sanctions.

Compliance with these laws and regulations may be onerous and expensive. These laws and regulations continue to develop and may be inconsistent from jurisdiction to jurisdiction, further increasing the cost of compliance and doing business. Any such developments could occur frequently and without warning and could make Sony's products or services less attractive to its customers, delay or prohibit introduction of new products or services in one or more regions or cause Sony to change or limit its business practices. For example, imposition of restrictive trade measures such as tariffs and export controls in the United States and elsewhere, as well as retaliatory actions against such measures, could result in increased customs duties applicable to Sony's products or increased costs for procuring parts and components, and could limit or prohibit the sales of Sony's products and services to certain of its current or potential customers, which may adversely affect Sony's operating results and financial condition. In addition, changes in laws or regulations or the judicial interpretation thereof that Sony relies on or Sony is subject to in conducting its operations, including online operations, as well as Sony's failure to anticipate such changes, may subject Sony to greater risk of liability, increase the costs of compliance, or limit Sony's ability to engage in or expand certain operations or lead to discontinuance of certain operations. In addition, regulators in Europe and other countries are moving forward with legislation related to AI. As Sony develops and uses AI, there is a possibility that the cost of complying with these laws and regulations may increase.

Violation of applicable laws or regulations by Sony, its officers or employees, third-party suppliers, business partners or agents may subject Sony to monetary fines, penalties, legal judgments, restrictions on business operations and/or reputational damage. Additionally, there is a growing global focus by regulators and external stakeholders on sustainability efforts, including those relating to climate change and respect for human rights in supply chains, as well as increasing regulatory obligations of public disclosures regarding these matters. For example, there is increased attention on labor practices, including work environments at electronic component and product manufacturers and original equipment manufacturers/original design manufacturers (OEM/ODM) operating in Asia. Increased regulation or public pressure in this area could cause Sony's compliance costs to increase, particularly since Sony uses many parts, components and materials to manufacture its products and relies on suppliers to provide these parts, components and materials. A finding of non-compliance, or the perception that Sony has not responded appropriately to growing external stakeholder concern for such issues, whether or not Sony is legally required to do so, may adversely affect Sony's reputation, operating results and financial condition.

Sony must manage its large volume of and widespread procurement from third-party suppliers and business partners to control inventory levels, availability, costs and quality of parts, components, materials, software and network services within volatile markets.

Sony's products and services rely on a large volume of third-party suppliers and business partners for parts, components, materials, software and network services, including semiconductors, chipsets for PlayStation® game consoles and mobile products, liquid crystal display ("LCD") panels and the Android OS that is used in mobile products, televisions and services. As a result, external suppliers' and partners' supply shortages, fluctuations in pricing, quality issues, discontinued support, changes in business terms or prioritization of customers outside the

electronics area or of Sony's competitors can adversely affect Sony's operating results, brand and reputation. For example, since the latter half of the fiscal year ended March 31, 2026, a global surge in demand for memory semiconductors has led to price increases and supply shortages. Although Sony is striving to minimize the impact by securing procurement at reasonable prices through discussions with third-party suppliers and measures in product design and sales strategy, worsened or prolonged price increases or supply shortages could adversely affect the operating results of the G&NS, ET&S and I&SS segments. Reliance on third-party software and technologies may make it increasingly difficult for Sony to differentiate its products from competitors' products. Also, shortages or delayed shipments of critical parts or components may result in a reduction or suspension of production at Sony's or its business partners' manufacturing sites, particularly where Sony is substantially reliant on one supplier, where there is limited production capacity for custom parts or components, or where there are initial manufacturing capacity constraints for products, parts or components that use new technologies.

Sony places orders for parts and components in line with production and inventory plans determined in advance based on its forecast of consumer demand, which is highly volatile and difficult to predict. Inaccurate forecasts of consumer demand or inadequate business planning can lead to a shortage or excess inventory, which can disrupt production plans and result in lost sales opportunities or inventory adjustments, respectively. Sony writes down the value of its inventory when the underlying parts, components or products have become obsolete, when inventory levels exceed the amount expected to be used, or when the value of the inventory is otherwise recorded at a value higher than net realizable value. Such lost sales opportunities, inventory adjustments, or shortages of parts and components have had and may have an adverse impact on Sony's operating results and financial condition.

Sony's sales, profitability and operations are sensitive to global and regional economic and political trends and conditions.

Sony's sales and profitability are sensitive to economic trends in its major markets, such as inflation. In the fiscal year ended March 31, 2026, 10.6%, 32.6% and 22.7% of Sony's sales were attributable to Japan, the U.S. and Europe, respectively. These markets may be subject to significant economic downturns, resulting in an adverse impact on Sony's operating results and financial condition. An actual or expected deterioration of economic conditions in any of Sony's major markets may result in a decline in consumers' consumption and adverse impacts on the businesses of commercial customers, resulting in reduced demand for Sony's products and services.

In addition, Sony's operations are conducted in many countries and regions around the world, and these international operations, particularly in certain emerging markets, can create challenges. For example, in the ET&S, I&SS and G&NS segments, production and procurement of products, parts and components in China and other Asian countries and regions increase the time necessary to supply products to other markets worldwide, which can make it more difficult to meet changing customer demand in a timely manner. Further, in certain countries and regions, Sony may encounter difficulty in planning and managing operations due to unfavorable political or economic factors, such as armed conflicts, deterioration in foreign relations, changes in trade and tariff policies, non-compliance with expected business conduct and a lack of adequate infrastructure. If international or domestic political and military instability disrupts Sony's business operations or those of its business partners, Sony's operating results and financial condition may be adversely affected. Additionally, if such uncertain situations lead to price increases or supply shortages of materials and components, or prolonged lead times for shipping or increased transportation costs due to logistics disruptions, Sony's production and transportation costs may increase, and Sony's operating results and financial condition may be adversely affected. For example, as a response to the worsening of the situation in Ukraine and Russia that began in the fiscal year ended March 31, 2022, as of the date of this report, Sony has suspended its business in Russia. If this situation worsens further in the future, it could create global uncertainty, possibly leading to the worsening of Sony's businesses in other regions or a deterioration in global economic conditions resulting in an adverse impact on Sony's operating results and financial condition. In addition, worsened or prolonged price increases for crude oil and the impact on crude oil supply due to the rapid deterioration of the situation in the Middle East from the latter half of the fiscal year ended March 31, 2026 may adversely affect the operating results of the G&NS, ET&S and I&SS segments.

Foreign exchange rate fluctuations can affect Sony's operating results and financial condition.

Sony's operating results and financial condition are sensitive to foreign exchange rate fluctuations because many of Sony's products are sold in countries other than the ones in which they were developed and/or manufactured. For example, within Sony's electronics area, R&D and headquarters' overhead costs are incurred mainly in yen, and manufacturing costs, including material costs, costs of procurement of parts and components,

and costs of outsourced manufacturing services, are incurred mainly in U.S. dollars and yen. Sales are recorded in yen, U.S. dollars, euros, Chinese renminbi, and local currencies of other areas, including emerging markets. Consequently, foreign exchange rate fluctuations have had and may have an adverse impact on Sony's operating results, especially when the yen weakens significantly against the U.S. dollar, when the yen strengthens significantly against the euro, or when the U.S. dollar strengthens against emerging market currencies. Sony's operating results may also be adversely impacted by foreign exchange rate fluctuations since Sony's consolidated statements of income are prepared by translating the local currency denominated operating results of its subsidiaries around the world into yen. Furthermore, as Sony's businesses have expanded in China and other areas, including emerging markets, the impact of fluctuations of foreign currency exchange rates in these areas against the U.S. dollar and yen has increased. Mid- to long-term changes in exchange rate levels may interfere with Sony's global allocation of resources and hinder Sony's ability to engage in R&D, procurement, production, logistics, and sales activities while maintaining profitability.

Although Sony seeks to reduce its exposure to foreign exchange risk by hedging a portion of its net short-term foreign currency exposure shortly before the transactions occur, such hedging activity may not offset, or may offset only a portion of, the adverse financial effects of unfavorable movements in foreign exchange rates over the limited time the hedges are in place.

Moreover, since Sony's consolidated statements of financial position are prepared by translating the local currency denominated assets and liabilities of its subsidiaries around the world into yen, Sony's equity capital may be adversely impacted when the yen strengthens significantly against the U.S. dollar, the euro and/or other foreign currencies.

Ratings downgrades or significant volatility and disruption in the global financial markets may adversely affect the availability and cost of Sony's funding.

Sony's credit ratings may be adversely impacted by unfavorable operating results and a decline in its financial condition. Any credit rating downgrades may, in turn, result in an increase in Sony's cost of funding and may have an adverse impact on Sony's ability to access commercial paper ("CP") or mid- to long-term debt markets on acceptable terms.

Additionally, global financial markets may experience significant levels of volatility and disruption, generally putting downward pressure on financial and other asset prices and impacting credit availability. Historically, Sony's primary sources of funds have been cash flows from operations, the issuance of CP and mid- to long-term debt, as well as borrowings from banks and other institutional lenders. There can be no assurance that such sources will continue to be available on acceptable terms or be sufficient to meet Sony's needs.

As a result, Sony may seek other sources of financing to fund operations, such as the draw-down of funds from contractually committed lines of credit from financial institutions or the sale of assets, in order to repay CP and mid- to long-term debt as they become due, and to meet other operational and liquidity needs. However, such funding sources may also not be available at acceptable terms or be sufficient to meet Sony's requirements. As a result, Sony's operating results, financial condition and liquidity may be adversely affected.

Sony's success depends on the ability to recruit, retain and maintain productive relations with diverse people who embrace a challenging spirit and possess the ambition to grow.

In order to continue to create content, develop services, design, manufacture, market, and sell products, in increasingly competitive markets, personnel with a high level of expertise and broad experience are essential. Accordingly, Sony must attract, retain and maintain productive relations with both internal and external key personnel, including management professionals, creative talent who drive new value creation, and technology professionals with expertise in AI and other technologies. However, such key personnel are in high demand. In addition, business divestitures, restructuring or other transformation initiatives may lead to an unintended loss of experienced employees or know-how. Actual or threatened work slowdowns or stoppages related to unionized workers, particularly in the entertainment field, could lead to delayed releases or cost increases. Furthermore, in Japan, with a declining workforce due to the falling birthrate and aging population, intensifying competition among companies for specialized talent, and rising labor costs, it may become difficult to secure the necessary talent if Sony's HR system is inadequate in its design and operations. If these incidents occur or if Sony is unable to attract, retain and maintain productive relations with employees with high levels of expertise and broad experience as well as key management professionals, Sony's operating results and financial condition may be adversely affected.

Sony's intellectual property might be subject to unauthorized use or theft and it might encounter restrictions in its use of intellectual property owned by third parties.

Sony's intellectual property might be subject to unauthorized use or theft. For example, digital technology, the availability of digital media, global internet penetration and the proliferation of AI technology, including generative AI, impact Sony's ability to protect its copyrighted content from unauthorized duplication, digital theft and counterfeiting, putting pressure on legitimate sales of products and services. Sony has incurred and will continue to incur expenses to help protect its intellectual property rights; however, Sony's various initiatives to prevent such unauthorized use or theft of intellectual property might not achieve their intended result, which could adversely affect Sony's competitive position and the value of its investment in R&D. Additionally, Sony's intellectual property rights may be challenged or invalidated, or such intellectual property rights may not be sufficient to provide Sony with competitive advantages.

Many of Sony's products and services are designed, developed or manufactured under the license of patents and other intellectual property rights owned by third parties. Based upon past experience and industry practice, Sony believes it will be able to obtain or renew licenses relating to various intellectual property rights that its business needs in the future; however, such licenses may not be available at all or on acceptable terms, and as a consequence Sony may need to redesign or discontinue its marketing, selling or distribution of such products and services.

Claims have been and may be asserted against Sony that its products or services, including third-party parts, components, software and network services used in Sony's products or services, infringe the intellectual property rights of other parties. Such claims may be asserted by competitors or by other rights holders, particularly as products and services evolve to include new technologies and enhanced functionality. Such claims might require Sony to enter into settlement or license agreements, pay significant damage awards, face an injunction or refrain from marketing, selling or distributing certain of its products and services.

The failure to prevent unauthorized use or theft of Sony's intellectual property rights by third parties, the failure to enter into licenses for necessary third-party intellectual property rights, the invalidation of Sony's intellectual property rights or the settlement of an infringement claim against Sony by others may adversely impact Sony's reputation, operating results and financial condition.

Changes in consumer behavior resulting from new technologies and distribution platforms, as well as increasing concentration of digital music distributors and creation of content by distributors themselves, may adversely affect operating results in the Music and Pictures segments.

Technology, particularly digital technology, used in the Music and Pictures segments continues to evolve, rapidly leading to alternative methods and platforms for the discovery and consumption of digital content. These technological advancements have changed consumer behavior and empowered consumers to seek more control over when, where and how they consume digital content.

The impact of the prevalence of digital streaming networks and other new media on traditional television and in-theater motion picture viewership could adversely affect the operating results of the Pictures segment.

Furthermore, as more music and video content is consumed over digital streaming networks, digital music distributors are becoming increasingly concentrated, which may decrease the competitiveness of Sony's music content and adversely affect its pricing. In addition, digital music and video distributors may increase the amount of content they create for their own services by leveraging technologies such as generative AI, which may reduce the demand for content created or produced by Sony. If Sony is unable to adequately respond to these changes or fails to effectively adapt to new market changes, Sony's operating results and financial condition may be adversely impacted.

Sony's facilities and operations are subject to damage and disruption as a result of catastrophic disasters, outages, pandemic diseases, or similar events that could lead to supply chain, manufacturing and other business disruptions and have an adverse impact on Sony's operating results.

Sony's headquarters and many of Sony's state-of-the-art manufacturing sites, including those for image sensors, are located in Japan, where the risk of earthquakes is relatively high. If large-scale earthquakes or other natural disasters occur in Japan, buildings, facilities and inventories could be damaged, and Sony's business activities, operating results and financial condition could be negatively affected by interruptions in production activities and the recording of recovery costs. In addition, as climate change contributes to rising temperatures, the increased severity and frequency of extreme weather conditions could adversely affect the risks and uncertainties noted above.

In addition, offices and facilities used by Sony, its suppliers, external service providers and other business partners for network, information and telecommunications system infrastructure, R&D, procurement of materials, manufacturing, motion picture and television production, logistics, sales, and online and other services are located throughout the world and are subject to possible destruction, temporary inoperability, or other disruptions as a result of unforeseen catastrophes such as natural disasters, pandemic diseases, terrorist acts, armed conflicts, large-scale power outages and large-scale fires. If any of these facilities or offices were to suffer significant damages as a result of any such catastrophe, it may cause suspension of Sony's business activities and/or delays in design, development, production, shipments or revenue recognition, and may require substantial expenses for the repair or replacement of such facilities or offices. In addition, price increases for raw materials, parts and components, and lower demand from commercial customers may have an adverse impact on Sony's operating results and financial condition.

Sony's brand image, reputation and business may be harmed and Sony may be subject to legal claims if there is a breach or other compromise of Sony's information security or that of its third-party service providers or business partners.

Sony, its third-party service providers, suppliers and other business partners make extensive use of information technology including AI to support business operations, and to provide network and online services to customers. These operations and services, as well as Sony's business information, may be compromised by malicious actors, including state-sponsored organizations, criminals and criminal organizations, or intentionally or inadvertently compromised by employees of third-party service providers, suppliers, other business partners or Sony. Such organizations or individuals may use a variety and combination of techniques, such as installing malicious software, exploiting vulnerabilities in information technology, using social engineering to mislead officers, employees or business partners into disclosing credentials and sensitive information, coordinating distributed denial-of-service attacks to render services unavailable, and using AI systems to discover vulnerabilities and to execute more automated, targeted, and coordinated cyberattacks. The increasing adoption of AI by Sony, its business partners, and other third-parties may introduce new vulnerabilities and attack opportunities for malicious actors. If suppliers and other business partners are subjected to cyberattacks, they may become unable to supply parts, materials, and services to Sony, which could consequently impact Sony's businesses. Sony has previously been the subject of cyberattacks. For further details, refer to "Item 16K. *Cybersecurity*."

As cyberattacks become increasingly sophisticated and automated, and as tools and resources become more readily available, there can be no guarantee that Sony's actions, security measures and controls designed to prevent, detect or respond to outside intrusion, limit access to data, prevent loss, destruction, alteration, or exfiltration of business information, or limit the negative impact from such attacks can provide absolute security. In addition, Sony's officers and employees work both in the office and remotely. Although Sony takes measures to ensure that appropriate information security protections are in place for the remote workforce, there can be no guarantee that Sony's actions, security measures and controls designed to prevent, detect or respond to outside intrusion, limit access to data, prevent loss, destruction, alteration, or exfiltration of business information, or limit the negative impact from such attacks, can provide absolute security. As a result, Sony's business information, including personally identifiable information, may be lost, destroyed, disclosed, misappropriated, altered, or accessed without consent, and Sony's information technology systems or operations, or those of its service providers or other business partners, may be disrupted. Malicious adversaries may also use unauthorized access to Sony's networks as a platform to compromise Sony's third-party business partners without Sony's knowledge.

An information security incident could result in significant remediation costs for Sony. In addition, a disruption to Sony's network and online services, information technology, or other compromise of its information security may have serious consequences to its business and operations, including lost revenues, damage to relationships with business partners and other third parties, disclosure, alteration, destruction or use of proprietary information and the failure to retain or attract customers. Moreover, such disruptions and breaches may result in a diversion of management's attention and resources. Further, it may result in adverse media coverage, which may harm Sony's brand image and reputation. Sony may also be subject to legal claims or legal proceedings, including regulatory investigations and actions. Sony's cyber insurance may not cover all expenses and losses and, accordingly, such breaches or other compromises of Sony's information security or that of its third-party service providers or business partners may have an adverse impact on Sony's operating results and financial condition.

Sony's reputation, operating results and financial condition may be adversely affected as a result of adverse outcomes of litigation and regulatory actions.

Sony faces the risk of litigation and regulatory actions in different countries in connection with its operations. Legal proceedings, including regulatory actions, may seek to recover very large indeterminate amounts or to limit Sony's operations, and the possibility that they may arise and their magnitude may remain unknown for substantial periods of time. For example, legal proceedings, including regulatory actions, may result from antitrust scrutiny of market practices for alleged anti-competitive conduct. A substantial legal liability or adverse regulatory outcome and the substantial cost to defend the litigation or regulatory actions may have an adverse effect on Sony's reputation, operating results and financial condition.

Sony is subject to financial and reputational risks due to product quality, product security, and liability issues.

Sony's products and services, such as consumer electronics products, non-consumer products, parts and components, semiconductors, software and network services are becoming increasingly sophisticated and complicated as rapid advancements in technologies occur and as demand increases for mobile products and online services. Also, many of Sony's products are connected to the internet, and regularly communicate with services provided by Sony or third parties.

Sony's efforts to adapt to rapid advancements in technologies and increased demand for mobile products and online services, while also maintaining product quality and product security, may not be successful and may increase exposure to product liability. As a result, Sony may incur both reputational damages and expenses in connection with, for example, product recalls and after-sales services. In addition, Sony may not be successful in introducing after-sales upgrades, enhancements or new features to existing products and services, or in enabling existing products and services to continue to conveniently and effectively integrate with other technologies and online services. Moreover, cyberattacks targeting internet-connected products have increased significantly. For example, customer information and Sony or third-party technical information may be misappropriated, the functionality of Sony's products and services may be impaired, or Sony's products may be used in denial-of-service attacks. There can be no guarantee that Sony's security measures will prevent products from being compromised.

As a result, the quality of Sony's existing products and services may not remain satisfactory to consumers and become less marketable, less competitive or obsolete, and Sony's reputation, operating results and financial condition may be adversely affected. Moreover, allegations of security vulnerability, health and safety issues related to Sony's products and services, or lawsuits related to product quality, health issues arising from products or product safety, regardless of merit, may adversely impact Sony's operating results and financial condition, either directly or as a result of the impact on Sony's brand image and reputation as a producer of high-quality products and services. These issues are relevant to Sony's products sold directly to customers, whether manufactured by Sony or a third party, and also to products of other companies that are equipped with Sony's components, such as semiconductors.

Sony's financial results and condition may be adversely affected by its employee benefit obligations.

Sony recognizes a net defined benefit liability or asset for its defined benefit pension plans based on (i) the present value of defined benefit obligations ("DBO") under each pension plan less (ii) the fair value of plan assets, in accordance with the accounting guidance for defined benefit plans. If the fair value of plan assets is in excess of the present value of DBO, the amount of any asset to be recognized is limited to the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan. Any decrease in the fair value of plan assets or increases in the present value of DBO due to a lower discount rate and changes in certain other actuarial assumptions may increase or decrease the net defined benefit liability or asset and may have an adverse effect on Sony's financial results and condition.

Also, Sony's financial results and condition could be adversely affected by future pension funding requirements pursuant to the Japanese Defined Benefit Corporate Pension Plan Act (the "Pension Plan Act"). Under the Pension Plan Act, Sony is required to conduct a periodic actuarial revaluation and to ascertain whether certain financial criteria have been met after the annual accounting closing. In the event that the fair value of plan assets falls below the actuarial reserve required by law and the shortfall may not be recovered within a certain moratorium period permitted by laws and/or special legislative decree, Sony may be required to make an additional contribution to its plans, which may reduce cash flows. Similarly, if Sony is required to make an additional contribution to a foreign plan to meet any funding requirements in accordance with local laws and regulations in each country, Sony's cash flows might be adversely affected. If Sony is required to increase cash

contributions to its pension plans when actuarial assumptions, such as an expected long-term rate of return of the plan assets, are updated for purposes of determining statutory contributions, it may have an adverse impact on Sony's cash flows.

Further losses in tax jurisdictions where Sony has assessed deferred tax assets as unrecognized, the inability of Sony to fully utilize its deferred tax assets, limitations on the use of its deferred tax assets under local law, exposure to additional tax liabilities or changes in Sony's tax rates could adversely affect Sony's operating results and financial condition.

Sony is subject to income taxes in Japan and numerous other jurisdictions, and in the ordinary course of its business there are many situations where the ultimate tax determination can be uncertain, because of the transfer pricing for its intercompany transactions, and because Sony is subject to continuous review by tax authorities of numerous jurisdictions. The calculation of Sony's tax provision and the carrying value of tax assets, including net operating loss carryforwards and tax credit carryforwards, require significant judgment and the use of estimates, including estimates of future taxable income. At the end of each reporting period, Sony reassesses unrecognized deferred tax assets and determines whether these assets should be recognized. As of March 31, 2026, the unrecognized deferred tax assets amounted to 277.5 billion yen. An increase in unrecognized deferred tax assets may have an adverse impact on Sony's operating results and financial condition.

Deferred tax assets are evaluated on a jurisdiction-by-jurisdiction basis. As of March 31, 2026, Sony had unrecognized deferred tax assets, principally at some subsidiaries in Japan and overseas. Additionally, deferred tax assets could expire unused or otherwise not be realizable for a variety of reasons including the lack of sufficient taxable income in the appropriate jurisdiction. Sony's operating results and financial condition could be adversely affected when the deferred tax assets expire unused.

In some jurisdictions, the use of net operating loss carryforwards or tax credits to reduce taxable income in a subsequent period is limited to a fixed percentage of taxable income or may only be used to offset taxes on income from certain sources. Thus, it is possible that even with significant net operating loss carryforwards or tax credits, Sony could record and pay taxes in a jurisdiction where it has taxable income.

Sony's future effective tax rates may also be unfavorably affected by changes in both the statutory rates and the mix of earnings in countries with differing statutory rates or by other factors such as changes in tax laws and regulations or their interpretation, including minimum tax requirements and limitations or restrictions on various tax deductions and credits, including deductions for royalties and interest.

In addition to the above, Sony's businesses may be subject to new forms of gross basis taxation and transactional taxes, including digital service taxes. Although such taxes may not directly impact Sony's effective tax rate, they may nevertheless have an adverse impact on its operating results and financial condition.

Sony could incur asset impairment losses for goodwill, content assets and other intangible assets or other non-current assets.

Sony has a significant amount of goodwill, content assets, other intangible assets and other non-current assets, including production facilities and equipment. A decline in financial performance, market capitalization, reduced estimates of future cash flows, changes in global economic conditions or changes in estimates and assumptions used in the impairment analysis, which in many cases requires significant judgment, could result in impairment losses against these assets. Events or changes in circumstances which would indicate impairment include unfavorable variances from or adjustments to established business plans, significant changes in forecasted results or volatility inherent to external markets and industries. The increased levels of global competition and the faster pace of technological change to which Sony is exposed can result in greater volatility of these estimates, assumptions and judgments, and increase the likelihood of impairment losses. Any such loss may adversely affect Sony's operating results and financial condition. For example, in the G&NS segment in the fiscal year ended March 31, 2026, considering the business environment, as a result of reviewing the future projections for the business operated by Bungie, Inc. ("Bungie"), Sony determined that sufficient future cash flows were not expected to be generated to recover the carrying amount of the assets, and recognized impairment losses of 120.1 billion yen against Bungie's intangible and other assets. Refer to Note 12 of the consolidated financial statements for details.

Holders of American Depositary Shares have fewer rights than shareholders and may not be able to enforce judgments based on U.S. securities laws.

The rights of shareholders under Japanese law to take actions, including voting their shares, receiving dividends and distributions, bringing derivative actions, examining Sony's accounting books and records, and

exercising appraisal rights, are available only to shareholders of record. Because the depositary, through its custodian agents, is the record holder of the shares underlying the American Depositary Shares ("ADSs"), only the depositary can exercise those rights in connection with the deposited shares. The depositary will make efforts to vote the shares underlying ADSs in accordance with the instructions of ADS holders and will pay the dividends and distributions collected from Sony. However, ADS holders will not be able to bring a derivative action, examine Sony's accounting books and records, or exercise appraisal rights through the depositary.

Sony Group Corporation is incorporated in Japan with limited liability. A majority of Sony's directors and corporate executive officers are non-U.S. residents, and a substantial portion of the assets of Sony Group Corporation and the assets of Sony's directors and corporate executive officers are located outside the U.S. As a result, it may be more difficult for investors to enforce against Sony Group Corporation or such persons, judgments obtained in U.S. courts predicated upon civil liability provisions of the federal and state securities laws of the U.S. or similar judgments obtained in other courts outside Japan. There is doubt as to the enforceability in Japanese courts, in original actions or in actions for enforcement of judgments of U.S. courts, of civil liabilities predicated solely upon the federal and state securities laws of the U.S.

Prior notification under the Foreign Exchange and Foreign Trade Act of Japan may be required in the case of an acquisition by a foreign investor of a certain portion of our shares.

Because Sony is engaged in certain businesses designated by the Foreign Exchange and Foreign Trade Act of Japan (the "FEFTA") and its related cabinet orders and ministerial ordinances (collectively, the "Foreign Exchange Regulations"), if a foreign investor intends to consummate an acquisition of shares of common stock of Sony Group Corporation and that acquisition constitutes an "inward direct investment" under the Foreign Exchange Regulations, the foreign investor, subject to certain exemptions, must file a prior notification of such inward direct investment with the Minister of Finance and any other competent Ministers. Under the Foreign Exchange Regulations, an "inward direct investment" includes an acquisition by a foreign investor of shares of common stock of Sony Group Corporation, the consummation of which results in such foreign investor, in combination with any existing shareholding, directly or indirectly holding 1% or more of the total number of issued shares of common stock or the total number of voting rights of Sony Group Corporation, unless certain exemptions apply.

If such prior notification is filed, the proposed acquisition may not be consummated until the prescribed screening period expires. In some cases, the Ministers may extend the screening period, and may recommend or order any modification or the abandonment of such acquisition. In addition, if certain conditions – including those prescribed in light of the national security of Japan – under the Foreign Exchange Regulations are met, the Ministers may order the foreign investor to divest the shares acquired or take other measures. Consequently, any proposed acquisition by a foreign investor of shares of common stock of Sony Group Corporation that constitutes an "inward direct investment" may not be consummated in an expected time frame in accordance with an intended plan, or at all.

Additionally, if a foreign investor directly or indirectly holds 1% or more of the total voting rights of Sony Group Corporation and, at a general meeting of shareholders, consents to certain proposals having a material influence on the management of Sony Group Corporation such as the (i) election of such foreign investor or any of its related persons (as defined in the Foreign Exchange Regulations) as a director of Sony Group Corporation or (ii) transfer or discontinuation of its business, such consent, subject to certain exemptions, also constitutes an "inward direct investment" requiring prior notification. If such prior notification is filed, such consent cannot be given until the prescribed screening period expires. As a result, such foreign investors may have difficulties giving such consent in accordance with an intended plan, or at all.

The discussion above is not exhaustive of all possible foreign exchange controls considerations that may apply to a particular investor, and potential investors are advised to satisfy themselves as to the overall foreign exchange controls consequences of the acquisition, ownership and disposition of shares of common stock or voting rights of Sony Group Corporation by consulting their own advisors. For a more detailed discussion on the requirements and procedures regarding the prior notifications under the Foreign Exchange Regulations, refer to "Exchange Controls" in "Item 10. *Additional Information*."

Item 4. *Information on the Company*

A. History and Development of the Company

Sony Group Corporation was established in Japan in May 1946 as Tokyo Tsushin Kogyo Kabushiki Kaisha, a joint stock company (*Kabushiki Kaisha*) under Japanese law. It changed its name to Sony Kabushiki Kaisha ("Sony Corporation" in English) in January 1958, and changed its name again to Sony Group Kabushiki Kaisha ("Sony Group Corporation" in English) in April 2021 in order to focus on its role as the headquarters of the Sony Group.

In December 1958, Sony Group Corporation was listed on the Tokyo Stock Exchange ("TSE"). In June 1961, Sony Group Corporation issued American Depositary Receipts ("ADRs") in the U.S.

In March 1968, Sony Group Corporation established CBS/Sony Records Inc. in Japan, as a 50-50 joint venture company between Sony Group Corporation and CBS Inc. in the U.S. In January 1988, the joint venture became a wholly-owned subsidiary of Sony Group Corporation, and in April 1991, changed its name to Sony Music Entertainment (Japan) Inc. ("SMEJ"). In November 1991, SMEJ was listed on the Second Section of the TSE.

In September 1970, Sony Group Corporation was listed on the New York Stock Exchange (the "NYSE").

In August 1979, Sony Group Corporation established Sony Prudential Life Insurance Co., Ltd. in Japan, as a 50-50 joint venture company between Sony Group Corporation and The Prudential Insurance Company of America. In April 1991, the joint venture changed its name to Sony Life Insurance Co., Ltd. ("Sony Life"). In March 1996, Sony Life became a wholly-owned subsidiary of Sony Group Corporation.

In July 1984, Sony Magnescale Inc., a subsidiary of Sony Group Corporation, was listed on the Second Section of the TSE. The subsidiary changed its name to Sony Precision Technology Inc. in October 1996 and then to Sony Manufacturing Systems Corporation in April 2004. In April 2012, Sony Manufacturing Systems was merged into Sony EMCS Corporation. Sony EMCS Corporation changed its name to Sony Global Manufacturing & Operations Corporation in April 2016.

In July 1987, Sony Chemicals Corporation, a subsidiary of Sony Group Corporation, was listed on the Second Section of the TSE. The subsidiary changed its name to Sony Chemical & Information Device Corporation in July 2006, and changed its name again to Dexerials Corporation in October 2012.

In January 1988, Sony Group Corporation acquired CBS Records Inc., the music business division of CBS Inc. in the U.S. The acquired company changed its name to Sony Music Entertainment Inc. in January 1991 and then to Sony Music Holdings Inc. in December 2008.

In November 1989, Sony Group Corporation acquired Columbia Pictures Entertainment, Inc. in the U.S. In August 1991, Columbia Pictures Entertainment, Inc. changed its name to Sony Pictures Entertainment Inc. ("SPE").

In November 1993, Sony Group Corporation established Sony Computer Entertainment Inc. in Japan. Sony Computer Entertainment Inc. changed its name to Sony Interactive Entertainment Inc. in April 2016.

In October 1995, Sony/ATV Music Publishing LLC ("Sony/ATV") was formed as a 50-50 joint venture company between Sony Group Corporation and Michael Jackson. In September 2016, the joint venture became a wholly-owned subsidiary of Sony Group Corporation. In January 2021, Sony/ATV changed its name to Sony Music Publishing (US) LLC.

In January 2000, acquisition transactions by way of a share exchange were completed such that three subsidiaries which had been listed on the TSE - SMEJ, Sony Chemicals Corporation (currently Dexerials Corporation), and Sony Precision Technology Inc. (currently Sony Global Manufacturing & Operations Corporation) - became wholly-owned subsidiaries of Sony Group Corporation. In September 2012, Sony Group Corporation completed the sale of certain of its chemical products businesses, including Sony Chemical & Information Device Corporation (currently Dexerials Corporation) to Development Bank of Japan Inc.

In October 2001, Sony Ericsson Mobile Communications AB ("Sony Ericsson"), a 50-50 joint venture company between Sony Group Corporation and Telefonaktiebolaget LM Ericsson ("Ericsson") of Sweden, was established. In February 2012, Sony acquired Ericsson's 50% equity interest in Sony Ericsson. As a result of the acquisition, Sony Ericsson became a wholly-owned subsidiary of Sony and changed its name to Sony Mobile Communications AB.

In October 2002, Aiwa Co., Ltd. (“Aiwa”), then a TSE-listed subsidiary, became a wholly-owned subsidiary of Sony Group Corporation. In December 2002, Aiwa was merged into Sony Group Corporation.

In June 2003, Sony Group Corporation adopted the “Company with Three Committees” corporate governance system in line with the revised Japanese Commercial Code then effective. (Refer to “Board Practices” in “Item 6. *Directors, Senior Management and Employees.*”)

In April 2004, Sony Group Corporation established Sony Financial Holdings, Inc. (“SFH”), a financial holding company, in Japan. Sony Life, Sony Assurance Inc. (“Sony Assurance”), and Sony Bank Inc. (“Sony Bank”) became subsidiaries of SFH. In October 2007, SFH was listed on the First Section of the TSE in conjunction with the global initial public offering of shares of SFH by Sony Group Corporation and SFH. In September 2020, SFH became a wholly-owned subsidiary of Sony Group Corporation through Sony’s tender offer for the common shares and the related stock acquisition rights of SFH and the subsequent procedures for the purchase of all of SFH’s remaining common shares. In October 2021, SFH changed its company name to SFGI. In May 2023, Sony Group Corporation announced that it had begun an assessment of the Partial Spin-off of the Financial Services business and the listing of the shares of SFGI, and in February 2024, Sony Group Corporation obtained approval from the Minister of Economy, Trade and Industry of Japan regarding its Corporate Restructuring Plan for the Partial Spin-off of the Financial Services business based on the Act on Strengthening Industrial Competitiveness of Japan. In May 2025, Sony Group Corporation decided to submit a resolution for the execution of the Partial Spin-off of the Financial Services business, as of October 1, 2025, to the Board of Directors in early September 2025. In September 2025, SFGI shares of common stock were listed on the Prime Market of the TSE, which was a condition for the execution of the Partial Spin-off of the Financial Services business. In October 2025, the execution of the Partial Spin-off of the Financial Services business was completed. As a result of the execution, Sony Group Corporation held 16.40% of shares of common stock of SFGI, and SFGI ceased being a consolidated subsidiary, and became an affiliated company of Sony Group Corporation.

In April 2004, S-LCD Corporation (“S-LCD”), a joint venture between Sony Group Corporation and Samsung Electronics Co., Ltd. of Korea for the manufacture of amorphous thin film transistor LCD panels, was established in Korea. Sony’s stake in S-LCD was 50% minus 1 share. In January 2012, Sony sold all of its shares of S-LCD to Samsung Electronics Co., Ltd.

In August 2004, Sony combined its worldwide recorded music business, excluding its recorded music business in Japan, with the worldwide recorded music business of Bertelsmann AG (“Bertelsmann”), forming a 50-50 joint venture, SONY BMG MUSIC ENTERTAINMENT (“SONY BMG”). In October 2008, Sony acquired Bertelsmann’s 50% equity interest in SONY BMG. As a result of the acquisition, SONY BMG became a wholly-owned subsidiary of Sony. In January 2009, SONY BMG changed its name to Sony Music Entertainment (“SME”).

In December 2005, Sony Communication Network Corporation, a subsidiary of Sony Group Corporation, was listed on the Mother’s market of the TSE, and was later listed on the First Section of the TSE in January 2008. It changed its name to So-net Entertainment Corporation in October 2006, and changed its name again to So-net Corporation (“So-net”) in July 2013. In January 2013, Sony Group Corporation acquired all of the common shares of So-net through a tender offer and subsequent share exchange and, as a result of the acquisition, So-net became a wholly-owned subsidiary of Sony Group Corporation. So-net was renamed Sony Network Communications Inc. (“SNC”) in July 2016.

In June 2012, an investor group including Sony Corporation of America (“SCA”) established DH Publishing, L.P. (“EMI”) to own and manage EMI Music Publishing, which it then acquired. This acquisition resulted in Nile Acquisition LLC (“Nile”), of which SCA owned 74.9% and the Estate of Michael Jackson (the “Estate”) owned 25.1%, acquiring approximately 40% of the equity interest in EMI. In July 2018, Sony completed the acquisition of the Estate’s equity interest in Nile, resulting in Sony owning approximately 40% of the equity interest in EMI. In November 2018, Sony completed the acquisition of the remaining approximately 60% equity interest in EMI, resulting in EMI becoming a wholly-owned subsidiary of Sony. In January 2021, Nile changed its name to Sony Music Publishing LLC (“SMP”). SMP encompasses both the former Sony/ATV and EMI.

In April 2013, Sony Olympus Medical Solutions Inc. (“SOMED”), a medical business venture between Sony Group Corporation and Olympus Corporation, was established in Japan. Sony’s stake in SOMED is 51%.

In July 2014, Sony Group Corporation sold its personal computer (“PC”) business operated under the VAIO brand to Japan Industrial Partners, Inc.

In July 2014, pursuant to a separation of Sony's businesses into distinct subsidiaries, the television business was split out and began operations as Sony Visual Products Inc.

In October 2015, the video and sound business was split out and began operations as Sony Video & Sound Products Inc. ("SVS").

In April 2016, the imaging and sensing solutions business was split out and began operations as Sony Semiconductor Solutions Corporation ("SSS").

In April 2017, the imaging products and solutions business was split out and began operations as Sony Imaging Products & Solutions Inc. ("SIPS"), which completed the sequential separation of Sony's business units into distinct subsidiaries.

In September 2017, Sony transferred its battery businesses to the Murata Manufacturing Co., Ltd. Group.

In April 2019, Sony Visual Products Inc. and SVS merged to become Sony Home Entertainment & Sound Products Inc. ("SHES").

In April 2020, Sony established Sony Electronics Corporation, an intermediate holding company encompassing the electronics products and solutions businesses.

In April 2021, in connection with the above-mentioned launch of Sony Group Corporation, Sony Electronics Corporation, SHES, SIPS and Sony Mobile Communications Inc. were merged into one company, which was renamed Sony Corporation. Additionally, certain support functions for the electronics products and solutions businesses and the imaging products and solutions business that had been carried out by Sony Group Corporation were transferred to Sony Corporation and SSS.

In April 2022, due to a restructuring of the segments of the TSE, Sony Group Corporation moved from the First Section to the Prime Market of the TSE.

In July 2022, Sony Interactive Entertainment LLC acquired Bungie, an independent videogame developer in the United States.

In September 2022, Sony Honda Mobility, a joint venture in the mobility field between Sony Group Corporation and Honda, was established in Japan. Sony's stake in Sony Honda Mobility is 50%.

Sony Group Corporation's registered office is located at 7-1, Konan 1-chome, Minato-ku, Tokyo 108-0075, Japan, telephone +81-3-6748-2111. Its website is https://www.sony.com/en/.

The agent in the U.S. for purposes of this Item 4 is Sony Corporation of America, 25 Madison Avenue, 26th Floor, New York, NY 10010-8601 (Attn: Office of the General Counsel).

Sony files reports and other information with the U.S. Securities and Exchange Commission (the "SEC") pursuant to the SEC's rules and regulations that apply to foreign private issuers. The SEC maintains a website that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. Sony's electronic filings are available for viewing on this website, at https://www.sec.gov.

Principal Capital Investments

In the fiscal years ended March 31, 2025 and 2026, Sony's capital expenditures, consisting of additions to long-lived assets and right-of-use assets, were 829.8 billion yen (*) and 804.9 billion yen, respectively. For a breakdown of principal capital expenditures and divestitures (including interests in other companies), refer to "Item 5. *Operating and Financial Review and Prospects.*" The funding requirements of such various capital expenditures are expected to be financed by cash provided principally by operating and financing activities or the existing balance of cash and cash equivalents.

In the fiscal year ended March 31, 2026, Sony invested approximately 265.3 billion yen in the I&SS segment, representing additions to long-lived assets. This investment included approximately 246.7 billion yen to increase image sensor production capacity.

* In connection with the resolution for the plan regarding the execution of the Partial Spin-off of the Financial Services business, the Financial Services business was classified as a discontinued operation and has been excluded from the reporting segments. Consequently, Sony's capital expenditures for the fiscal year ended March 31, 2025 have been re-presented into continuing operations to conform to this classification.

B. Business Overview

The G&NS segment includes the production and sales of digital software and add-on content, the network services businesses and the manufacture and sales of home gaming products. The Music segment includes the Recorded Music, Music Publishing and Visual Media & Platform businesses. The Pictures segment includes the Motion Pictures, Television Productions and Media Networks businesses. The ET&S segment includes the Imaging business, the Sound business, the Network Services business and the Displays business. The I&SS segment includes the image sensors business. All Other consists of various operating activities, including the disc manufacturing and recording media businesses. Sony's products and services are generally unique to a single operating segment.

Products and Services

Game & Network Services (G&NS)

Sony Interactive Entertainment LLC undertakes product research, development, design, marketing, sales, production, distribution and customer service for PlayStation® hardware, software, content and network services.

The G&NS segment includes the Digital Software and Add-on Content, Network Services and Hardware and Others categories. Digital Software and Add-on Content includes distribution of software titles and add-on content through the network by Sony Interactive Entertainment; Network Services includes network services relating to game, video and music content; and Hardware and Others includes home gaming consoles, packaged software, game software sold bundled with home gaming consoles, peripheral devices and first-party software for third-party platforms.

Music

Recorded Music:

"Recorded Music" includes the distribution of physical and digital recorded music and revenue derived from artists' live performances and merchandising. SME, a global entertainment company, excluding Japan, is engaged primarily in the development, production, marketing and distribution of recorded music in all commercial formats and genres. SMEJ is an entertainment company mainly focused on the Japanese market, which includes a Japanese domestic recorded music business that produces recorded music and music videos through contracts with many artists in all music genres.

Music Publishing:

"Music Publishing" includes the management and licensing of the words and music of songs. SMP is a U.S.-based music publishing business that owns, administers and acquires rights to musical compositions, exploiting and marketing these compositions and receiving royalties or fees for their use.

Visual Media & Platform:

"Visual Media & Platform" includes the production and distribution of anime content and game applications, and various service offerings for music and visual products. These businesses are operated primarily by SMEJ.

Pictures

Motion Pictures:

"Motion Pictures" includes the worldwide production, acquisition and distribution of live-action and animated motion pictures. SPE's motion picture production organizations include Columbia Pictures, Screen Gems, TriStar Pictures, 3000 Pictures, Sony Pictures Animation, Stage 6 Films, AFFIRM Films, Sony Pictures International Productions, and Sony Pictures Classics. SPE also operates Sony Pictures Imageworks, a visual effects and animation unit, and manages a studio facility, Sony Pictures Studios, which includes post-production facilities.

Television Productions:

"Television Productions" includes the worldwide production, acquisition and distribution of programming, including scripted series, unscripted "reality" or "light entertainment," daytime serials, game shows, animated series, made for television movies and miniseries and other programming.

Media Networks:

"Media Networks" includes the operation of television networks and direct-to-consumer ("DTC") streaming services worldwide. SPE's television networks around the world include Sony Pictures Networks India, which operates television networks in India, and Game Show Network, LLC, which operates a U.S.-based network delivered on cable, satellite and other distribution platforms. Digital networks include Crunchyroll, a streaming service based in North America primarily focused on anime content, and SonyLIV, a general entertainment streaming service in India.

Entertainment, Technology & Services (ET&S)

The ET&S segment includes the Imaging, Sound, Network Services, Displays and Other categories. Imaging includes image and video content creation products and solutions, including interchangeable lens cameras and interchangeable lenses; Sound includes headphones and wireless speakers; Network Services includes internet-related services; Displays includes display products such as LCD and OLED televisions, as well as projectors; Other includes smartphones, home audio products and medical equipment, as well as sports officiating support and content production support services.

Imaging & Sensing Solutions (I&SS)

SSS and its subsidiary Sony Semiconductor Manufacturing Corporation undertake product research, development, design, manufacturing, marketing, sales, production, distribution and customer services primarily for complementary metal oxide semiconductor ("CMOS") image sensors, in addition to display devices, lasers, large-scale integration systems (LSIs) and other semiconductors. These CMOS image sensors are used in a wide variety of applications, primarily smartphones, as well as other products such as digital cameras and security cameras, factory automation systems and automobiles.

All Other

All Other consists of various operating activities, including the disc manufacturing business outside of Japan, and the recording media and storage media businesses.

Sales and Distribution

G&NS, ET&S and I&SS

In the G&NS segment, PlayStation® hardware and peripheral devices, software and content and online services are marketed and distributed by Sony Interactive Entertainment LLC, Sony Interactive Entertainment Inc. and Sony Interactive Entertainment Europe Ltd. Digital software, including add-on content, is primarily sold via the PlayStation™Store, while software for third-party platforms is sold via third-party distributors. Hardware and physical software are sold both indirectly via third-party distributors as well as directly via Sony Interactive Entertainment's proprietary DTC website.

Sony's products and services in the ET&S and I&SS segments are primarily marketed throughout the world under the trademark "Sony."

In most cases, Sony's products in the ET&S and I&SS segments are sold to sales subsidiaries of Sony Group Corporation located in or responsible for sales in various countries and territories. These subsidiaries then sell those products to unaffiliated local distributors and dealers or through direct sales, such as through the internet. Sony Corporation brings its mobile products to market through direct and indirect channels, such as third-party cellular network carriers and retailers, as well as through its own website. In some regions, certain products and services are sold directly to local distributors by Sony Group Corporation.

Sales of such products and services are particularly seasonal and vary significantly with the timing of new product introductions and the economic conditions of each country. Sales for the third quarter ending December 31 of each fiscal year are generally higher than other quarters of the same fiscal year mainly in the G&NS and ET&S segments due to demand during the year-end holiday season.

Japan:

Sony Marketing Inc. markets consumer electronics products mainly through retailers. It also markets professional electronics products and services. For electronic components, Sony sells products directly to wholesalers and manufacturers.

United States:

Sony markets its electronics products and services in these segments through Sony Electronics Inc. and other wholly-owned subsidiaries in the U.S.

Europe:

In Europe, Sony's products and services in these segments are marketed through sales subsidiaries including Sony Europe B.V., which is headquartered in the United Kingdom and has branches in European countries.

China:

Sony markets products and services in these segments through Sony (China) Limited, Sony Corporation of Hong Kong Limited and other wholly-owned subsidiaries in China.

Asia-Pacific:

In Asia-Pacific, Sony's products and services in these segments are marketed through sales subsidiaries including Sony India Private Limited, Sony Electronics of Korea Corporation, Sony Taiwan Limited and Sony Electronics Vietnam.

Other Areas:

In overseas areas other than the U.S., Europe, China and Asia-Pacific, Sony's products and services in these segments are marketed through sales subsidiaries including Sony Brasil Ltda., Sony Middle East & Africa FZE in the United Arab Emirates and Sony de Mexico S.A.de C.V.

Music

SME and SMEJ develop, produce, market, and distribute recorded music in various commercial formats. SME and its affiliates conduct business globally under "Columbia Records," "Epic Records," "RCA Records" and other labels, in addition to "The Orchard" and "AWAL," independent label distribution and indie artist services. SMEJ conducts business in Japan under "Sony Music Records," "Epic Records Japan," "SME Records," "Ki/oon Music," "Sony Music Associated Records" and other labels. In addition, SME produces, markets and distributes products related to its artists mainly through the merchandising company Ceremony of Roses.

Sony owns and acquires rights to musical compositions, exploits and markets these compositions, receives royalties or fees for their use and conducts its music publishing business in countries other than Japan under the Sony Music Publishing name.

SMEJ creates artwork and produces packaged home entertainment products including music and games. It also organizes various events in Japan through Sony Music Solutions Inc. and its affiliates. In addition, SMEJ produces, markets and distributes anime content and game applications based on anime titles through Aniplex Inc. ("Aniplex").

Pictures

SPE generally retains all rights relating to the worldwide distribution of its internally produced motion pictures and television programming, including rights for theatrical exhibition, home entertainment distribution, pay and free television and digital exhibition and other markets. SPE also acquires distribution rights to motion pictures and television programming produced by other companies, and jointly produces and distributes motion pictures and television programming with other studios, television networks and production companies. These rights may be limited to particular geographic regions, specific forms of media or periods of time.

Within the U.S., SPE uses its own distribution service businesses, Sony Pictures Releasing and Sony Pictures Classics, for the U.S. theatrical release of its motion pictures and for the theatrical release of motion pictures acquired from and produced by others.

Outside the U.S., SPE generally distributes and markets motion pictures through one of its Sony Pictures Releasing International subsidiaries or affiliates. In certain countries, however, SPE has joint distribution or sub-distribution arrangements with other studios, or arrangements with independent local distributors or other entities.

The worldwide home entertainment and television distribution of SPE's motion pictures and television programming (and product acquired or licensed from others) is handled through SPE's Sony Pictures Home Entertainment/Television Distribution group. For home entertainment, product is distributed in various home media formats including Digital Distribution. Digital Distribution includes electronic sell-through and video-on-demand distributed on digital platforms, cable networks and direct broadcast satellite ("DBS") providers. For television, SPE's library of motion pictures and television programming is licensed to distributors such as broadcast television networks, digital platforms, cable networks and DBS providers. Digital platforms include subscription and advertising supported platforms (including Sony's PlayStation, Netflix and Amazon Prime Video).

SPE's television networks and streaming services (including Crunchyroll, primarily in North America, Europe and Latin America, and SonyLIV in India) are distributed through digital platforms, cable, DBS providers and telecommunications companies to viewers around the world. These networks and services generate advertising, subscription and other ancillary revenues.

All Other

Sony DADC group offers Ultra HD Blu-ray™, Blu-ray Disc™, DVD and CD media replication services as well as digital and physical supply chain solutions to business customers. Sony Storage Media Corporation sells its storage media products through its own sales forces, as well as through Sony's sales companies mentioned in the above description of Sales and Distribution for the G&NS, ET&S and I&SS segments.

Sales to External Customers by Geographic Area

The following table shows Sony's consolidated sales to external customers in each of its major markets for the periods indicated.

	Fiscal year ended March 31		
	2024	2025	**2026**
		(Yen in millions)	
Japan	1,266,795	1,322,209	**1,333,202**
United States	3,751,239	4,127,795	**4,064,440**
Europe	2,632,963	2,630,934	**2,826,805**
China	1,000,907	1,244,115	**1,428,677**
Asia-Pacific	1,659,776	1,640,582	**1,694,889**
Other Areas	948,357	1,069,282	**1,131,607**
Total	11,260,037	12,034,917	**12,479,620**

Sources of Supply

Sony procures parts, components and raw materials used in the production of its products on a global basis on the most favorable terms that it can achieve. These items are purchased from various suppliers around the world. Sony has a general policy of maintaining multiple suppliers for important parts and components.

When parts, components and raw materials become scarce, it not only causes production costs to rise but also may affect production. For example, semiconductors, LCD panels and other components, which are used in multiple applications, can influence Sony's performance when the availability of such parts and components is significantly limited. Additionally, rising energy costs and market prices, and trade-related costs may cause prices of parts, components and raw materials to increase, which may adversely affect Sony's financial results. Regarding raw materials, the market price of resin, sheet steel and copper, which are widely used in mechanical parts, electronic parts and components, may also fluctuate because of market factors such as the balance of supply and demand, and such fluctuations may impact the cost of those parts and components.

After-Sales Service

Sony provides repair and servicing functions in the areas where its G&NS, ET&S and I&SS products are sold. Sony provides these services through its own online support network, call centers, service centers, factories, authorized independent service centers, authorized servicing dealers and subsidiaries.

In line with industry practices of these businesses, almost all of Sony's consumer-use products that are sold in Japan carry a warranty, generally for a period of one year from the date of purchase, covering repairs, free of charge, in the case of a malfunction in the course of ordinary use of the product. Warranties outside of Japan generally provide coverage for various periods of time depending on the product and the area in which it is marketed. In the case of broadcast- and professional-use products, Sony maintains support contracts with customers in addition to warranties.

To further help ensure customer satisfaction, Sony maintains customer information centers in its principal markets and web support information for all markets.

Patents and Licenses

Sony has a number of Japanese and foreign patents relating to its products and services. Sony is licensed to use a number of patents owned by others, covering a wide range of products and services. Certain of these licenses are important to Sony's business. Sony's products that employ Blu-ray Disc™ player functionality, including PlayStation®4 and PlayStation®5 ("PS5™") hardware, are substantially dependent upon patents that relate to technologies specified in the Blu-ray Disc™ specifications and are licensed by Via Licensing Alliance LLC. Sony considers its overall license position beneficial to its operations.

Competition

In each of its principal product lines and services, Sony encounters intense competition throughout the world. Sony believes, however, that in the aggregate it competes successfully and has a major position in all of the principal product lines and services in which it is engaged, although the strength of its position varies with products and markets. Refer to "Risk Factors" in "Item 3. *Key Information.*"

G&NS, ET&S, I&SS and All Other

Sony believes that its product planning and product design expertise, the high quality of its products, its record of innovative product introductions and product improvements, the user experience it provides and the ecosystem that supports such an experience, its price competitiveness derived from reductions in manufacturing and indirect costs, and its extensive marketing and servicing efforts are important factors in maintaining its competitive position. Continuing to provide high-value added products, services and experiences is a key factor by which Sony aims to differentiate itself in these highly competitive markets. Sony believes that the success of the G&NS businesses is determined by the availability of attractive software titles and related content, downloadable content, network services and peripherals. In the I&SS segment, Sony puts significant effort into keeping Sony's strong competitive position by investing in R&D and production capacity, while also trying to avoid overinvesting and increasing fixed costs by carefully monitoring customer demand, market trends and demand for end-user products.

Music

Success in the music industry is dependent to a large extent upon the artistic and creative abilities of artists, producers and employees and is subject to the vagaries of public taste. The Music segment's future competitive position depends on its continuing ability to attract and develop artists and products that can achieve a high degree of public acceptance as well as offer value-added services to its artists and customers. In addition, Sony believes that the success of the Music segment's anime content and game applications business, Aniplex, is largely dependent on the creative talent of producers and developers, and is also subject to the vagaries of public taste.

Pictures

SPE faces intense competition from all forms of entertainment and other leisure activities to attract the attention of audiences worldwide. SPE competes with other motion picture studios and production companies to obtain story rights and talent, including writers, actors, directors and producers, which are essential to the success of SPE's products. SPE competes with other companies, in particular technology companies, who are expanding into the production or distribution of film and television programing. In motion picture production and distribution, SPE faces competition to obtain exhibition and distribution outlets and optimal release dates for its products. In addition, SPE faces competition to acquire motion pictures and television programming from third parties. In television production and distribution, competition arises from the increasing fragmentation of

audiences among broadcast and cable networks, digital platforms, DBS providers and other outlets both within and outside of the U.S. Furthermore, broadcast networks in the U.S., or their affiliated production companies, continue to produce their own shows internally, and major streaming services in and outside the United States are producing more content themselves or acquiring content from affiliated production companies. This competitive environment may result in fewer opportunities to produce shows for such networks and services, and may contribute to shorter lifespans for ordered shows that do not immediately achieve favorable ratings. SPE's worldwide television networks compete for viewers with broadcast and cable networks, DBS providers, digital platforms and other forms of entertainment. The number of networks around the world continues to drive competition for advertising and subscription revenues, acquisition of programming, and distribution of SPE's television networks by cable, DBS providers, digital platforms and other distribution systems.

Government Regulations

Sony's business activities are subject to various governmental regulations in different countries in which it operates, including regulations relating to: various business/investment approvals; trade affairs, including customs, import and export control; competition and antitrust; anti-bribery; advertising and promotion; intellectual property; broadcasting, consumer and business taxation; foreign exchange controls; economic sanctions; personal information protection; product safety; labor; human rights; conflict; occupational health and safety; environmental; and recycling requirements.

In particular, Sony's telecommunication businesses in Japan are subject to approvals and oversight from the Ministry of Internal Affairs and Communications, under the Telecommunications Business Act and other regulations related to the internet businesses and communication methods in Japan.

Sustainability Related Regulations Such as Environmental and Human Rights Regulations

Sony monitors, evaluates, and complies with laws and regulations that may affect its global operations and purchasing activities with respect to sustainability, such as environmental, human rights, labor, and occupational health and safety issues. For example, Sony has taken steps to address upcoming regulations or governmental policies related to (i) climate change including carbon disclosure, greenhouse gas ("GHG") emission reduction, carbon taxes and product energy efficiency; (ii) reporting on material sustainability matters relevant to Sony's business activities; and (iii) mandatory human rights and environmental due diligence throughout Sony's value chain.

Also refer to "Risk Factors" in "Item 3. *Key Information.*"

Disclosure pursuant to Section 219 of the Iran Threat Reduction and Syria Human Rights Act of 2012

Section 219 of the Iran Threat Reduction and Syria Human Rights Act of 2012 added Section 13(r) to the Securities Exchange Act of 1934 (the "Exchange Act"), as amended. Section 13(r) requires an issuer to disclose in its annual or quarterly reports, as applicable, whether it or any of its affiliates knowingly engaged in certain activities, transactions or dealings relating to Iran or with designated natural persons or entities sanctioned under programs relating to terrorism or the proliferation of weapons of mass destruction. Disclosure is required even where the activities, transactions or dealings are conducted outside the U.S. by non-U.S. affiliates in compliance with applicable law, and whether or not the activities are sanctionable under U.S. law.

Sony is aware that certain transactions during the fiscal year ended March 31, 2026, as described below, may be disclosable pursuant to Section 13(r) of the Exchange Act.

- Sony's representative office in Tehran, Iran, which was established in 1992, has been closed and has been under liquidation processes since before the beginning of the fiscal year ended March 31, 2014. In the course of liquidation, Sony engages in certain incidental transactions (for example, permits, taxes, and similar matters incidental to the wind-down of the office in Iran) with Iranian government-owned entities. No material revenues or profits are associated with these transactions with the Iranian government-owned entities.

Sony is not aware of any other activity, transaction or dealing by Sony Group Corporation or any of its affiliates during the fiscal year ended March 31, 2026 that is disclosable in this report under Section 13(r) of the Exchange Act. As of the date of this report, Sony does not anticipate that any activity, transaction or dealing that may be disclosable will be conducted during the fiscal year ending March 31, 2027, except as described above in connection with the wind-down of its representative office in Iran. Nevertheless, Sony continues to monitor developments in this area as sanctions against Iran continue to evolve, and assess whether and to what extent such sanctions may affect Sony's business activities, which Sony intends to conduct in accordance with applicable laws and regulations.

Sony believes, and maintains policies and procedures designed to ensure that, its transactions with Iran and elsewhere have been conducted in accordance with applicable economic sanctions laws and regulations and do not involve transactions likely to result in the imposition of sanctions or other penalties on Sony. However, there can be no assurance that Sony's policies and procedures will be effective, and if the relevant authorities were to impose penalties or sanctions against Sony, the impact of such sanctions could be material.

Sustainability Disclosure

Sony's Basic Policy for Sustainability Initiatives

Sony Group Corporation has established the following basic policy on sustainability with the approval of the Board of Directors:

Sony manages diverse businesses with people at the core, and aims for sustainable value creation based on such diversity and mid- to long-term growth in the Sony Group's corporate value under its Purpose to "fill the world with emotion, through the power of creativity and technology," and its Corporate Direction of "getting closer to people." In order to have people connected to each other through emotion, it is necessary to create a society in which everyone can live with peace of mind in a healthy global environment. Sony acts with due consideration of the impact of its business activities on stakeholders, including shareholders, customers, employees, suppliers, business partners, local communities and other organizations as well as the global environment, and focuses on building trust with stakeholders through dialogue. Through innovation and sound business practice, Sony endeavors to enhance its corporate value and contribute to the development of a sustainable society.

(1) Organizational Structure for Sustainability Initiatives and Efforts

<Organizational structure>

Sony Group Corporation has established the Sustainability Department under the supervision of the Senior Executive in charge of Sustainability. The Sustainability Department promotes various sustainability-related initiatives throughout the Sony Group in cooperation with each business unit and operating company ("Business Unit(s)") and other corporate divisions, including Compliance, Human Resources, Corporate Planning & Control, Finance and Legal ("Relevant Divisions").

The Senior Executive in charge of Sustainability regularly reviews and assesses risks and engages in detection, communication, evaluation and response for the risk of loss related to sustainability. The Sustainability Department reports to the Board of Directors at least once a quarter on sustainability initiatives and their progress. In addition, as part of reporting on each Business Unit's mid-range plan, the Board of Directors receives reports from each Business Unit on the sustainability challenges and opportunities relevant to their respective business operations and their efforts in those areas.

Also refer to "Risk Factors" in "Item 3. *Key Information*" for the risks related to sustainability.

<Sony's sustainability efforts>

The Sustainability Department, operating under the above structure and the aforementioned "Sony's Basic Policy for Sustainability Initiatives," embraces "Inspire a world filled with emotion for this generation and beyond" as Sony's Sustainability Vision and strives to spread this policy across Sony's business operations. Through dialogue with stakeholders and analysis of material sustainability topics for the Sony Group ("Material Topics"), the Sustainability Department identifies sustainability issues that need to be addressed by the Group as a whole. Additionally, the Sustainability Department promotes the group-wide sustainability initiatives by formulating relevant Group policies on identified sustainability issues, including a long-term environmental plan, "Road to Zero," and communicating across the Sony Group by collaborating with the Senior Executives in charge of Sony's headquarters functions and the Relevant Divisions.

The Business Units consider sustainability issues and opportunities for their respective businesses, and implement sustainability-related initiatives that align with their respective business characteristics. In addition, the Business Units, consulting with the Sustainability Department, have introduced key performance indicators ("Sustainability KPIs"), which measure the Business Units' sustainability efforts. The Sustainability KPIs are incorporated into the Business Units' performance evaluations, and the Sustainability Department evaluates the status of achievement of such Sustainability KPIs. Additionally, achievement of the Group Sustainability Evaluation is incorporated into one of the indicators for Senior Executives' remuneration linked to business results. The Group Sustainability Evaluation is an evaluation of efforts by Senior Executives to enhance the mid- to long-term corporate value and sustainable growth of the Sony Group as a whole, not limited to their respective businesses and organizations, including management succession and investment in human capital, sustainability initiatives related to social value creation and ESG (Environment, Social, Governance), value creation through collaborations among the businesses of the Sony Group, and engagement indicators based on employee surveys.

In the fiscal year ended March 31, 2026, Sony hosted the Sustainability Small Meeting for its investors in order to foster a deeper dialogue with stakeholders regarding sustainability. In addition, a global sustainability

conference was held, where the Senior Executive in charge of Sustainability, the Senior Executive in charge of Human Resources, and personnel in charge of sustainability from the Business Units came together to confirm and share sustainability initiatives for the Business Units and their progress on the Sustainability KPIs.

For the fiscal year ended March 31, 2026, the Sustainability KPIs included enhancing online safety, reducing the power consumption of Sony's products, promoting resource conservation in products and packaging and implementing environmental awareness-raising activities using the Group's content IP.

< Material Topics analysis as a prerequisite for the above efforts>

In order to ensure that Sony's sustainability initiatives can address changes in the social environment and the expectations of stakeholders from a mid- to long-term perspective, the Sustainability Department, under the supervision of the Senior Executive in charge of Sustainability, analyzes and identifies Material Topics and periodically reviews their importance, and conducted a review of the Material Topics in the fiscal year ended March 31, 2026. Sony defines Material Topics as "important topics related to sustainability that reflect both the influence Sony has on society and the environment, and the influence society and the environment have on Sony, determined with mid- to long-term social change and diverse stakeholder needs in mind." The Sustainability Department evaluated sustainability issues which are highly relevant to Sony from the perspectives of their importance. Based on such evaluation and following the review by the Senior Executives of Sony Group Corporation, Sony identified the Material Topics upon the CEO's approval. In addition, the identified Material Topics have been reported to the Board of Directors.

(2) Sustainability Strategies

As a result of the Material Topics analysis conducted in the fiscal year ended March 31, 2026, Sony has identified "Diversity," "Respect for Human Rights" and "Climate Change" as Material Topics.

<Background for identifying Material Topics>

- Diversity: Diversity has been a core value for Sony since its founding and serves as a source of innovation. The interaction among employees with diverse backgrounds has led to the creation of new businesses, and the diversification of business operations has expanded opportunities for employees, enabling both the company and its employees to grow together. Sony believes that, in order to achieve sustainable value creation, it is essential to further advance diversity in both attributes and experiences and to foster leadership and a corporate culture that embrace diverse perspectives. In addition, expectations for corporate initiatives addressing social issues related to diversity are increasing and Sony aims to further promote efforts across the Group to address both internal and external challenges.

- Respect for Human Rights: Sony is aware of the potential human rights impacts of its global business activities. Sony recognizes that respecting human rights throughout Sony's value chain and addressing any potential human rights risks, whether the relationship with Sony's business operation is direct or indirect, are responsibilities that a diverse range of stakeholders expect of Sony. Considering recent changes in the external environment related to respect for human rights, Sony believes that it is important to further strengthen its efforts in this area.

- Climate Change: Sony acknowledges that climate change impacts are becoming more apparent and that the transition towards a decarbonized society is a crucial issue for all companies, and that Sony's stakeholders have elevated expectations of Sony's environmental initiatives along two axes: the first being Sony's "responsibility," for instance, to reduce its environmental impact, and the second being the "contribution" Sony can make by leveraging its diverse businesses and technologies. Sony's corporate activities are only possible if the earth, which sustains all life, is healthy. Sony believes that it is important to respond to the environment, including by taking measures against climate change.

<Strategy, targets and major initiatives for Material Topics>

- Diversity

  Refer to "(3) Human Capital Strategies, Metrics and Targets" for diversity strategies.

- Respect for Human Rights

Through its "Sony Group Human Rights Policy," Sony is committed to respecting the internationally recognized human rights of individuals potentially affected by its business activities throughout its value chain.

Sony also strives to avoid causing or contributing to adverse human rights impacts that may arise from its operations, products, services and/or business relationships, and is dedicated to taking reasonably necessary actions to help remediate any impacts that may occur.

Sony has established and implemented Group policies for specific areas, such as its "Sony Supply Chain Code of Conduct" which sets forth the code of conduct for Sony's own manufacturing sites and suppliers of electronics products, with the aim to work towards a responsible supply chain, and its "Sony Group AI Ethics Guidelines," which guide all Sony officers and employees to utilize AI and/or conduct AI-related R&D in a manner that conforms with Sony's values and emerging social norms.

Sony conducts human rights due diligence in line with the frameworks set out in the United Nations Guiding Principles on Business and Human Rights (UNGP) issued by the United Nations Human Rights Council and the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct. As part of these efforts, Sony conducts human rights risk impact assessments, through which it identifies potential human rights risks by considering the characteristics of each business operation and the value chains important to each Business Unit. Based on the results of the assessments, Sony identifies priority areas for enhancing initiatives throughout the Sony Group. For issues where significant adverse human rights impacts are identified or are of concern in these priority areas, Sony promotes initiatives to prevent or mitigate those impacts for each of these areas. In addition, each Business Unit conducts a human rights risk impact assessment to review the specific human rights risks inherent to each Business Unit and the current status of initiatives addressing these risks. This assessment aims to evaluate the need for improvements or new measures and to reassess the human rights issues that should be prioritized.

Furthermore, Sony has established multiple hotlines for employees and relevant stakeholders to report and seek advice concerning any potential violation of laws, regulations, the "Sony Group Code of Conduct," the "Sony Supply Chain Code of Conduct" or other internal rules. These hotlines equip Sony to respond quickly and appropriately, while giving full consideration to personal privacy. Sony strictly maintains confidentiality and ensures that reporters are not subject to reprisal for reporting or using these services.

In advancing these initiatives, Sony maintains dialogue with stakeholders, including industry associations, investors and NGOs. This dialogue helps Sony to understand stakeholders' expectations of the companies and enhance its human rights initiatives.

In the fiscal year ended March 31, 2026, in addition to promoting efforts under priority areas identified in 2020 (Responsible supply chains, Respect for diversity and Responsible development and use of technologies), as a subordinate set of rules under the "Sony Group Human Rights Policy," Sony formulated the "Sony Group Human Rights Due Diligence Implementation Rules," which define, among other things, the roles and responsibilities of the Sustainability Department, Relevant Divisions and each Business Unit, as well as specific operational procedures for the continued implementation of human rights due diligence. Based on these rules, Sony established organizational structures for human rights due diligence within each Business Unit. In addition, with the cooperation of external experts, Sony refined analyses of key value chains and relevant stakeholders for each Business Unit and reviewed the human rights issues relevant to each business operation. Based on the results of these efforts, Sony updated the Group's existing priority areas and identified three new priority areas: "Ensuring the Rights and Safety of People Who Use Sony's Products, Content, and Services," "Fostering Ways of Working Centered on the Well-being of People Who Contribute to Sony's Creativity, both Mentally and Physically" and "Upholding Fair Working Conditions for People in Sony's Supply Chain." Sony will continue its efforts under these newly identified priority areas.

- Climate Change

Under the "Road to Zero," a long-term environmental plan established in 2010 that aims to achieve a zero environmental footprint for the entire Sony Group by the year 2050, Sony is promoting environmental impact reduction activities in each of the following four perspectives: climate change, resources, chemical substances, and biodiversity. In May 2022, Sony announced that it had determined to accelerate its environmental impact reduction activities in the climate change area and to push its goal of achieving a net-zero footprint throughout the entire value chain, including Scope 1, 2 and 3, moving the target year from 2050 to 2040. Sony's net-zero (*1) target for 2040 was approved as the net-zero target for the Science Based Targets initiative ("SBTi") (*2) in August 2022. In April 2025, Sony Group Corporation established "Green Management 2030," the Group's new mid-term environmental targets (*3) effective from the fiscal year ending March 31, 2027 through the fiscal year ending March 31, 2031.

*1 Sony's net-zero target follows the SBTi Corporate Net-zero Standard below:

(a) reducing Scope 1, 2 and 3 GHG emissions to zero or a residual level consistent with reaching GHG net-zero emissions at the global or sector level in eligible 1.5°C scenarios or sector pathways; and

(b) neutralizing any residual emissions at the net-zero target date – and any GHG emissions released into the atmosphere thereafter.

*2 Science Based Targets initiative (SBTi) is a global initiative that encourages companies to set science-based targets to reduce their GHG emissions toward the goal of limiting the increase in global average temperature due to climate change to 1.5°C above pre-industrial levels.

*3 Sony is working toward achieving its long-term environmental plan, the "Road to Zero," by setting mid-term (five-year) environmental targets.

Sony's interim goals for the above 2040 net-zero target under "Green Management 2030" are as follows:

1. By the fiscal year ending March 31, 2031, Sony aims to reduce direct and indirect GHG emissions (Scopes 1 and 2) from its own business operations by 60% compared to the fiscal year ended March 31, 2026 and to remove an amount of carbon equivalent to the remaining residual emissions. For other emissions originating from stages such as products, supply chains, and logistics (Scope 3), Sony aims to reduce GHG emissions by 25% compared to the fiscal year ended March 31, 2026, by the fiscal year ending March 31, 2031. By 2040, Sony aims to achieve net-zero emissions in all Scopes.

2. By the fiscal year ending March 31, 2031, Sony aims to achieve 100% renewable electricity used at its own business sites.

To achieve the targets described in 1 and 2 above, Sony intends to implement the following measures.

- Continuous reduction of environmental impact at Sony Group's own business sites: Acceleration of energy saving, installation of solar power generation equipment, and introduction of renewable energy throughout the Sony Group. Virtual PPA (Power Purchase Agreement) using the FIP (Feed-in-Premium) system in Japan.
- Promotion of energy-efficient products: Acceleration of initiatives to reduce annual power consumption of Sony's products.
- Strengthening engagement with partners: Encouragement of business partners engaged in parts, materials and finished product manufacturing to manage their GHG emissions, save energy, and convert to renewable energy.
- Contribution to carbon removal/fixation (*4): Exploration of investments in start-ups engaged in carbon removal, and development of an index integrating biodiversity enhancement and carbon fixation associated with augmented ecosystem businesses, such as Synecoculture™ (*5) being rolled out by SynecO, Inc.

*4 Process by which carbon from the atmosphere is converted into organic compounds.

*5 Synecoculture is a trademark of Sony Group Corporation.

(3) Human Capital Strategies, Metrics and Targets

Basic Policy on Human Capital Strategy

To realize Sony's long-term vision, the "Creative Entertainment Vision," which is positioned as the core of its current Group management policy, the diversity of its businesses and its people is considered to be of utmost importance. From an environment in which employees with different backgrounds contribute diverse perspectives and ideas, synergies and new businesses are created and, as its businesses diversify, opportunities for employees to play active roles further expand, thereby forming a unique source of Sony's competitiveness.

In addition to the diversity of its businesses and people, another aspect that Sony has valued since its founding is the spirit of challenge of each individual employee, which is represented by the aspiration of "wanting to pursue what one truly wishes to achieve," as well as cultivating a free and open culture that nurtures and supports such a spirit, as reflected in its founding prospectus.

Sony was established with its origins in the electronics business and began its semiconductor business through the development of Japan's first transistor. Thereafter, while entering new business areas through various methods, including joint ventures with foreign companies in music and financial services, acquisitions of foreign companies in motion pictures and joint investments within the Group in the game business, both employees and the company have grown together as employees have taken on new challenges within an increasingly diversified business environment.

In recent years, as the focus of Sony's management shifts toward entertainment, there have been changes in the business environment, including increased demand for experience and expertise related to the entertainment

businesses, such as gaming, pictures, music and anime, the expansion and fragmentation of organizations, and an increase in employees with experience outside Sony. Under these circumstances, how to maintain and further evolve an environment in which diverse talent, regardless of business, can leverage their respective expertise and strengths and take on challenges with a cross-functional perspective has become an important issue.

Based on the current management policy and recognition of these issues, Sony has positioned the evolution of the diversity of its people and the maintenance and enhancement of an organizational culture that supports the challenges of individuals as the basic policy of its human capital strategy. In order to further evolve the diversity of its people, which is a core source of Sony's competitiveness, and to achieve the enhancement of corporate value even under a highly uncertain management environment, Sony regards the spirit of challenge of its employees as a driving force for further growth and promotes, as its most important initiative in human capital strategy, the development of talent and organizations that take on the creation of value beyond existing frameworks.

Desired State of "People" and "Organization"

[People] Individuals who drive transformation

Sony aims to continuously develop individuals who possess the following mindset and capabilities:

- **Aspiration**: having an intrinsic motivation of "wanting to achieve this," and a strong determination to see it through to completion
- **Action orientation**: a stance of stepping into uncertain areas and not being reluctant to engage with others who hold differing views
- **Resilience**: the ability to treat difficulties and failures as learning opportunities and to adapt them into further growth

[Organization] An environment that accelerates the cycle of challenge

Sony aims to work on the development of a workplace environment that places emphasis on the following elements and supports the challenges of diverse individuals:

- **Cross-boundary experiences**: the provision of opportunities for experiences that transcend expertise, organizations and national borders, including stretch assignments
- **Respect for diverse perspectives**: placing importance on processes in which diverse perspectives intersect, while avoiding uniformity
- **Psychological safety**: fostering a culture that welcomes the attitude of taking on challenges without fear of failure and encourages autonomous trial and error

Structure of Human Capital Strategy: Elements Supporting the Cycle of Challenge

In order to realize the desired state of people and organization, Sony has organized the following elements as the core of its human capital strategy.

Diversity of People as the Foundation of Diversity

The presence of individuals with diverse backgrounds creates a state in which a wide range of perspectives and knowledge coexist within the organization. Sony positions the diversity of the attributes of its people as the foundation that supports the expansion of challenge and is working to secure and further evolve such diversity. Sony's management team is composed of members who possess diverse attributes, experiences, and expertise, and who assume the responsibility of overseeing the Group as a whole with a holistic perspective.

As part of its commitment to further enhance diversity, Sony aims to achieve or maintain, by the fiscal year ending March 31, 2031, a percentage of 30% or more both for women and for persons of non-Japanese origin[*1] among its executives[*2] at Sony Group Corporation in Japan. As of March 31, 2026, these figures stood at 23.3%[*3] and 36.7%[*3], respectively (a 4.5 percentage point[*3] and 8.6 percentage point[*3] increase, respectively, compared to the previous fiscal year).

With respect to the diversity of employees, approximately half of Sony Group employees are engaged in business operations outside Japan and more than 90% of such employees are locally hired. In addition, as one of the elements that constitute employee diversity, Sony is promoting the advancement of women on a global basis,

and as March 31, 2026, the ratio of women among all Sony Group employees was 34.4%*3 (the same as in the previous fiscal year*3), and the percentage of women in management positions was 33.0%*3 (a 0.7 percentage point*3 increase compared to the previous fiscal year). On the other hand, in Japan, taking into account the current situation in which the percentage of women in management positions remains lower than that of overseas subsidiaries, Sony has established numerical targets at major subsidiaries in Japan and is strengthening initiatives toward achieving such targets. Sony considers the characteristics of each business segment and the composition of its workforce, and implements measures aligned with the actual conditions of each workplace, thereby promoting gender diversity at the management level.

*1 Individuals of non-Japanese nationality or who were born outside Japan.

*2 Directors, Senior Executives including Corporate Executive Officers, and other officers.

*3 In connection with the execution of the Partial Spin-off of the Financial Services business, the figures for continuing operations as of March 31, 2026 are presented. Year-on-year changes are calculated using figures for continuing operations as of March 31, 2025.

Regarding the employment of persons with disabilities, under the philosophy of one of its founders, Masaru Ibuka, Sony has focused on creating "workplaces that do not offer charity, but rather create an environment that makes it possible for individuals with disabilities to manufacture products that exceed those manufactured by individuals without disabilities." Sony complies with the laws and norms of each country and region, and as a unified Group, is working to create a workplace environment in which employees can build their careers regardless of whether or not they have a disability. In addition, in recent years, employees with disabilities have contributed to the creation of business value through inclusive design, including through collaboration with product development teams as personnel responsible for accessibility initiatives.

Diversity of Experience that Expands Individual Uniqueness

When diverse individuals, based on their respective interests and strengths, step into unknown areas with intention, non-linear experiences are created. Sony regards "diversity of experience" generated in this manner as an important asset that supports the growth of both individuals and the organization. While "diversity of experience" is emphasized across the organization as a whole, particularly at the executive level of Sony Group Corporation, which leads Group management, Sony considers the accumulation of experiences across businesses as well as across countries and regions to be essential, and continuously monitors the content of such experiences. As of March 31, 2026, 75% of the Senior Executives and Corporate Executives of Sony Group Corporation have experience working at overseas Group companies.

At the same time, Sony believes that, among employees as well, the accumulation of diverse experiences both within and outside the company brings a wide range of knowledge and perspectives to the organization, thereby enhancing the strength of the organization as a whole. One example is the percentage of hires with experience at other companies or in other job categories among total hires at Sony Group Corporation and its consolidated subsidiaries in Japan, which was 28.9%*4 and 31.3%*4 for the fiscal years ended March 31, 2025 and 2026, respectively. Additionally, in overseas operations, the majority of employees have such experience at other companies or in other job categories. In personnel evaluations after joining the Group, no distinction is made based on hiring type and systems and mechanisms are in place to ensure that all employees are able to perform to their full potential.

With regard to supporting growth through cross-boundary experiences within the Group, based on development plans tailored to each individual within each business, Sony intentionally creates combinations of experiences through assignments to stretch roles, transfers that transcend organizational boundaries, and collaboration with employees from other businesses. In addition, through internal job posting systems and the "Career Plus" program (a system that allows employees to devote one to two days per week to work on projects in other departments across organizational boundaries), Sony has established an environment in which employees can, based on their own intentions, take on new roles.

Sony has commenced monitoring the overseas experience of employees at the Sony Group Corporation headquarters level. At present, compared to management-level employees, the percentage of leader-level employees (assistant manager level) with overseas assignment experience is relatively low, and therefore Sony will continue to provide overseas assignments as one of the cross-boundary experiences and opportunities for employee growth.

Furthermore, from the perspective of evaluating whether such diverse experience opportunities are leading to employees' perception of their own growth, Sony Group Corporation also monitors employees' perceptions

regarding “growth opportunities” through employee engagement surveys. The score for “Opportunities for Growth” in the survey*5 conducted in the fiscal year ended March 31, 2026 was 69 points.

*4 In connection with the execution of the Partial Spin-off of the Financial Services business, the figures of Sony Group Corporation and its domestic subsidiaries in continuing operations for the fiscal year ended March 31, 2026 are presented. In connection with this change, the figures for the fiscal year ended March 31, 2025 have also been reclassified and restated.

*5 A score calculated by converting responses on a 5-point scale to the question “Do you have ample opportunities for learning and growth?” into a scale where a rating of 5 equals 100 points, 4 equals 75 points, 3 equals 50 points, 2 equals 25 points and 1 equals 0 points.

Leadership and Corporate Culture that Embraces Diverse Perspectives and Brings Out a Spirit of Challenge

Even when diverse individuals interact and experiences are accumulated, whether a spirit of challenge is demonstrated ultimately depends on leadership and organizational culture. Welcoming perspectives that differ from one’s own, promoting an active exchange of opinions, and elevating such differing perspectives into new sources of organizational strength constitute the “leadership that embraces diverse perspectives” that is expected of Sony’s leaders.

At the core of such leadership lies dialogue. By exercising emotional intelligence quotient (“EQ”) leadership, which is based on understanding emotions and attentive listening, and by promoting dialogue that engages with the intrinsic motivation of each individual, Sony seeks to ensure psychological safety and to foster an organizational culture in which individuals are able to take on challenges without fear of failure. For example, Sony Group Corporation has started to incorporate EQ leadership into the curriculum of its training programs for newly appointed managers from the fiscal year ended March 31, 2026.

In addition, Sony believes that it is also important for senior management to communicate their thinking directly to employees and to continue creating opportunities for employees to internalize such thinking as their own, as this contributes to the maintenance and enhancement of its organizational culture. In the fiscal year ended March 31, 2026, Sony Group Corporation held lectures by its executives on “leadership that inspires people,” targeting all employees across the Group, and also conducted roundtable discussions that provide opportunities for Group executives and employees who continue to take on challenges in their respective areas of expertise to directly exchange views.

Management Structure that Connects Individual Challenges and Organizational Growth to the Future

Sony has been working to evolve its management structure in order to carry forward the cycle of challenges into the future and to enhance corporate value over the mid- to long-term. At present, through collaboration with each business, Sony is connecting diverse individuals who are driving transformation to be the forefront of change with senior management, which enhances the effectiveness of succession planning. Specifically, as each business forms and manages a pool of core talent, the management team of the Group headquarters also maintains a cross-organizational understanding of such talent and is proceeding with the examination of a framework to appoint and develop such talent to senior management roles.

Furthermore, in order to develop management talent capable of leading an organization such as Sony, which operates diverse businesses, the commitment of a diverse current management team to the development of the next generation of leaders beyond the boundaries of their respective businesses as well as countries and regions is indispensable. Through the “Sony University,” Sony provides employees who gather from across businesses as well as countries and regions with perspectives and a broader field of vision with respect to Group management, through lectures, group discussions, and a dialogue with senior management. Through the “Sony Cross-Mentoring Program,” by enabling senior management from different businesses and next-generation management talent to establish mentor–mentee relationships, Sony provides opportunities for developing a deeper understanding of new fields beyond one’s own business, gaining insights and learning that contribute to individual development plans, and expanding networks.

Together with a management team that possesses diverse and extensive experience, Sony aims to carry forward the foundation in which new challenges continuously emerge for the next generation.

C. Organizational Structure

The following table sets forth the significant subsidiaries owned, directly or indirectly, by Sony Group Corporation.

Name of company	Country of incorporation /residence	(As of March 31, 2026) Percentage owned
Sony Interactive Entertainment Inc.	Japan	100.0
Sony Music Entertainment (Japan) Inc.	Japan	100.0
Sony Corporation	Japan	100.0
Sony Global Manufacturing & Operations Corporation	Japan	100.0
Sony Network Communications Inc.	Japan	100.0
Sony Marketing Inc.	Japan	100.0
Sony Semiconductor Solutions Corporation	Japan	100.0
Sony Semiconductor Manufacturing Corporation	Japan	100.0
Sony Semiconductor Energy Management Corporation	Japan	100.0
Sony Storage Media Corporation	Japan	100.0
Sony Global Solutions Inc.	Japan	100.0
Sony Corporation of America	U.S.A.	100.0
Sony Interactive Entertainment LLC	U.S.A.	100.0
Sony Music Entertainment	U.S.A.	100.0
Sony Music Publishing LLC	U.S.A.	100.0
Sony Pictures Entertainment Inc.	U.S.A.	100.0
Columbia Pictures Industries, Inc.	U.S.A.	100.0
CPT Holdings, Inc.	U.S.A.	100.0
Sony Electronics Inc.	U.S.A.	100.0
Sony Capital Corporation	U.S.A.	100.0
Sony Interactive Entertainment Europe Ltd.	U.K.	100.0
Sony Europe B.V.	U.K.	100.0
Sony Global Treasury Services Plc	U.K.	100.0
Sony Overseas Holding B.V.	Netherlands	100.0
Sony (China) Limited	China	100.0
Sony EMCS (Malaysia) Sdn. Bhd.	Malaysia	100.0
Sony Electronics (Singapore) Pte. Ltd.	Singapore	100.0
Sony Device Technology (Thailand) Co., Ltd.	Thailand	100.0

D. Property, Plant and Equipment

Sony has a number of offices, plants and warehouses throughout the world. Most of the buildings and land in/on which such offices, plants and warehouses are located are owned by Sony.

The status of major property, plant and equipment as of March 31, 2026 is as follows:

Facility or Subsidiary Name (Primary Location)	Segment	Details	Carrying Amount (Yen in millions)				Number of employees*2
			Land (Area (thousand square meters))	Buildings	Machinery, equipment and other assets* 1	Right-of-use assets	
In Japan (Sony Group Corporation*3):							
Headquarters (Minato-ku, Tokyo)	Corporate	Headquarters facilities	36 (0)	3,191	14,210	92,409	1,603
Others*4	Corporate	Headquarters facilities	4,605 (279)	31,294	1,722	49,057	563
In Japan (Subsidiaries):							
Sony Interactive Entertainment Inc.*5 (Minato-ku, Tokyo)	G&NS	Home gaming consoles / cloud-related software	— (—)	1,690	174,141	18,758	2,200
Sony Corporation (Minato-ku, Tokyo)	ET&S	Research facilities for TVs, audio / video devices, cameras, broadcasting equipment and medical equipment	— (—)	2,013	51,279	32,521	7,200
Sony Network Communications Inc.*5 (Shinagawa-ku, Tokyo)	ET&S	Data communication facilities	— (—)	488	75,980	6,041	1,900
Sony Global Manufacturing & Operations Corporation (Kohda Site, etc.) (Minato-ku, Tokyo)	ET&S, I&SS, All Other	Production facilities for electronic devices, etc.	4,961 (386)	9,060	13,192	4,566	3,100
Sony Semiconductor Solutions Corporation (Atsugi-shi, Kanagawa)	I&SS	Research facilities for image sensors, etc.	— (—)	1,452	57,933	22,163	7,400
Sony Semiconductor Manufacturing Corporation (Nagasaki TEC, etc.) (Kikuchi-gun, Kumamoto)	I&SS	Production facilities for image sensors, etc.	21,603 (1,003)	265,099	481,520	13,210	9,300
Sony Semiconductor Energy Management Corporation (Nagasaki TEC, etc.) (Kikuchi-gun, Kumamoto)	I&SS	Energy supply facilities for the manufacturing of image sensors, etc.	— (—)	50,261	89,562	34,106	100
Sony Music Entertainment (Japan) Inc.*5 (Chiyoda-ku, Tokyo)	Music	Music facilities and in-house software	22,548 (320)	9,711	185,632	12,999	4,700
Sony Global Solutions Inc. (Minato-ku, Tokyo)	Corporate	In-house software	— (—)	416	21,194	1,227	500
Outside Japan (Subsidiaries):							
Sony Corporation of America*5 (New York, United States)	ET&S, I&SS	Production facilities for electronic products, etc.	— (—)	194	8,782	7,132	1,500
	Music	Music catalogs, etc.	96 (4)	16,810	1,706,233	64,582	6,700
	All Other, Corporate	Office buildings and machinery, etc.	740 (272)	8,952	18,997	8,557	1,500
Sony Interactive Entertainment LLC*5 (California, United States)	G&NS	Cloud-related facilities, etc.	— (—)	10,675	147,967	69,024	6,800
Sony Interactive Entertainment Europe Ltd.*5 (London, United Kingdom)	G&NS	Cloud-related facilities, etc.	— (—)	4,938	30,298	23,060	3,100
Sony Europe B.V.*5 (Surrey, United Kingdom)	ET&S, I&SS, All Other	Office buildings and sales facilities, etc.	2,956 (45)	4,028	27,635	8,005	2,900
Sony Device Technology (Thailand) Co., Ltd. (Bangkadi, Thailand)	I&SS	Production facilities for electronic products, etc.	597 (132)	12,661	17,541	52	1,200
Sony EMCS (Malaysia) Sdn. Bhd. (Selangor, Malaysia)	ET&S	Production facilities for electronic devices, etc.	— (—)	3,429	4,276	178	3,600
Sony Pictures Entertainment Inc.*5 (Delaware, United States)	Pictures	Production facilities for motion pictures, television programming, video software, etc.	13,479 (318)	94,260	871,893	91,668	11,300

*1 “Machinery, equipment and other assets” represents machinery, equipment and other tangible fixed assets, as well as content assets and other intangible assets.

*2 Numbers of employees of subsidiaries are rounded to the nearest hundred.

*3 Includes facilities leased from subsidiaries in Japan. In addition to the listed facilities, Sony Group Corporation leases a portion of its land, buildings and structures to subsidiaries and affiliates in Japan. Furthermore, Sony Group Corporation subleases its right-of-use assets mainly to subsidiaries and affiliates in Japan.

*4 “Others” primarily includes Sony City Osaki and Atsugi TEC.

*5 Figures for Sony Interactive Entertainment Inc., Sony Network Communications Inc., Sony Music Entertainment (Japan) Inc., Sony Corporation of America, Sony Interactive Entertainment LLC, Sony Interactive Entertainment Europe Ltd., Sony Europe B.V. and Sony Pictures Entertainment Inc. are consolidated financial figures, which include their subsidiaries’ figures.

Item 4A. ***Unresolved Staff Comments***

None

Item 5. *Operating and Financial Review and Prospects*

The following discussion covers the fiscal years ended March 31, 2025 and 2026. For the discussion covering the fiscal year ended March 31, 2024, refer to "Item 5. *Operating and Financial Review and Prospects*" of Sony's Form 20-F for the fiscal year ended March 31, 2025 filed with the SEC on June 20, 2025.

A. Operating Results

Consolidated Financial Results

	Fiscal year ended March 31	
	2025	**2026**
Continuing Operations*:	(Yen in billions)	
Sales	12,034.9	**12,479.6**
Operating income	1,276.6	**1,447.5**
Income before income taxes	1,343.2	**1,422.4**
Net income attributable to Sony Group Corporation's stockholders	1,067.4	**1,030.9**

* The above financial results represent the results only for continuing operations. On a consolidated basis including the discontinued operation, net loss attributable to Sony Group Corporation's stockholders for the fiscal year ended March 31, 2026 was 326.9 billion yen. (Income of 1 trillion 141.6 billion yen in the fiscal year ended March 31, 2025.)

Results for the fiscal year ended March 31, 2026 are as follows ("(+)" represents positive contributing factors while "(–)" represents negative contributing factors):

Sales: 12 trillion 479.6 billion yen (444.7 billion yen increase compared to the previous fiscal year ("year-on-year"))

(+) Increases in sales in the I&SS and Music segments

A further breakdown of sales figures is presented under "Operating Performance by Business Segment" below.

The calculations of all ratios below that pertain to reportable segments include intersegment transactions.

Cost of Sales: 8 trillion 635.2 billion yen (130.4 billion yen increase year-on-year)

The ratio of cost of sales to sales improved year-on-year from 70.7% to 69.2%.

R&D costs (all R&D costs are included within cost of sales): 762.0 billion yen (27.4 billion yen increase year-on-year)

The ratio of R&D costs to sales remained unchanged from the fiscal year ended March 31, 2025 at 6.1%. For further details, refer to "Research and Development" in Item 5.C.

Selling, General and Administrative Expenses: 2 trillion 298.6 billion yen (41.8 billion yen increase year-on-year)

The ratio of SGA expenses to sales improved year-on-year from 18.8% to 18.4%.

Other Operating (Income) Expense, net: Expense of 34.1 billion yen (Income of 11.2 billion yen in the fiscal year ended March 31, 2025)

(–) Recording of impairment losses against Bungie's intangible and other assets: 120.1 billion yen (G&NS segment)

(+) Realization of unrealized gains on land transferred by Sony Group Corporation to Sony Life in past fiscal years, in connection with the execution of the Partial Spin-off of the Financial Services business: 43.9 billion yen (Corporate and elimination)

(+) Recording of remeasurement gain from the acquisition of additional equity interest in Peanuts Holdings: 34.7 billion yen (Music segment)

Refer to Note 23 of the consolidated financial statements.

Share of profit (loss) of investments accounted for using the equity method: Loss of 64.2 billion yen (Loss of 7.9 billion yen in the fiscal year ended March 31, 2025)

(–) Recording of an additional share of loss of investments accounted for using the equity method in All Other, resulting from the discontinuation of the launch of Sony Honda Mobility's electric vehicle models: 44.9 billion yen

Operating Income: 1 trillion 447.5 billion yen (170.9 billion yen increase year-on-year)

(+) Increases in operating income in the I&SS and Music segments

Financial Income: 76.0 billion yen (63.0 billion yen decrease year-on-year)
Financial Expenses: 101.2 billion yen (28.7 billion yen increase year-on-year)
Financial Income and Expenses, net: Expenses of 25.1 billion yen (Income of 66.6 billion yen in the fiscal year ended March 31, 2025)
(–) Decrease in unrealized gains mainly on Sony's shares of Spotify Technology S.A.

Income before Income Taxes: 1 trillion 422.4 billion yen (79.2 billion yen increase year-on-year)

Income Taxes: 367.1 billion yen (109.6 billion yen increase year-on-year)
Effective Tax Rate: 25.8% (19.2% in the fiscal year ended March 31, 2025)
The year-on-year change in the tax rate was mainly due to the impact of the following factors:
- Absence of decrease in tax expense from the repayment of capital from a subsidiary in the fiscal year ended March 31, 2025 (48.4 billion yen)
- Absence of decrease in tax expense from the dissolution of a subsidiary in the fiscal year ended March 31, 2025 (35.3 billion yen)

Refer to Note 25 of the consolidated financial statements.

Net Income Attributable to Noncontrolling Interests: 24.4 billion yen (6.1 billion yen increase year-on-year)

Net Income Attributable to Sony Group Corporation's Stockholders for continuing operations: 1 trillion 30.9 billion yen (36.5 billion yen decrease year-on-year)

Basic net income per share attributable to Sony Group Corporation's stockholders for continuing operations: 172.51 yen (176.45 yen for the fiscal year ended March 31, 2025)
Diluted net income per share attributable to Sony Group Corporation's stockholders for continuing operations: 171.44 yen (175.71 yen for the fiscal year ended March 31, 2025)

Sony Group Corporation conducted a five-for-one stock split of its common stock effective October 1, 2024, with a record date of September 30, 2024. The above figures for basic net income per share and diluted net income per share are calculated based on the assumption that the stock split was conducted at the beginning of the fiscal year ended March 31, 2024. Refer to Note 26 of the consolidated financial statements.

Operating Performance by Business Segment

The following discussion is based on segment information. Sales in each business segment represents sales recorded before intersegment transactions are eliminated. Operating income (loss) in each business segment represents operating income (loss) reported before intersegment transactions are eliminated and excludes unallocated corporate expenses. Refer to Note 4 of the consolidated financial statements.

Game & Network Services (G&NS)

Key Financial Figures

	Fiscal year ended March 31	
	2025	**2026**
	(Yen in millions)	
Sales to external customers by product category		
Digital Software and Add-on Content	2,290,498	**2,415,305**
Network Services	669,873	**763,126**
Hardware & Others	1,583,200	**1,391,622**
Sales to external customers	4,543,571	**4,570,053**
Intersegment sales	126,473	**115,598**
G&NS segment total sales	4,670,044	**4,685,651**
G&NS segment operating income	414,819	**463,258**

The operating performance for the G&NS segment for the fiscal year ended March 31, 2026 is as follows:

Sales: 4 trillion 685.7 billion yen, essentially flat year-on-year (Impact of foreign exchange rates: +87.3 billion yen)
(+) Impact of foreign exchange rates
(+) Increase in sales from network services
(+) Increase in sales of non-first-party game software titles
(–) Decrease in sales of hardware due to a decrease in unit sales

Operating income: 463.3 billion yen, a 48.4 billion yen increase year-on-year (Impact of foreign exchange rates: +54.3 billion yen)
- (+) Impact of increase in sales from network services
- (+) Positive impact of foreign exchange rates
- (–) Recording of impairment losses against Bungie's intangible and other assets (120.1 billion yen)

Business Environment and Strategy

The operating performance of the G&NS segment for the fiscal year ended March 31, 2026 reflected steady growth in revenues from network services and game software sales, benefitting from the expanded installed base of PS5, with operating income reaching a record high for the segment. In this environment, Sony aims to achieve sustainable business growth by seeking higher revenue and profits from PlayStation®Plus ("PS Plus"), maximizing average revenue per user on the PlayStation Store, expanding sales of first-party game software, and strengthening control over business costs and supply chain management. In hardware, although Sony expects to be affected by the impact of increased prices and supply shortages of memory semiconductors, it plans to manage the impact on profitability by flexibly adjusting plans for, among other things, unit sales and promotions. In Network Services, Sony is focused on driving profitable growth of PS Plus by increasing user engagement and continuously improving its service proposition and content, as well as inviting users to shift to higher tiers. In non-first-party game software, in addition to maintaining and strengthening relationships with third-party studios in order to continue to benefit from the stable revenue contribution of major franchise titles, Sony plans to continue its efforts to support creators in order to promote the development of new hit titles. Regarding Sony's first-party game software, Sony aims to create a stable base of revenue through consistent, annual releases of single-player games, which have traditionally been its core strength, while also building a portfolio of live service games. In addition, Sony is utilizing AI to unleash the creativity of studios and further enhance the PlayStation experience. Within the studio business, Sony aims to improve productivity through the use of AI powered tools, allowing development teams to reinvest their time into building richer worlds and gameplay experiences. In the platform business, Sony is working to leverage AI to route transactions more efficiently, and to personalize and recommend content for individual users in the PlayStation Store. Sony also aims to push visual fidelity forward and deliver higher quality gameplay experiences through continued investments in AI and machine learning. Additionally, Sony plans to continue its efforts to create films and television shows based on PlayStation game IP in order to further expand the reach and monetization of its IP.

Music

Key Financial Figures

The Music segment results include the yen-based results of SMEJ and the yen-translated results of SME and SMP, which aggregate the results of their worldwide subsidiaries on a U.S. dollar basis.

	Fiscal year ended March 31	
	2025	**2026**
	(Yen in millions)	
Sales to external customers by product category		
Recorded Music — Streaming	788,772	**852,672**
Recorded Music — Others	407,260	**492,656**
Music Publishing	379,812	**419,864**
Visual Media & Platform	244,419	**325,342**
Sales to external customers	1,820,263	**2,090,534**
Intersegment sales	22,341	**29,576**
Music segment total sales	1,842,604	**2,120,110**
Music segment operating income	357,255	**446,986**

The operating performance for the Music segment for the fiscal year ended March 31, 2026 is as follows:

Sales: 2 trillion 120.1 billion yen, a 277.5 billion yen increase year-on-year (Impact of foreign exchange rates: –16.9 billion yen)
- (+) Higher revenues from streaming services in Recorded Music and Music Publishing
- (+) Higher revenues from live events and merchandising in Recorded Music
- (+) Higher revenues in Visual Media & Platform

(+) Contributions from *Demon Slayer: Kimetsu no Yaiba Infinity Castle* and *Kokuho* released in the fiscal year ended March 31, 2026
(+) Higher revenues from game applications, mainly for mobile

Operating income: 447.0 billion yen, an 89.7 billion yen increase year-on-year
(+) Impact of increase in sales
(+) Recording of remeasurement gain from the acquisition of additional equity interest in Peanuts Holdings (34.7 billion yen)

Business Environment and Strategy

As the music streaming market continued to expand, the operating performance of the Music segment for the fiscal year ended March 31, 2026 reflected steady growth in revenues from streaming services, resulting from Sony's past proactive efforts to enhance discovery and development of outstanding artists and songwriters, as well as from Sony's investments in music catalogs. Additionally, the global hit film *Demon Slayer: Kimetsu no Yaiba Infinity Castle* in Visual Media & Platform also contributed to the sales growth of the Music segment. In this environment, in the global music business, Sony aims to achieve business growth both in its music business as a whole and in emerging markets with high growth such as Latin America, India and other Asian countries, while maintaining strong relationships with digital streaming platforms. In order to achieve this growth, Sony is striving to continuously explore strategic investment opportunities in high-quality music catalogs to expand revenue opportunities, discover and develop artists and songwriters, build and strengthen relationships with local independent labels and artists, and grow revenues from independent label distribution and indie artist services such as The Orchard and AWAL. Sony is also focusing on expanding businesses aimed at fans of artists and content, such as live events and merchandising. In addition, Sony aims to continuously expand utilization of its IP through biopics, documentaries and live events involving Sony Music artists. Sony intends to continue working with various partners to explore the use of cutting-edge technologies such as AI in ways that create innovative new music content and realize new ideas, opening and expanding new revenue channels through licensing agreements, while also protecting the rights of artists and pursuing transparency with consumers regarding AI-generated music. In the music business in Japan, Sony aims to further expand efforts to bring Japanese artists, such as YOASOBI and Kenshi Yonezu, to the global market. In Visual Media & Platform, Sony aims to further grow its anime business by strengthening its planning and production capabilities to develop and acquire IP with high potential and by enhancing its ability to expand core IP, including expansion to the global market. In March 2026, Sony acquired an additional equity interest in Peanuts Holdings, which owns the rights and manages the business of "PEANUTS" IP. Sony aims to further grow this business and further increase the value of the brand over the long term by leveraging the strengths of the Sony Group. Additionally, in its game business, Sony is focusing on creating new hit titles while maximizing the lifetime value of existing titles.

Pictures

Key Financial Figures

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."

	Fiscal year ended March 31	
	2025	**2026**
	(Yen in millions)	
Sales to external customers by product category		
Motion Pictures	610,313	**495,655**
Television Productions	459,281	**512,372**
Media Networks	428,940	**478,269**
Sales to external customers	1,498,534	**1,486,296**
Intersegment sales	7,410	**12,994**
Pictures segment total sales	1,505,944	**1,499,290**
Pictures segment operating income	117,284	**104,872**

The operating performance for the Pictures segment for the fiscal year ended March 31, 2026 is as follows (the following analysis is on a U.S. dollar basis):

Sales: 1 trillion 499.3 billion yen, essentially flat year-on-year (U.S. dollar basis: an 18 million increase year-on-year)

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

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

Operating income: 104.9 billion yen, a 12.4 billion-yen decrease year-on-year (U.S. dollar basis: an 87 million decrease year-on-year)

- (–) Impairment losses against assets associated with Pixomondo Holdings, Inc. and its subsidiaries, which operate VFX and virtual production businesses, and related shutdown costs (27.1 billion yen)
- (–) Impact of decrease in sales for Motion Pictures
- (+) Higher contribution from catalog product in Motion Pictures
- (+) Impact of higher revenues from Crunchyroll

Business Environment and Strategy

The operating performance of the Pictures segment for the fiscal year ended March 31, 2026 reflected an expansion of the contribution to the operating performance of the DTC anime platform Crunchyroll, mainly due to paid subscriber growth and the worldwide theatrical distribution of *Demon Slayer: Kimetsu no Yaiba Infinity Castle*, despite lower revenues from theatrical releases in the current fiscal year in Motion Pictures. In this environment, Sony aims to continue to maximize the long-term value of its IP by leveraging its strengths as an independent content supplier with the ability to provide content to any distribution platform. In Motion Pictures, in addition to continuously emphasizing the theatrical release of films, Sony aims to strengthen its relationships with talent and creators through its global marketing and theatrical distribution capabilities. In the fiscal year ending March 31, 2027, Sony anticipates the theatrical releases of strong IP lineups, including *Spider-Man: Brand New Day* and *Jumanji: Open World*. In Television Productions, Sony will strive to continue to strengthen its production capabilities in a variety of genres and to expand its franchises through the development of spin-offs. In Media Networks, Sony aims to further strengthen its DTC services, including Crunchyroll and SonyLIV. In particular, Crunchyroll is an important growth pillar for the Pictures segment and is striving to reach a broader audience through expanding touchpoints with fans, such as e-commerce for anime merchandise, anime events, mobile games, and a manga application, in addition to its streaming service. Additionally, as a hub for synergistic, cross-business collaborations, the Pictures segment aims to contribute to realizing Sony's "Creative Entertainment Vision." For example, Sony plans to further expand its films and television shows based on PlayStation game IP as well as cross-business collaborations in anime, such as an anime series adaptation of *Ghost of Tsushima* to be produced in collaboration with Aniplex, SMEJ and PlayStation Productions, and film adaptations of *Bloodborne* and *Helldivers* to be produced in collaboration with SPE and PlayStation Productions.

Entertainment, Technology & Services (ET&S)

Key Financial Figures

	Fiscal year ended March 31	
	2025	**2026**
	(Yen in millions)	
Sales to external customers by product category		
Imaging	737,639	**722,465**
Sound	290,538	**278,846**
Network Services	179,704	**188,308**
Displays	597,777	**476,305**
Other	557,180	**518,891**
Sales to external customers	2,362,838	**2,184,815**
Intersegment sales	46,437	**75,717**
ET&S segment total sales	2,409,275	**2,260,532**
ET&S segment operating income	190,926	**158,584**

The operating performance for the ET&S segment for the fiscal year ended March 31, 2026 is as follows:

Sales: 2 trillion 260.5 billion yen, a 148.7 billion yen decrease year-on-year (Impact of foreign exchange rates: +7.1 billion yen)
(–) Decrease in unit sales in Displays

Operating income: 158.6 billion yen, a 32.3 billion yen decrease year-on-year (Impact of foreign exchange rates: +5.3 billion yen)
(–) Impact of decrease in sales in Displays
(+) Reductions in operating expenses

Business Environment and Strategy

In the fiscal year ended March 31, 2026, amid a challenging business environment impacted by intensified competition in Displays and additional U.S. tariffs, the operating performance of the ET&S segment reflected the results of efforts to prioritize profitability by responding flexibly to such changes in the environment through measures such as disciplined inventory management and fixed cost reduction initiatives. In this environment, Sony is steadily expanding its businesses centered around creation, such as the highly profitable imaging business, and promoting mid-term business transformation with the goals of “enhancing corporate value” and “generating cash flow” under its business direction of “establishing a business structure for maintaining profitability and growth strategy.” Sony has divided the businesses of this segment into three business areas – “Area Expansion,” “Business Growth/Generation” and “Structural Reform/Transformation.” In the Imaging and Sound businesses, positioned as the “Area Expansion” area, Sony aims to strengthen the stable earnings base, expand business domains, and achieve further growth. Specifically, in the Imaging business, Sony aims to leverage its competitive advantages based on its technological and product capabilities to expand its business domain and build an ecosystem. Similarly, in the Sound business, Sony aims to build an end-to-end ecosystem that encompasses sound production and consumer products. In business areas such as solutions in the Imaging business and creation in the Sound business, Sony will strive to enhance creator expression by adding the value of software based on technologies cultivated in its existing businesses, aiming to expand its operations through the diversification of creation and to broaden the creator base. In areas such as the sports and new content creation businesses, positioned as the “Business Growth/Generation” area, Sony intends to accelerate the evolution of its business models and create new businesses. Specifically, in the sports business, Sony aims to evolve its business from officiating support to the creation of new entertainment utilizing data enhancement technology. In the new content creation business, Sony aims to leverage technologies such as spatial capturing and creative tools to foster the emergence of a new creation industry. In the Display business, positioned as the “Structural Reform/Transformation” area, Sony aims to accelerate structural reform to reduce volatility and control risk. Sony Corporation signed definitive agreements for a strategic partnership in the home entertainment field with TCL in March 2026. Going forward, Sony aims to further strengthen the competitiveness of this business and achieve sustainable business growth by bringing together its high-quality picture and audio technology, brand value and operational management expertise, while utilizing TCL’s advanced display technology, end-to-end cost efficiency, and vertical supply chain strength. Sony plans to mitigate the impact of the recent increases in price and shortages of memory semiconductors in this segment through procurement, design and sales actions in various regions. If memory semiconductor prices deviate further going forward, Sony aims to maintain profitability by flexibly adjusting its sales strategy with an eye on foreign exchange rates and the competitive environment.

Imaging & Sensing Solutions (I&SS)

Key Financial Figures

	Fiscal year ended March 31	
	2025	**2026**
	(Yen in millions)	
Sales to external customers	1,712,534	**2,059,020**
Intersegment sales	86,471	**92,513**
I&SS segment total sales	1,799,005	**2,151,533**
I&SS segment operating income	261,147	**357,318**

The operating performance for the I&SS segment for the fiscal year ended March 31, 2026 is as follows:

Sales: 2 trillion 151.5 billion yen, a 352.5 billion yen increase year-on-year (Impact of foreign exchange rates: -15.0 billion yen)
- (+) Increase in sales of image sensors for mobile products
  - (+) Improvement in product mix
  - (+) Increase in unit sales

Operating income: 357.3 billion yen, a 96.2 billion yen increase year-on-year (Impact of foreign exchange rates: -12.5 billion yen)
- (+) Impact of increase in sales
- (–) Recording of restructuring costs
  - (–) Loss associated with the sale of equity interest in Sony Semiconductor Israel Ltd. (19.9 billion yen)
  - (–) Impairment losses against a portion of the display device business's long-lived assets (16.5 billion yen)

Business Environment and Strategy

The operating performance of the I&SS segment in the fiscal year ended March 31, 2026 reflected the continued trend toward larger size, higher image quality and higher performance image sensors for mobile products, primarily in high-end smartphones, as well as higher unit sales of mobile sensors, which led to record highs in both sales and operating income, despite the recording of one-time restructuring costs. In this environment, Sony is working to restructure its management foundation for growth with profitability to further strengthen its number one position in image sensors worldwide, despite increasing uncertainties in the business environment. Sony has divided the business of the I&SS segment into three business areas – the growth-driving business area, the profitable business area and the strategic business area – and operates each in accordance with the strategic direction of each business area. In the image sensor business for mobile products, which has been positioned as the growth-driving business area, Sony plans to continue to enhance its technological capabilities and invest in growth to win out over the competition. In the fiscal year ending March 31, 2027, although Sony is taking a cautious view of the growth of the sensor market due to the company's view that the trend toward larger-sized sensors for smartphones will moderate and that the uncertainty regarding the impact of market conditions for memory semiconductors will remain, Sony expects that the trend toward larger-sized sensors for smartphones will remain unchanged in the mid- to long-term. Looking ahead, in addition to the trend toward larger size, Sony aims to achieve future business growth by realizing further high-value add in image sensors and contributing to various creations through utilizing video by pursuing technological innovations through higher density. Specifically, Sony aims to increase density in the horizontal plane through process node adaptation, which refers to the development of advanced process technologies, and increase density in the vertical plane through multi-layered stacking technology. In the image sensor businesses for cameras and industrial and social infrastructure, which have been positioned as the profitable business area, Sony aims to maintain high competitiveness and stable revenue contributions. Regarding the strategic business area, which includes the image sensor business for automotive and the semiconductor laser business, among others, Sony plans to operate these businesses with discipline while balancing business expansion and profitability to establish these businesses as pillars for future growth. The image sensor business for automotive has been growing steadily and Sony's market share by revenue has been expanding as expected. As the market expands, Sony will strive to further enhance its comprehensive strength in sensors and continue to build and strengthen engagement with global OEMs and partners with the aim of increasing revenue. Sony is also making efforts to raise the profitability of this segment by addressing low-profitability businesses. Under these circumstances, Sony has not changed its strategy of carefully selecting investments and reducing capital expenditures for the I&SS segment in the mid-range plan for the three fiscal years started on April 1, 2024 and ending on March 31, 2027 (the "fifth

mid-range plan") compared to the fourth mid-range plan. Additionally, in May 2026, SSS and Taiwan Semiconductor Manufacturing Company Limited ("TSMC") entered into a non-binding memorandum of understanding to pursue a strategic partnership for the development and manufacturing of next-generation image sensors. This partnership aims to significantly enhance the future technological competitiveness of image sensors, including through increased density, by combining the advanced design expertise of Sony and the process and manufacturing technologies of TSMC, and also seeks to explore and address emerging opportunities in physical AI applications, such as automotive and robotics, paving the way for future innovations and expanded technological advancements. From a financial perspective, Sony believes that this partnership will improve the cash flow, reduce invested capital, and improve profitability of the I&SS segment by lowering investment in production facilities and mitigating equipment procurement costs.

All Other

The operating performance for All Other for the fiscal year ended March 31, 2026 is as follows:

Sales: 89.1 billion yen, a 7.3 billion yen decrease year-on-year

Operating income (loss): Loss of 74.6 billion yen, 56.7 billion yen deterioration year-on-year

(–) Recording of an additional share of loss of investments accounted for using the equity method, resulting from the discontinuation of the launch of Sony Honda Mobility's electric vehicle models (44.9 billion yen)

Foreign Exchange Fluctuations and Risk Hedging

During the fiscal year ended March 31, 2026, the average rates of the yen were 150.7 yen against the U.S. dollar and 174.7 yen against the euro, which were 1.8 yen stronger and 11.0 yen weaker, respectively, than the fiscal year ended March 31, 2025.

For the fiscal year ended March 31, 2026, sales from continuing operations increased 444.7 billion yen (4%) year-on-year to 12 trillion 479.6 billion yen. On a constant currency basis, sales increased approximately 3% year-on-year. For further details about the impact of foreign exchange rate fluctuations on sales and operating income, refer to "Note: Sales on a Constant Currency Basis and the Impact of Foreign Exchange Rate Fluctuations" below.

During the fiscal year ended March 31, 2026, Sony estimated that a one-yen appreciation against the U.S. dollar would have decreased sales in the G&NS, ET&S and I&SS segments by approximately 33.0 billion yen, with a corresponding decrease in operating income of approximately 2.5 billion yen. A one-yen appreciation against the euro was estimated to decrease sales in these segments by approximately 11.4 billion yen, with a corresponding decrease in operating income of approximately 6.3 billion yen. For more details, refer to "Risk Factors" in "Item 3. *Key Information.*"

Sony's consolidated operating results are subject to foreign currency rate fluctuations primarily due to different currency composition of revenue and costs. In the G&NS segment, a significant proportion of costs is incurred in U.S. dollars, but sales are recorded in Japanese yen, U.S. dollars or euros. As a result, the yen appreciation against the U.S. dollar has a positive impact on operating income while the yen appreciation against the euro has a negative impact. In the ET&S segment, yen appreciation against the U.S. dollar has a positive impact on operating income, mainly due to a high proportion of manufacturing and other costs for certain key products being incurred in U.S. dollars. Meanwhile, a large portion of sales for certain key products is in emerging markets, resulting in yen appreciation against the currencies of emerging markets having a negative impact on operating profit in the ET&S segment. In the I&SS segment, a significant proportion of sales contracts are denominated in U.S. dollars, but manufacturing operations are located in Japan, and, therefore, yen appreciation against the U.S. dollar has a significantly negative impact on operating income.

In order to reduce the risk caused by foreign exchange rate fluctuations, Sony employs derivatives, including foreign exchange forward contracts and foreign currency option contracts, in accordance with a consistent risk management strategy. Such derivatives are used primarily to mitigate the effect of foreign currency exchange rate fluctuations on cash flows generated or anticipated by Sony's transactions and accounts receivable and payable denominated in foreign currencies.

Sony Global Treasury Services Plc ("SGTS") in the U.K. provides integrated treasury services for Sony Group Corporation, its subsidiaries, and affiliated companies. Sony's policy is that Sony Group Corporation and all subsidiaries with foreign exchange exposures should enter into commitments with SGTS to hedge their

exposures. Sony Group Corporation and most of its subsidiaries utilize SGTS for this purpose. Sony's policy of concentrating its foreign exchange exposures means that SGTS and Sony Group Corporation hedge most of the net foreign exchange exposure within the Sony group. Sony has a policy on the use of derivatives whereby, in principle, SGTS should centrally deal with and manage derivatives with financial institutions for risk management purposes. SGTS enters into foreign exchange transactions with creditworthy third-party financial institutions. Most of these transactions are entered into to address projected exposures before the actual export and import transactions take place. In general, SGTS hedges the projected exposures for a period of the current month or one month before the actual transactions take place. Sony enters into foreign exchange transactions with financial institutions primarily for hedging purposes and does not use these derivative financial instruments for trading or speculative purposes.

Changes in the fair value of derivatives designated as cash flow hedges are initially recorded in accumulated other comprehensive income and reclassified into earnings when the hedged transaction affects earnings. Foreign exchange forward contracts, foreign currency option contracts and other derivatives that do not qualify as hedges are marked-to-market with changes in value recognized in financial income and expenses. The net fair value of all the foreign exchange derivative contracts as of March 31, 2025 and 2026 was a liability of 0.5 billion yen and 7.6 billion yen, respectively. Refer to Note 15 of the consolidated financial statements.

Note:

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 previous fiscal year to local currency-denominated monthly sales in the current fiscal year. For SME and 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 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 previous fiscal year from 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 SGA expenses calculated by applying the same major transactional currencies calculation process to cost of sales and SGA expenses as for the impact on sales. The impact of foreign exchange hedging transactions entered into by the I&SS segment 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 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.

Assets, Liabilities and Equity

Sony's consolidated assets, liabilities and equity as of the end of the fiscal year ended March 31, 2026 are as follows.

Total assets amounted to 15 trillion 683.5 billion yen, a decrease of 19 trillion 609.7 billion yen compared with the end of the previous fiscal year. Total liabilities amounted to 7 trillion 169.9 billion yen, a decrease of 19 trillion 613.1 billion yen compared with the end of the previous fiscal year. Total equity amounted to 8 trillion 513.6 billion yen, an increase of 3.4 billion yen compared with the end of the previous fiscal year. The decreases in assets and liabilities were primarily attributable to the deconsolidation of SFGI, which operates the Financial Services business, in connection with the execution of the Partial Spin-off of the Financial Services business during the fiscal year ended March 31, 2026.

Cash Flows

Operating Activities: A net cash inflow of 1 trillion 945.6 billion yen (376.1 billion yen decrease year-on-year)

Continuing operations: A net cash inflow of 1 trillion 966.3 billion yen (5.1 billion yen decrease year-on-year)

(–) Smaller decrease in trade receivables and contract assets

(–) Smaller decrease in inventories

(–) Smaller increase in trade payables
(+) Increase in income before income taxes after taking into account non-cash adjustments (including depreciation and amortization, including amortization of contract costs, other operating (income) expense, gain on securities, net, and share of loss of investments accounted for using the equity method, net of dividends)

Investing Activities: A net cash outflow of 1 trillion 970.5 billion yen (1 trillion 40.4 billion yen increase year-on-year)

Continuing operations: A net cash outflow of 784.2 billion yen (119.0 billion yen decrease year-on-year)
(+) Decrease in payments for purchases of property, plant and equipment
(+) Decrease in payments for purchases of businesses and other
(–) Increase in payments for investments and advances

Discontinued operations: A net cash outflow of 1 trillion 186.3 billion yen (1 trillion 159.4 billion yen increase year-on-year)
(–) Due to the exclusion from consolidation of SFGI, which operates the Financial Services business, in connection with the execution of the Partial Spin-off of the Financial Services business during the fiscal year ended March 31, 2026

Financing Activities: A net cash outflow of 842.8 billion yen (544.5 billion yen increase year-on-year)

Continuing operations: A net cash outflow of 833.5 billion yen (556.2 billion yen increase year-on-year)
(–) Increase in payments for the purchase of treasury stock
(–) Decrease in capital contributions from non-controlling interests
(–) Decrease in proceeds from the issuance of long-term debt

Total outstanding balance of cash and cash equivalents accounting for the effect of fluctuations in foreign exchange rates in the Consolidated Statements of Financial Position as of March 31, 2026: 2 trillion 208.9 billion yen, a decrease of 772.1 billion yen as compared to the balance as of March 31, 2025

B. Liquidity and Capital Resources

The description below covers basic financial policy and figures for Sony's consolidated operations except for certain subsidiaries, which secure liquidity on their own.

Liquidity Management and Market Access

An important financial objective of Sony is to maintain the strength of its financial condition, while securing adequate liquidity for business activities. Sony defines its liquidity sources as the amount of cash and cash equivalents ("cash balance") (excluding restrictions on capital transfers mainly due to national regulations) and the unused amount of committed lines of credit.

Funding requirements that arise from maintaining liquidity are principally covered by cash flow from operating and investing activities (including asset sales) and by the available cash balance; however, Sony also raises funds as needed from financial and capital markets through means such as corporate bonds, CP and bank loans.

Sony Group Corporation, SGTS and Sony Capital Corporation ("SCC"), a finance subsidiary in the U.S., maintain CP programs with access to the Japanese, U.S. and European CP markets. The borrowing limits under these CP programs, translated into yen, were 1 trillion 299.3 billion yen in total for Sony Group Corporation, SGTS and SCC as of March 31, 2026. There were no amounts outstanding under the CP programs as of March 31, 2026.

If disruption and volatility occur in financial and capital markets and Sony becomes unable to raise sufficient funds from these sources, Sony may also draw down funds from contractually committed lines of credit from various financial institutions. Sony has a total, translated into yen, of 789.6 billion yen in unused committed lines of credit, as of March 31, 2026. Details of those committed lines of credit are: a 350.0 billion yen committed line of credit contracted with a syndicate of Japanese banks, a 1.7 billion U.S. dollar multi-currency committed line of credit also contracted with a syndicate of Japanese banks and a 1.05 billion U.S. dollar multi-currency committed line of credit contracted with a syndicate of foreign banks. Sony currently believes that it can sustain sufficient liquidity through access to committed lines of credit with financial institutions, together with its available cash balance, even in the event that financial and capital markets become illiquid.

Sony considers one of management's top priorities to be the maintenance of stable and appropriate credit ratings in order to ensure financial flexibility for liquidity and capital management and continued adequate access to sufficient funding resources in the financial and capital markets. However, in the event of a downgrade in Sony's credit ratings, there are no financial covenants in any of Sony's material financial agreements with financial institutions that would cause an acceleration of the obligation. Even though the cost of borrowing for some committed lines of credit could change according to Sony's credit ratings, there are no financial covenants that would cause any impairment on the ability to draw down on unused facilities.

Cash Management

Sony manages its global cash management activities primarily through Sony Group Corporation in Japan, SCC in the U.S. and SGTS in other regions. The excess or shortage of cash at most of Sony's subsidiaries is invested or funded by Sony Group Corporation, SGTS and SCC on a net basis, although Sony recognizes that fund transfers are limited in certain countries and geographic areas due to restrictions on capital transactions. In order to pursue more efficient cash management, cash surpluses among Sony's subsidiaries are deposited with Sony Group Corporation, SGTS and SCC, and cash shortfalls among subsidiaries are covered by loans through Sony Group Corporation, SGTS and SCC, so that Sony can make use of excess cash balances and reduce third-party borrowings. Where local restrictions prevent an efficient intercompany transfer of funds, Sony's intent is that cash balances remain outside of Sony Group Corporation, SGTS and SCC and that Sony meets its liquidity needs through ongoing cash flows, external borrowings, or both. Sony does not expect restrictions of capital transactions on amounts held outside of Japan to have a material effect on Sony's overall liquidity, financial condition or results of operations.

For further information about Sony's views regarding utilization of cash flow from operating activities generated within the Sony Group for strategic investments, shareholder returns and as cash on hand, refer to "*Issues Facing Sony and Management's Response to those Issues*: Fifth Mid-Range Plan — Financial Targets, Capital Allocation and their Progress" in Item 5.D.

Off-balance Sheet Transactions

Sony has certain off-balance sheet transactions that provide liquidity, capital resources and/or credit risk support. These transactions in which Sony has relinquished control of trade receivables are accounted for as sales.

Contractual Obligations, Commitments, and Contingent Liabilities

Sony's contractual obligations, commitments and contingent liabilities are summarized as follows:

Short-term borrowings and long-term debt

Refer to Note 6 and Note 14 of the consolidated financial statements.

Loan commitments, purchase commitments and litigation

Refer to Note 32 of the consolidated financial statements.

C. Research and Development

Under its Purpose to "fill the world with emotion (Kando) through the power of creativity and technology," Sony has established the "Creative Entertainment Vision" as its long-term vision for where it wants to be in 10 years. Under this vision, Sony develops and provides technologies and solutions for creators.

To realize the "Creative Entertainment Vision," R&D in the Sony Group is aimed at strengthening the technologies and platforms that support IP creation, IP cultivation and IP expansion. As part of these efforts, Sony is promoting the application of R&D results in its businesses by building and utilizing a technological portfolio based on business demands. In addition, Sony is promoting a system that allows technology professionals with diverse backgrounds and values to collaborate across business units, enabling them to understand and share the latest technological trends and work together across the Group.

Sony aims to promote the use of AI, which has continued to evolve in recent years, based on the view that it can enhance human capabilities and increase the value of Sony's businesses. In addition to supporting the creative activities of creators, Sony also places importance on protecting creators' rights and ensuring the proper use of intellectual property. To this end, Sony is advancing R&D of technologies that contribute to preventing copyright infringement and misuse, such as the detection of unauthorized music.

Sony works to support diverse, outstanding research talent, which is necessary for technological innovation. As part of this effort, together with the world's leading science journal *Nature*, Sony launched the "Sony Women in Technology Award with *Nature*" in March 2024 to annually recognize next-generation women researchers whose work is driving positive impact on the planet and society. The second winners of the award were announced in February 2026, and were honored at an award ceremony held in Tokyo.

Sony's R&D organizations carry out various R&D activities in collaboration with multiple R&D organizations located both inside and outside of Japan, utilizing the different characteristics and strengths of each area. In addition to aiming to acquire excellent local R&D personnel, Sony will strive to strengthen collaboration with external creators and academia, without limiting itself within its own organization.

R&D costs for the fiscal year ended March 31, 2026 increased 27.4 billion yen (3.7%) year-on-year to 762.0 billion yen. The ratio of R&D costs to sales from continuing operations was 6.1%, unchanged from the previous fiscal year.

The following table shows a breakdown of R&D costs for each business segment in the fiscal years ended March 31, 2025 and 2026.

	Fiscal year ended March 31	
	2025	**2026**
	(Yen in billions)	
R&D costs		
G&NS	279.2	**316.1**
ET&S	138.9	**138.0**
I&SS	228.4	**238.5**

Note: Due to the reorganization of Sony's technology-related organizations in the fiscal year ended March 31, 2025, the amount of R&D costs for Sony Group Corporation's R&D organization ("Corporate R&D") has become immaterial. Therefore, from the fiscal year ended March 31, 2025, R&D costs for Corporate R&D are not presented separately.

D. Trend Information

This section contains forward-looking statements about the possible future performance of Sony and should be read in light of the cautionary statement on that subject, which appears on the inside front cover page and applies to this entire document.

Issues Facing Sony and Management's Response to those Issues

Sony has a wide range of businesses globally. Changes in the global landscape, including increasing uncertainty regarding the situations in Ukraine and Russia and in the Middle East, increased geopolitical risk including relations between the U.S. and China, the rise of new technologies such as AI, and responses to global environmental challenges and social division, are causing major changes in the environment surrounding Sony's businesses.

Sony has responded swiftly to changes in the business environment and worked to strengthen the profit structure of each of its businesses, while continuing to prioritize management with a long-term view, with the goal of enhancing the corporate value of the entire Sony Group.

On May 8, 2026, Sony Group Corporation held its Corporate Strategy and Earnings Announcement Presentation. President and CEO, Hiroki Totoki, presented an update on Sony's businesses, corporate priorities and direction as the company enters the final fiscal year of the fifth mid-range plan.

Sony has set forth its long-term "Creative Entertainment Vision," which articulates the direction for the evolution of its businesses centered on entertainment, IP, content creation, and real-time creation technologies, and aims to leverage the power of technology to empower creators, deliver new experiences to fans across both physical and digital spaces and maximize the value of IP. At the beginning of the presentation, Hiroki Totoki reviewed the progress toward realizing this long-term vision, along with key topics across each business. He also noted that anime is an important growth sector for Sony, introducing various initiatives centered on anime, and announcing that the DTC anime platform Crunchyroll has surpassed 21 million subscribers as of the end of March 2026.

He then introduced AI as one of the most important themes across the Sony Group businesses to unlock new value creation and to capture new opportunities for growth for its entertainment businesses. He emphasized that "human creativity must remain at the center," and stated that "AI is not a replacement for artists or creators." He then presented examples of how AI is being utilized across Sony's businesses and welcomed Hideaki Nishino, President and CEO of Sony Interactive Entertainment LLC, to share examples of AI utilization in the G&NS segment.

Hiroki Totoki then announced that SSS signed a non-binding MOU with TSMC regarding a strategic partnership for the development and manufacturing of next-generation image sensors, with the aim of balancing growth and improving profitability for image sensor business.

He emphasized the importance of adaptability in driving each business forward amid technological and geopolitical disruptions and noted that the diversity of its businesses and employees will drive continued success for Sony.

The details of the corporate strategy announced in the Corporate Strategy and Earnings Announcement Presentation held on May 8, 2026 are as follows:

1. Advancing the Creative Entertainment Vision

Under the Creative Entertainment Vision, Sony seeks to leverage the power of technology to empower creators, deliver new experiences to fans across both physical and digital spaces, and maximize the value of IP in its entertainment businesses.

- In the anime field, Sony collaborates with Group companies and strategic partners spanning production, fan engagement, marketing and global distribution to generate synergies to deliver anime at scale to worldwide audiences.
- The explosive worldwide growth of anime is exemplified by the massive global hit film *Demon Slayer: Kimetsu no Yaiba Infinity Castle*, which was produced by Aniplex and its partners.
- Crunchyroll serves more than 21 million paid subscribers globally as of the end of March 2026. To further accelerate growth, Crunchyroll newly adopted MyAnimeList as the platform for global fan participation in voting for the 2026 Crunchyroll Anime Awards, in partnership with Gaudiy Inc. In addition, in fall 2026, Crunchyroll will host its first-ever “Crunchyroll Anime Future Forum,” bringing together leading companies from various fields to strengthen relationships with anime fans, Japanese publishers and creators.

2. Optimizing the Business Portfolio

During the fifth mid-range plan period, Sony continues to optimize its business portfolio mainly through the following initiatives.

- Executed the Partial Spin-off of the Financial Services business as of October 1, 2025.
- Signed definitive agreements for a strategic partnership in the home entertainment field of ET&S segment with TCL on March 31, 2026.

In parallel with these initiatives, Sony continues to invest and lean into areas where it sees ongoing growth and competitive advantages.

- Building on the strategic partnerships announced with Bandai Namco, Sony is further strengthening its position in anime and other areas.
- Sony acquired an additional equity interest in Peanuts Holdings, which was owned by WildBrain Ltd., increasing Sony’s ownership stake to 80%.
- Following major deals to acquire the Pink Floyd and Queen catalogues, Sony Music Group announced a partnership with GIC Private Limited, to further build its music IP investments.

3. Driving Growth with AI

AI brings new opportunities for value creation and growth, and remains a tool to unlock human potential, not a replacement for artists or creators. Under this principle, Sony introduced examples of how it is leveraging AI across its businesses.

(1) The role of AI

- AI is not only for efficiency, but also a tool to empower creators to expand their creativity, making it easier to take on more innovative projects that were previously difficult to pursue due to constraints of cost and time.
- Sony is continuing a collaborative pilot initiative with Bandai Namco to explore the use of generative AI and other advanced technologies, and has confirmed gains such as a significant increase in speed and an improvement in productivity per person in video production. Sony aims to continue to integrate its own technologies with generative AI to establish a creator-first production environment that maximizes creative potential while ensuring safety and security.

(2) How AI evolves the PlayStation experience

- As AI lowers barriers to creation and increases the volume and diversity of content, the PlayStation platform and studios are expected to remain critical in delivering high quality experiences and helping players discover the right content in an increasingly crowded landscape.
- Within the studio business, AI powered tools are automating repetitive workflows and improving productivity across areas such as software development, quality assurance, 3D modeling, and animation, allowing production teams to focus on building richer worlds and gameplay experiences.

- Across the platform business, AI is driving efficiency, personalization, and customer value at scale, while continued investments in AI and machine learning are expected to push visual fidelity forward and deliver higher quality player experiences.
- Overall, AI is expected to unleash the creativity of Sony Interactive Entertainment's studios, power a more curated and consumer-centric platform, and enhance the PlayStation experience, supported by its global player base, deep IP library, and integrated ecosystem.

4. Strengthening Competitiveness in Sensor Technology that Underpins Creativity

Building on the deep expertise cultivated over many years in the analog domain, Sony is strengthening the competitiveness of its sensor technology with a view to mid- to long-term business growth and value creation, while delivering the best possible imaging experience for its customers.

- Sony's image sensors have advanced to a phase beyond competition solely based on specifications. By leveraging deep analog-domain expertise cultivated over many years across areas such as pixel structure, stacking technologies, circuitry, and process technologies, Sony has established difficult-to-replicate strength that underpins its sustainable competitive advantage.
- In the mobile image sensor business, which is the core of the I&SS segment, Sony is pursuing enhanced performance through the development of higher density enabled by finer process technologies and stacking technologies.
- SSS signed a non-binding MOU with TSMC to form a strategic partnership for the development and manufacturing of next- generation image sensors. Under this partnership, the two companies intend to establish a joint venture, with Sony as the majority and controlling shareholder, and plan to conduct studies toward setting up development and production lines utilizing Sony's newly constructed fab in Koshi City, Kumamoto Prefecture.

5. Navigating a Changing World

Sony is carefully managing technological and geopolitical disruptions that are impacting international supply chains, including the current memory semiconductor shortage driven by surging AI infrastructure demand. Looking ahead, even amid geopolitical complexity and rapid change, the strengths and diversity of Sony's businesses and employees will continue to support Sony's growth.

Fifth Mid-Range Plan -Financial Targets, Capital Allocation and their Progress

<Financial Targets and Capital Allocation>

On May 14, 2024, Sony announced the financial targets for the fifth mid-range plan.

In the fifth mid-range plan, Sony is placing greater emphasis on profit-based growth, and has set as the key performance indicators for the entire Group the growth rate of consolidated operating income and the operating income margin for Sony without the Financial Services segment*1. Specifically, Sony is targeting an average annual growth rate of consolidated operating income for the three fiscal years started on April 1, 2024 and ending on March 31, 2027 of 10% or more, and a three-year cumulative consolidated operating income margin of 10% or more.

Regarding the capital allocation plan in the fifth mid-range plan, Sony established a capital expenditure target of 1.7 trillion yen and a strategic investment target of 1.8 trillion yen including growth investments for each business and flexible share repurchases. Three-year cumulative consolidated operating cash flow excluding the Financial Services segment, the main source of capital allocation, is expected to be 4.5 trillion yen, exceeding the results of the fourth mid-range plan for the three fiscal years started on April 1, 2021 and ended on March 31, 2024, due to expected profit growth during the fifth mid-range plan as well as the recovery of working capital that increased during the fourth mid-range plan.

Regarding shareholder returns, Sony plans to place emphasis on its total payout ratio, which it expects to gradually increase throughout the period of the fifth mid-range plan, aiming for approximately 40% in the fiscal year ending March 31, 2027, which is the final fiscal year of the plan.

*1 As a result of the resolution of the Board of Directors of Sony Group Corporation on May 14, 2025 on the plan for the execution of the Partial Spin-off of the Financial Services business, Sony has classified the Financial Services business as a discontinued operation from the first quarter of the fiscal year ended March 31, 2026, and presented it separately from continuing operations excluding the Financial Services business. Therefore, the key performance indicators for the entire Group after May 14, 2025 are the growth rate of consolidated operating income and the operating income margin for continuing operations.

<Progress>

In the fiscal year ended March 31, 2026, the G&NS, Music and I&SS segments, the profit growth drivers of the entire Group, achieved record-high profits. The average annual growth rate of operating income for continuing operations from the fiscal year ended March 31, 2024 was 18%, and the cumulative operating income margin over the two fiscal years ended March 31, 2025 and March 31, 2026 was 11.1%.

Regarding capital allocation, Sony has revised its forecast for cumulative three-year operating cash flow on a continuing operations basis, which is the main source of capital, from the previous forecast of 4.8 trillion yen to 5.7 trillion yen, taking into account the results of the fiscal year ended March 31, 2026. Because Sony has made strengthening shareholder returns a priority for the fifth mid-range plan, Sony intends to use such increase as a source of capital mainly for greater shareholder returns. Although the strategic investment budget of 1.8 trillion yen remains unchanged from the original plan, Sony has revised the capital expenditure budget from the previous forecast of 1.7 trillion yen to 1.8 trillion yen.

A total of approximately 1.0 trillion yen of strategic investments have been executed or determined already as of May 8, 2026. Regarding shareholder returns, Sony completed a total of 500.0 billion yen in repurchases of its own shares during the period from May 15, 2025 to March 24, 2026, and the annual dividend for the fiscal year ended March 31, 2026, taking into account the stock split*2, increased 5 yen year-on-year to 25 yen per share (a total of 148.6 billion yen)*3. For the fiscal year ending March 31, 2027, Sony has established a maximum 500 billion yen share buyback facility for the year from May 11, 2026 to May 10, 2027, and aims to increase the pace of its increase in dividends, raising the annual dividend by 10 yen per share year-on-year*3 to 35 yen per share.

*2 Sony Group Corporation conducted a five-for-one stock split of its common stock effective October 1, 2024, with a record date of September 30, 2024.

*3 The above figures for the dividend for the fiscal year ended March 31, 2026 and the planned dividend increase for the fiscal year ending March 31, 2027 do not include dividends in kind of the shares of SFGI from the Partial Spin-off of the Financial Services business.

E. Critical Accounting Estimates

The preparation of the consolidated financial statements in conformity with IFRS Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. On an ongoing basis, Sony evaluates its estimates, which are based on historical experience, future projections and various other assumptions that are believed to be reasonable under the circumstances. The results of these evaluations form the basis for making judgments about the carrying values of assets and liabilities and the reported amounts of expenses that are not readily apparent from other sources. Actual results may significantly differ from these estimates. Sony considers an accounting estimate to be critical if it is important to its financial condition and results, and requires significant judgment and estimates on the part of management in its application. Sony believes that the following represents its critical accounting estimates. The critical accounting estimates should be read in conjunction with Notes 2 and 3 of the consolidated financial statements regarding Sony's material accounting policies.

Impairment of non-financial assets

Sony reviews the recoverability of its non-financial assets, except for inventories, contract costs and deferred tax assets, whenever there is any indication that an asset or a cash-generating unit ("CGU") may be impaired. In addition, an annual impairment test for goodwill, intangible assets with indefinite useful lives or intangible assets not yet available for use is performed during the fourth quarter of the fiscal year for each CGU or group of CGUs to which the carrying amount of these assets is allocated.

For all other CGUs or groups of CGUs with goodwill, the recoverable amount exceeded the carrying amount, and therefore no impairment existed in the fiscal year ended March 31, 2026, except for certain CGUs, primarily in the Pictures segment, for which impairment losses were recognized. Also, the recoverable amount of these CGUs or groups of CGUs with significant goodwill exceeded their respective carrying values by at least 10.0%. For intangible assets with indefinite useful lives or intangible assets not yet available for use, the recoverable amount exceeded the carrying amount, and therefore no impairment existed.

A discussion of the significant assumptions, other than the mid-range plan, including a sensitivity analysis with respect to their impact, of the recoverable amount of each CGU or group of CGUs for the impairment

analysis for goodwill performed for the fiscal year ended March 31, 2026 is included below. Refer to Note 11 of the consolidated financial statements for details.

- The post-tax discount rates ranged from 6.0% to 15.5%. A hypothetical one percentage point increase in the discount rate, holding all other assumptions constant, would not have resulted in a significant impairment.
- The growth rates applied to the terminal values for the CGUs within the G&NS, ET&S and I&SS were 2.0%. The growth rates beyond the mid-range plan period for the CGUs in the Music segment ranged from 1.0% to 3.4%, and in the Pictures segment ranged from (5.0%) to 10.0%. A hypothetical one percentage point decrease in the growth rate, holding all other assumptions constant, would not have resulted in a significant impairment.
- The earnings multiple used to calculate the terminal value in the Pictures CGUs was 8.9x to 11.0x and the revenue multiple was 1.5x. A hypothetical reduction in earnings multiple by 1.0x and revenue multiple by 0.25x, respectively, holding all other assumptions constant, would not have resulted in a significant impairment.

Management believes that the assumptions used in the impairment tests are reasonable. However, in the future, changes in estimates resulting in lower recoverable amounts due to unforeseen changes in assumptions could negatively affect the valuations, which may result in Sony recognizing impairment losses for non-financial assets.

Business combinations

Sony recognizes identifiable assets acquired and the liabilities assumed of an acquiree at their fair values at the acquisition date with limited exceptions. Sony recognizes goodwill when the aggregate of the consideration transferred in a business combination, the amount of any non-controlling interests in the acquiree and the fair value of Sony's previously held equity interest in the acquiree exceeds the net amount of the identifiable assets and liabilities of the acquiree at the acquisition date. If the aggregate above is less than the net amount of identifiable assets and liabilities, the difference is recognized as a gain.

Due to the inherent uncertainties involved in making the estimates and assumptions, the consideration transferred could be valued and allocated to the identifiable assets acquired and liabilities assumed differently. Actual results may differ, or unanticipated events and circumstances may affect such estimates, which could require Sony to record an impairment of an identifiable asset acquired and goodwill, or an increase in the amounts recorded for identifiable liabilities assumed.

Estimation of ultimate revenue in the Pictures segment

An aspect of film accounting that requires the exercise of management's judgment relates to the process of estimating the total revenues to be received throughout a film's life cycle. Such estimate of a film's ultimate revenue is important for the measurement of film costs and participation and residual liabilities in the Pictures segment.

While a film is being produced and the related costs are being capitalized, it is necessary for management to estimate the ultimate revenue, less additional costs to be incurred, including exploitation costs which are expensed as incurred, in order to determine whether the value of a film has been impaired and thus requires an immediate write-off of unrecoverable film costs. In addition, the amount of film costs recognized as cost of sales for a given film as it is exhibited in various markets throughout its life cycle is based on the ratio of current period actual revenues to the estimated remaining total revenues.

Management bases its estimates of ultimate revenue for each film on several factors including the historical performance of similar genre films, the star power of the lead actors, the expected number of theaters at which the film will be released, anticipated performance in the home entertainment, television and other ancillary markets, and agreements for future sales. Management updates such estimates on a regular basis based on the actual results to date and estimated future results for each film. For example, a film with lower-than-expected theatrical revenues in its initial weeks of release would generally have its theatrical, home entertainment and television distribution ultimate revenues adjusted downward; a failure to do so would result in the understatement of amortized film costs for the period. Also, participation and residual liabilities are accrued based on the ratio of current period actual revenues to the estimated remaining total revenues.

Valuation of deferred tax assets

Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the assets can be utilized. Accordingly, the valuation of deferred tax assets is assessed periodically with available evidence related to the realizability of the deferred tax assets.

The valuation of deferred tax assets, which is based on currently enacted tax laws and rates as of the end of the reporting period, reflects management's judgment and best estimate of the likely future tax consequences of events that have been recognized in Sony's financial statements and tax returns, the ability to implement various tax planning strategies and, in certain cases, future forecasts, business plans and other expectations about business outcomes. Changes in existing tax laws or rates in tax jurisdictions in which Sony operates could affect actual tax results, and market or economic deterioration or failure of management to achieve its restructuring objectives could affect future business results, either of which could affect the valuation of deferred tax assets over time. If future results are less than projected, if the results of tax examinations or the negotiations of advance pricing agreements covering transfer pricing of intercompany transactions result in a different allocation of profits and losses than currently anticipated, if tax planning alternatives are no longer viable, or if there is no excess appreciated asset value over the tax basis of the assets contemplated for sale, outstanding deferred tax assets may be required to be written down in the future. On the other hand, a forecasted improvement and consistency in future earnings or other factors, such as business reorganizations, could lead in the future, as a result of a review of all relevant factors, to the reversal of the previous write down of the deferred tax assets which would be recorded as a reduction to tax expense. These possible factors and other changes, that are not anticipated in current estimates, could have a material impact on Sony's earnings or financial condition in the period or periods in which the impact is recorded or reversed.

Item 6. *Directors, Senior Management and Employees*

A. Directors and Senior Management

Set forth below are the current members of the Board of Directors and Corporate Executive Officers of Sony Group Corporation (the "Corporation"), their responsibility as a director or officer, date of birth, the number of years they have served as a director or officer, and other principal business activities outside the Corporation as of the date of this report.

Board of Directors

Kenichiro Yoshida
Responsibility as a Director: —
Date of Birth: October 20, 1959
Number of Years Served as a Director: 12 years
Principal Business Activities Outside the Corporation: None
Brief Personal History:

April 1983	Joined the Corporation
July 2000	Joined Sony Communication Network Corporation (currently Sony Network Communications Inc.)
September 2000	Outside Director, So-net M3, Inc. (currently M3, Inc.)
May 2001	Senior Vice President, Sony Communication Network Corporation
April 2005	President and Representative Director, Sony Communication Network Corporation
December 2013	Executive Vice President, Chief Strategy Officer and Deputy Chief Financial Officer, Corporate Executive Officer, the Corporation
April 2014	Executive Vice President and Chief Financial Officer, Representative Corporate Executive Officer, the Corporation
June 2014	Director, the Corporation (present) (expected to resign on June 23, 2026)
April 2015	Executive Deputy President and Chief Financial Officer, Representative Corporate Executive Officer, the Corporation
April 2018	President and Chief Executive Officer, Representative Corporate Executive Officer, the Corporation
June 2020	Chairman, President and Chief Executive Officer, Representative Corporate Executive Officer, the Corporation
April 2023	Chairman and Chief Executive Officer, Representative Corporate Executive Officer, the Corporation
April 2025	Chairman, Representative Corporate Executive Officer, the Corporation
April 2026	Chairman, the Corporation (present)
June 2026	Outside Director, Mitsubishi UFJ Financial Group, Inc. (expected to be appointed on June 26, 2026)

Hiroki Totoki
Responsibility as a Director: —
Date of Birth: July 17, 1964
Number of Years Served as a Director: 7 years
Principal Business Activities Outside the Corporation: None
Brief Personal History:

April 1987	Joined the Corporation
February 2002	Representative Director, Sony Bank Incorporated
June 2005	Director, Corporate Executive Officer and Senior Managing Director, Sony Communication Network Corporation (currently Sony Network Communications Inc.)
April 2012	Representative Director, Corporate Executive Officer and Senior Managing Director, So-net Entertainment Corporation (currently Sony Network Communications Inc.)
April 2013	Representative Director, Corporate Executive Officer, Deputy President and Chief Financial Officer, So-net Entertainment Corporation
December 2013	Senior Vice President, Corporate Executive, the Corporation
November 2014	President and Chief Executive Officer, Sony Mobile Communications Inc. (currently Sony Corporation)
June 2015	Director, Chairman, So-net Corporation (currently Sony Network Communications Inc.)

April 2016	Executive Vice President, Corporate Executive Officer, the Corporation In charge of New Business Platform (Strategy) President and Representative Director, So-net Corporation
June 2017	Executive Vice President, Chief Strategy Officer, Corporate Executive Officer, the Corporation In charge of Mid- to Long-Term Business Strategy, New Business
April 2018	Executive Vice President, Chief Financial Officer, Representative Corporate Executive Officer, the Corporation
June 2018	Senior Executive Vice President, Chief Financial Officer, Representative Corporate Executive Officer, the Corporation Outside Director, Recruit Holdings Co., Ltd.
June 2019	Director, the Corporation (present)
June 2020	Executive Deputy President, Chief Financial Officer, Representative Corporate Executive Officer, the Corporation
April 2023	President, Chief Operating Officer and Chief Financial Officer, Representative Corporate Executive Officer, the Corporation
April 2024	Interim Corporate Executive Officer, Sony Interactive Entertainment
June 2024	Chairman, Sony Interactive Entertainment
April 2025	President and Chief Executive Officer, Representative Corporate Executive Officer, the Corporation (present)

Wendy Becker

Responsibility as a Director: Chair of the Board
Chair of the Nominating Committee

Date of Birth: November 2, 1965

Number of Years Served as a Director: 7 years

Brief Personal History and Principal Business Activities Outside the Corporation:

September 1987	Brand Manager, Procter & Gamble Company
September 1993	Consultant, McKinsey & Company, Inc.
December 1998	Partner, McKinsey & Company, Inc.
February 2008	Managing Director, Residential, TalkTalk, The Carphone Warehouse Ltd. Board member, Member of Remuneration Committee, Whitbread plc
September 2009	Chief Marketing Officer, Vodafone Group plc
September 2012	Chief Operating Officer, Jack Wills Ltd.
October 2013	CEO, Jack Wills Ltd.
February 2017	Board member, Chair of Remuneration Committee, Great Portland Estates plc
September 2017	Board member, Logitech International S.A.
June 2019	Director, the Corporation (present)
September 2019	Non-Executive Director, Chairperson of the Board, Chair of Nominating Committee, Logitech International S.A.
June 2021	Senior Independent Director, Chair of Remuneration Committee, Oxford Nanopore Technologies plc
October 2023	Independent Non-Executive Director, GSK plc
May 2024	Independent Non-Executive Director, Chair of Remuneration Committee, GSK plc (present)

Keiko Kishigami

Responsibility as a Director: Member of the Audit Committee

Date of Birth: January 28, 1957

Number of Years Served as a Director: 6 years

Brief Personal History and Principal Business Activities Outside the Corporation:

October 1985	Joined Peat Marwick Minato (currently Ernst & Young ShinNihon LLC)
August 1989	Registered as Certified Public Accountant (present)
December 1997	Partner, Century Audit Corporation (currently Ernst & Young ShinNihon LLC)
May 2004	Representative Partner (Senior Partner), Ernst & Young ShinNihon (currently Ernst & Young ShinNihon LLC)
September 2018	Board Member, WWF Japan (present)
June 2019	Outside Auditor, Okamura Corporation (present)
June 2020	Director, the Corporation (present) (expected to resign on June 23, 2026)
June 2021	Outside Director, Sumitomo Seika Chemicals Company, Limited (present)
March 2023	Outside Auditor, DIC Corporation (present)

Joseph A. Kraft Jr.

Responsibility as a Director: Chair of the Audit Committee
Member of the Nominating Committee
Director in charge of Information Security

Date of Birth: May 12, 1964

Number of Years Served as a Director: 6 years

Brief Personal History and Principal Business Activities Outside the Corporation:

July 1986	Joined Morgan Stanley Inc.
January 2000	Managing Director, Morgan Stanley Inc.
April 2007	Managing Director, Head of Capital Markets Division, Dresdner Kleinwort Japan
March 2010	Deputy Branch Manager & Managing Director, Bank of America Merrill Lynch Japan
July 2015	CEO, Rorschach Advisory Inc. (present)
June 2020	Director, the Corporation (present)
June 2024	Outside Director, Tokyo Electron Ltd. (present)
November 2024	Vice President, Tokyo International University (present)
June 2026	Outside Director, NEC Corporation (expected to be appointed on June 19, 2026)

Neil Hunt

Responsibility as a Director: Director in charge of Information Security

Date of Birth: January 12, 1962

Number of Years Served as a Director: 3 years

Brief Personal History and Principal Business Activities Outside the Corporation:

June 1989	Founder, CTO, Iconicon
October 1991	Director of Engineering, Pure Atria, Inc.
December 1999	Chief Product Officer, Netflix, Inc.
September 2010	Board member, Member of Compensation Committee, Logitech, Inc.
June 2017	Board member, Member of Compensation Committee, Roku, Inc. (present)
January 2020	Founder and Chief Product Officer, Vibrant Planet, PBC (present)
June 2023	Director, the Corporation (present)

William Morrow

Responsibility as a Director: Chair of the Compensation Committee

Date of Birth: July 2, 1959

Number of Years Served as a Director: 3 years

Brief Personal History and Principal Business Activities Outside the Corporation:

September 1980	Director, Pacific Bell Inc.
November 2001	President, Japan Telecom Holdings Co. Ltd
February 2004	CEO, Vodafone UK Limited
April 2005	President, VODAFONE K.K. Limited
May 2006	CEO Europe, Vodafone Limited
August 2006	President & CEO, Pacific Gas and Electric Company
June 2008	Outside Director, Broadcom Inc.
March 2009	CEO, Clearwire Incorporated
March 2012	CEO, Vodafone Hutchison Australia
April 2014	CEO, NBN Co, Limited
December 2018	Outside Director, IkeGPS Group Limited
February 2021	CEO, DIRECTV Entertainment Holdings LLC (present)
June 2023	Director, the Corporation (present)

Shingo Konomoto

Responsibility as a Director: Member of the Audit Committee
Date of Birth: February 11, 1960
Number of Years Served as a Director: 2 years
Brief Personal History and Principal Business Activities Outside the Corporation:

April 1985	Joined Nomura Research Institute, Ltd.
April 2004	Senior Managing Director, Division Manager of Consulting Division III, Nomura Research Institute, Ltd.
April 2010	Senior Corporate Managing Director, Division Manager of Consulting Division, Nomura Research Institute, Ltd.
April 2015	Senior Executive Managing Director, Supervising of Business Divisions, Head of Consulting, Nomura Research Institute, Ltd.
June 2015	Senior Executive Managing Director, Member of the Board, Representative Director, Supervising of Business Divisions, Head of Consulting, Nomura Research Institute, Ltd.
April 2016	President & CEO, Member of the Board, Representative Director, Nomura Research Institute, Ltd.
June 2019	Chairman and President & CEO, Member of the Board, Representative Director, Nomura Research Institute, Ltd.
April 2024	Chairman, Member of the Board, Representative Director, Nomura Research Institute, Ltd.
June 2024	Director, the Corporation (present)
	Chairman, Member of the Board, Nomura Research Institute, Ltd. (present)
March 2025	Outside Director, Kirin Holdings Company, Limited (present)

Yoriko Goto

Responsibility as a Director: Member of the Audit Committee
Date of Birth: November 11, 1958
Number of Years Served as a Director: 1 year
Brief Personal History and Principal Business Activities Outside the Corporation:

November 1983	Joined Deloitte Haskins & Sells, Tokyo (currently Deloitte Touche Tohmatsu LLC)
March 1987	Registered as Certified Public Accountant, Japan (present)
June 1996	Partner, Tohmatsu & Co. (currently Deloitte Touche Tohmatsu LLC)
November 2010	Member of Management Board, Deloitte Touche Tohmatsu LLC
October 2013	Managing Partner, Financial Services Industry, Deloitte Touche Tohmatsu LLC
	Member of the Board of Directors, Deloitte Touche Tohmatsu Limited
June 2018	Board Chair, Deloitte Tohmatsu Group and Deloitte Touche Tohmatsu LLC
	Member of the Board of Directors, Deloitte Touche Tohmatsu Limited
November 2018	Member of the Board of Directors, Deloitte Asia Pacific Limited
October 2022	Representative, Yoriko Goto CPA Office (present)
	Outside Director, Member of the Audit & Supervisory Committee, Sumitomo Mitsui Banking Corporation
June 2023	Outside Statutory Auditor, Shionogi & Co., Ltd.
June 2025	Director, the Corporation (present)
	Outside Director, Member of the Audit & Supervisory Committee, Shionogi & Co., Ltd. (present)
	Outside Director, Sumitomo Mitsui Financial Group, Inc. (present)

Nora Denzel

Responsibility as a Director: Member of the Compensation Committee
Director in charge of Information Security
Date of Birth: August 31, 1962
Number of Years Served as a Director: 1 year
Brief Personal History and Principal Business Activities Outside the Corporation:

June 1984	Joined International Business Machines Corporation
May 1996	Director, International Business Machines Corporation Storage Software
February 1997	CTO Senior Vice President of Product Operations, Legato Systems, Inc.
March 2000	Senior Vice President, Storage Division, Hewlett-Packard Company (currently Hewlett Packard Enterprise Company)
November 2007	Outside Director, Overland Storage Inc.
February 2011	Senior Vice President of Big Data, Intuit Inc.
September 2011	Outside Director, Saba Software, Inc.
February 2013	Outside Director, Outerwall Inc.
March 2013	Outside Director, Telefonaktiebolaget LM Ericsson
March 2014	Outside Director, Advanced Micro Devices, Inc.
January 2015	Interim CEO, Outerwall Inc.
July 2017	Outside Director, Talend, Inc.
December 2019	Outside Director, NortonLifeLock Inc. (currently Gen Digital Inc.) (present)
May 2021	Outside Director, SUSE S.A.
November 2022	Lead Independent Director, Advanced Micro Devices, Inc. (present)
June 2025	Director, the Corporation (present)

Masayuki Hyodo

Responsibility as a Director: Member of the Nominating Committee
Member of the Compensation Committee
Date of Birth: June 26, 1959
Number of Years Served as a Director: 1 year
Brief Personal History and Principal Business Activities Outside the Corporation:

April 1984	Joined Sumitomo Corporation
March 1996	Sumitomo Corporation (Hong Kong) Ltd. (Hong Kong)
April 2009	Corporate Officer, Deputy General Manager, Power & Social Infrastructure Business Div, Sumitomo Corporation
April 2010	Corporate Officer, Assistant General Manager for Asia, Sumitomo Corporation President and CEO, PT. Sumitomo Indonesia (Jakarta)
April 2012	Executive Officer, General Manager, Global Power Infrastructure Business Div, Sumitomo Corporation
April 2015	Managing Executive Officer, General Manager, Corporate Planning & Coordination Dept, Sumitomo Corporation
June 2016	Representative Director, Managing Executive Officer, General Manager, Environment & Infrastructure Business Unit, Sumitomo Corporation
June 2017	Senior Managing Executive Officer, General Manager, Environment & Infrastructure Business Unit, Sumitomo Corporation
June 2018	Representative Director, President and Chief Executive Officer, Sumitomo Corporation
April 2024	Chairman of the Board of Directors, Sumitomo Corporation (present)
June 2025	Director, the Corporation (present) Outside Director, Mitsui O.S.K. Lines, Ltd. (present)

The Corporation has proposed “To elect 10 Directors” as an agenda item for the Ordinary General Meeting of Shareholders to be held on June 23, 2026. If the proposal is approved, the members of the Board of Directors will be Hiroki Totoki, Lin Tao, Wendy Becker, Joseph A. Kraft Jr., Neil Hunt, William Morrow, Shingo Konomoto, Yoriko Goto, Nora Denzel and Masayuki Hyodo. With respect to newly appointed Director (Lin Tao), her expected responsibility as a director, date of birth, principal business activities outside the Corporation and brief personal history and principal business activities outside the Corporation are set forth below. Refer to “Item 6.C., Board Practices” for the planned composition of the Board and the Committees after the resolution of the Board immediately following the closing of the Ordinary General Meeting of Shareholders to be held on June 23, 2026. The Corporation plans to disclose the results of the Ordinary General Meeting of Shareholders in a Form 6-K to be furnished on or around June 26, 2026.

Lin Tao

Responsibility as a Director: —
Date of Birth: September 2, 1973
Principal Business Activities Outside the Corporation: None
Brief Personal History and Principal Business Activities Outside the Corporation

April 2000	Joined the Corporation
April 2021	Director, Deputy President, Sony Interactive Entertainment Inc.
July 2021	SVP, Finance, Corporate Strategy & Development, Sony Interactive Entertainment
October 2022	Representative Director, Deputy President, Sony Interactive Entertainment Inc.
April 2025	Chief Financial Officer, Corporate Executive Officer, the Corporation (present)
June 2026	Director, the Corporation (expected to be appointed)

Corporate Executive Officers

In addition to Hiroki Totoki and Lin Tao, the three individuals set forth below are the current Corporate Executive Officers of Sony Group Corporation as of the date of this report. Refer to "Board Practices" in Item 6.C.

Toshimoto Mitomo

Responsibility as an Officer: Chief Strategy Officer, Representative Corporate Executive Officer in charge of Legal, Compliance, Privacy, Intellectual Property, Business Strategy, Sustainability, External Relations, Business Incubation Platform, Creative Platform and Mobility Business
Date of Birth: January 6, 1963
Number of Years Served as a Corporate Executive Officer: 4 years
Principal Business Activities Outside Sony: None
Brief Personal History:

April 1985	Joined the Corporation
June 2013	Senior Vice President, Corporate Executive, the Corporation
June 2019	Executive Vice President, the Corporation
April 2022	Senior Executive Vice President, Corporate Executive Officer, the Corporation
April 2023	Executive Deputy President and Chief Strategy Officer, Corporate Executive Officer, the Corporation
April 2025	Chief Strategy Officer, Representative Corporate Executive Officer (present)

Tsuyoshi Kodera

Responsibility as an Officer: Chief Digital Officer, Corporate Executive Officer in charge of Digital & Technology Platform (Digital Transformation Strategy, Information Systems, Information Security and Advanced Technology, R&D, Technology Strategy and Quality Management)
Date of Birth: October 8, 1969
Number of Years Served as a Corporate Executive Officer: 1 year
Principal Business Activities Outside Sony: None
Brief Personal History:

April 1992	Joined the Corporation
April 2016	Deputy President, Sony Interactive Entertainment LLC
June 2016	Business Executive, the Corporation
October 2017	President and Chief Executive Officer, Sony Interactive Entertainment LLC Representative Director, President, Sony Interactive Entertainment Inc.
June 2018	Executive Vice President, the Corporation
April 2019	Deputy President, Sony Interactive Entertainment LLC Representative Director, Deputy President, Sony Interactive Entertainment Inc.
April 2021	Executive Vice President and Chief Digital Officer, the Corporation
July 2023	Executive Vice President, Chief Digital Officer and Chief Information Officer, the Corporation
April 2025	Chief Digital Officer, Corporate Executive Officer, the Corporation (present)
June 2025	Outside Director, Recruit Holdings Co., Ltd. (present)

Yasuhiro Ito

Responsibility as an Officer: Chief People Officer, Corporate Executive Officer in charge of Human Resources, General Affairs, the Corporate Executive Office and Diversity
Date of Birth: September 10, 1971
Number of Years Served as a Corporate Executive Officer: 1 year
Principal Business Activities Outside Sony: None
Brief Personal History:

April 1994	Joined the Corporation
April 2018	Executive Vice President, Sony Pictures Entertainment
	Senior Vice President, Sony Corporation of America
April 2023	Senior Vice President, the Corporation
April 2025	Chief People Officer, Corporate Executive Officer, the Corporation (present)

Hiroki Totoki, Toshimoto Mitomo, Tsuyoshi Kodera, Yasuhiro Ito and Lin Tao are engaged on a full-time basis by Sony Group Corporation. There is no family relationship between any of the persons named above. There is no arrangement or understanding with major shareholders, customers, suppliers, or others pursuant to which any person named above was selected as a Director or a Corporate Executive Officer.

B. Compensation

Under the Financial Instruments and Exchange Act of Japan and related regulations, the Corporation is required to disclose the total remuneration paid by the Corporation to Directors and Corporate Executive Officers, as well as remuneration of any Director or Corporate Executive Officer who receives total aggregate annual remuneration exceeding 100 million yen from the Sony Group in a fiscal year, on an individual basis. The following table and accompanying footnotes show the information on such matters that the Corporation has disclosed in its annual Securities Report for the fiscal year ended March 31, 2026 filed on June 18, 2026 with the Director General of the Kanto Local Finance Bureau of the Ministry of Finance in Japan.

(1) Total amounts of remuneration for Directors and Corporate Executive Officers and the number thereof*1

	Fixed remuneration		Remuneration linked to business results		Stock acquisition rights (*7)		Restricted stock (*10)		Restricted stock Units ("RSUs") (*12)		Phantom Restricted Stock Plan (*15)	
	Number of persons	Amount (Yen in millions)	Number of persons	Amount (Yen in millions)	Number of persons	Amount (Yen in millions)	Number of persons	Amount (Yen in millions)	Number of persons	Amount (Yen in millions)	Number of persons	Amount (Yen in millions)
Directors (*2)	11 (*3)	277	—	— (*4)	—	— (*8)	7 (*3)	79	11 (*13)	73	—	— (*16)
Corporate Executive Officers	6	609	6 (*5)	791 (*6)	10 (*9)	1,191	6 (*11)	852	9 (*14)	2,445	—	—
Total	17	885	6	791	10	1,191	13	931	20	2,518	—	—

*1 Due to rounding, individual sums may not add up to the total shown.

*2 The number of persons does not include two Directors who concurrently serve as Corporate Executive Officers, because the Corporation does not pay any additional remuneration for services as a Director to Directors who concurrently serve as Corporate Executive Officers. All Directors above are outside Directors.

*3 The number of persons includes two Directors (outside Directors) who resigned on the day of the Ordinary General Meeting of Shareholders held on June 24, 2025.

*4 The Corporation does not pay remuneration linked to business results to Directors who do not concurrently serve as Corporate Executive Officers.

*5 The number of persons includes one Corporate Executive Officer who resigned on March 31, 2026.

*6 The final amount of remuneration linked to business results for the fiscal year ended March 31, 2026, which is scheduled to be paid in June 2026.

*7 As to stock acquisition rights, the amount above is that of expenses the Corporation recorded during the fiscal year ended March 31, 2026 applicable to stock acquisition rights granted. The amount includes 18 million yen, which was recorded as expense for stock acquisition rights for the fiscal year ended March 31, 2026, as a result of a value adjustment to previously granted stock-based compensation carried out in connection with the Partial Spin-off of the Financial Services business.

*8 The Corporation does not grant stock acquisition rights to Directors who do not concurrently serve as Corporate Executive Officers.

*9 The number of persons includes four Corporate Executive Officers who resigned by the end of the fiscal year ended March 31, 2025.

*10 As to restricted stock, the amount above is that of expenses the Corporation recorded during the fiscal year ended March 31, 2026 applicable to restricted stock.

*11 The number of persons includes three Corporate Executive Officers who resigned by the end of the fiscal year ended March 31, 2025.

*12 As to RSUs, the amount above is that of expenses the Corporation recorded during the fiscal year ended March 31, 2026. The amount includes 1,109 million yen, which was recorded as expense for RSUs for the fiscal year ended March 31, 2026, as a result of a value adjustment to previously granted stock-based compensation carried out in connection with the Partial Spin-off of the Financial Services business.

*13 The number of persons includes two Directors (outside Directors) who resigned on the day of the Ordinary General Meeting of Shareholders held on June 24, 2025.

*14 The number of persons includes three Corporate Executive Officers who resigned by the end of the fiscal year ended March 31, 2025.

*15 As to the phantom restricted stock plan, the amount of expenses recorded during the fiscal year ended March 31, 2026 applicable to Corporate Executive Officers decreased by 386 million yen.

*16 The Corporation does not pay remuneration under the phantom restricted stock plan to Directors who do not concurrently serve as Corporate Executive Officers.

(2) Amounts of remuneration for Directors and Corporate Executive Officers on an individual basis

Name	Position (*1)	Fixed Remuneration (*2) (Yen in millions)	Remuneration linked to business results (*2) (*3) (Yen in millions)	Phantom restricted stock plan (*2) (Yen in millions)	**Total (*2) (Yen in millions)**	Stock acquisition rights (*2) (*4) (Yen in millions)	RSUs (*2) (*5) (Yen in millions)	
							Timing of vesting	
							vested after three years	vested upon resignation
Kenichiro Yoshida	Director (*6), Chairman (*7)	80	124	—	204	192	288	—
Hiroki Totoki	Director (*6), President and CEO, and Representative Corporate Executive Officer (*7)	240	371	—	611	708	1,062	96
Toshimoto Mitomo	CSO, and Representative Corporate Executive Officer (*7)	66	80	—	146	112	192	—
Tsuyoshi Kodera	CDO, and Corporate Executive Officer (*7)	60 (*8)	74 (*8)	—	134 (*8)	97	145	22
Yasuhiro Ito	CPO, and Corporate Executive Officer (*7)	50	61	—	111	74	111	18
Lin Tao	CFO, and Corporate Executive Officer	75	88	—	163	146	219	27

*1 This chart shows remuneration for Directors and Corporate Executive Officers who received, or who became likely to receive, total remuneration exceeding 100 million yen from the Corporation and its subsidiaries during the fiscal year ended March 31, 2026. Titles are as of the date of submission of this document.

*2 Due to rounding, individual sums may not add up to the total shown.

*3 For the metrics and actual financial results used to determine the amount of remuneration linked to business results, refer to “(5) Corporate Executive Officer remuneration linked to business results for the fiscal year ended March 31, 2026” below.

*4 Indicates the grant criteria amount determined for each Corporate Executive Officer, and the number of stock acquisition rights actually granted was determined by dividing such grant criteria amount by the fair value per stock acquisition right, as estimated based on the Black-Scholes model, immediately prior to the date of the grant resolution on October 30, 2025. The number of shares of common stock of the Corporation (“Common Stock”) to be acquired based on the assumption that all such stock acquisition rights are exercised is 142,600 for Kenichiro Yoshida, 525,700 for Hiroki Totoki, 83,600 for Toshimoto Mitomo, 71,900 for Tsuyoshi Kodera,

55,000 for Yasuhiro Ito and 108,400 for Lin Tao, respectively. The compensation expense relating to these stock options is calculated based on the fair value of the stock acquisition rights as of the date of grant (November 25, 2025). The grant criteria amount does not indicate the actual value that would be realized by a Corporate Executive Officer upon the exercise of the above-mentioned stock acquisition rights. The actual value, if any, that is realized by a Corporate Executive Officer upon the exercise of any stock acquisition rights will depend on the extent to which the market value of Common Stock exceeds the exercise price of the stock acquisition rights on the date of exercise, and several other restrictions imposed on the exercise of the stock acquisition rights, including the period when a Corporate Executive Officer could exercise the stock acquisition rights. Accordingly, there is no assurance that the value realized or to be realized by a Corporate Executive Officer upon the exercise of the stock acquisition rights is or will be at or near the grant criteria amount.

*5 Indicates the grant criteria amount determined for each Corporate Executive Officer, and the number of RSUs actually granted was determined by dividing such grant criteria amount by the simple average of the closing prices of Common Stock on the TSE during a certain period immediately prior to the date of the grant resolution on June 25, 2025. The number of RSUs actually granted was 76,950 units to Kenichiro Yoshida, 309,380 units to Hiroki Totoki, 50,520 units to Toshimoto Mitomo, 44,580 units to Tsuyoshi Kodera, 34,470 units to Yasuhiro Ito and 65,730 units to Lin Tao, respectively. The compensation expense relating to these RSUs is calculated based on the fair value per unit as of the date of grant (July 25, 2025). Of the units granted to Toshimoto Mitomo, only 5,440 units had a grant resolution date of October 30, 2025 and a grant date of November 25, 2025.

*6 The Corporation does not pay any remuneration for services as a Director to Directors who concurrently serve as Corporate Executive Officers.

*7 Apart from the remuneration contained in the table above, the Corporation also provided certain personal benefits and perquisites, including fringe benefits and in some instances amounts to pay income taxes related to perquisites, totaling 2 million yen to Kenichiro Yoshida, 2 million yen to Hiroki Totoki, 19 million yen to Toshimoto Mitomo, 1 million yen to Tsuyoshi Kodera, and 19 million yen to Yasuhiro Ito during the fiscal year ended March 31, 2026.

*8 Remuneration paid to Tsuyoshi Kodera includes 6 million yen in fixed remuneration and 7 million yen in remuneration linked to business results from Sony Research Inc.

9 Apart from the remuneration contained in the table above, the Corporation recorded 593 million yen for Kenichiro Yoshida, 278 million yen for Hiroki Totoki, 96 million yen for Toshimoto Mitomo, 69 million yen for Tsuyoshi Kodera, 18 million yen for Yasuhiro Ito, and 28 million yen for Lin Tao, as a result of a value adjustment to previously granted stock-based compensation carried out in connection with the Partial Spin-off of the Financial Services business.

(3) Basic policy regarding Director and Senior Executive remuneration

The basic policy regarding remuneration for respective Directors and Senior Executives including Corporate Executive Officers determined by the Compensation Committee is as follows:

(a) Basic policy regarding Director remuneration

The primary duty of Directors is to supervise the performance of business operations of the Sony Group as a whole. In order to improve this supervisory function over the business operations of the Sony Group, which is a global company, the following two elements have been established as the basic policy for the determination of remuneration of Directors. No Director remuneration is paid to those Directors who concurrently serve as Corporate Executive Officers.

- Attracting and retaining an adequate talent pool of Directors possessing the requisite abilities to excel in the global marketplace; and
- Ensuring the effectiveness of the supervisory function of Directors.

Based on the above, Director remuneration shall consist of the following components. The amount of each component and its percentage of total remuneration shall be at an appropriate level determined in accordance with the basic policy above and based on research conducted by a third party regarding remuneration of directors of both Japanese and non-Japanese companies.

Type of remuneration		Description
Fixed remuneration		• The amount of fixed remuneration shall be at an appropriate level determined in accordance with the basic policy above and based on research conducted by a third party regarding remuneration of directors of both Japanese and non-Japanese companies.
Stock-based compensation		• Restricted stock or RSUs are granted to further promote shared values between the shareholders and Directors and incentivize Directors to develop and maintain a sound and transparent management system.
	Restricted stock	• Any Director to whom restricted stock is granted may not sell or transfer the granted shares during his/her tenure, and in principle, such restriction is to be released when such Director resigns.
	Restricted stock units	• In principle, all RSUs granted to the Directors will be vested at the time of resignation, and the Common Stock will be delivered to the Directors upon vesting.

(b) Basic policy regarding Senior Executive remuneration

Senior Executives are key members of management responsible for executing the operations of the Sony Group as a whole, or respective businesses of the Sony Group. In order to further improve the business results of the Sony Group, the following two elements have been established as the basic policy for the determination of remuneration of Senior Executives.

- Attracting and retaining an adequate talent pool possessing the requisite abilities to excel in the global marketplace; and
- Providing effective incentives to improve business results on a short-, mid- and long-term basis.

Based on the above, Senior Executive remuneration shall basically consist of the following components. The amount of each component and its percentage of total remuneration shall be at an appropriate level determined in accordance with the above basic policy and the individual's level of responsibility and based on research conducted by a third party regarding remuneration of management of both Japanese and non-Japanese companies, with an emphasis on linking Senior Executive remuneration to business results and shareholder value.

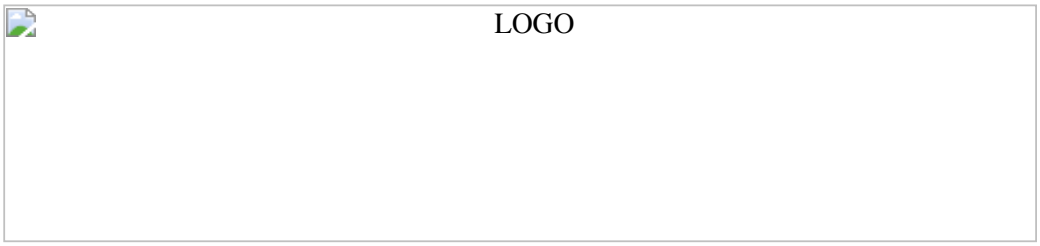
Type of remuneration	Description
Fixed remuneration	• The amount of fixed remuneration shall be at an appropriate level determined based on research conducted by a third party regarding remuneration of management of both Japanese and non-Japanese companies, according to his/her responsibility, and in order to maintain competitiveness in recruiting talent.
Remuneration linked to business results	• Structured appropriately and based on appropriate indicators to ensure that such remuneration effectively incentivizes Senior Executives to achieve financial targets for the mid- to long-term and financial targets for the corresponding fiscal year. • Specifically, the amount to be paid to Senior Executives shall be determined based on the level of achievements of the two metrics below, and can fluctuate, in principle, from 0% to 200% of the standard payment amount ("Business Results Linked Standard Payment Amount") depending on the level of achievement. (1) Certain key performance indicators linked to the continuing operations or individual business results of the Sony Group during the corresponding fiscal year, such as operating

Type of remuneration		Description
		income and operating income margin (collectively, the "Financial Performance KPIs"), which are based on the areas for which each Senior Executive is responsible. (2) Achievement of the Group Sustainability Evaluation. • The Group Sustainability Evaluation is an evaluation of efforts by Senior Executives to enhance the mid- to long-term corporate value and sustainable growth of the Sony Group as a whole, not just their respective businesses and organizations, and includes management succession planning and investment in human capital, sustainability initiatives related to social value creation and ESG (environment, social and governance), value creation through collaborations among the businesses of the Sony Group, and engagement indicators based on employee surveys. • The Business Results Linked Standard Payment Amount shall be determined so that such amount is within a certain percentage of the cash compensation (total of the fixed remuneration and the remuneration linked to business results), which percentage shall be determined in accordance with each individual's level of responsibility. • The Corporation adopted a clawback policy for the recoupment of compensation. (Please see below Reference: Clawback Policy.)
Stock-based compensation		• Stock acquisition rights, and restricted stock or RSUs are granted to incentivize Senior Executives to increase mid- to long-term shareholder value. • As a general policy, remuneration for a Senior Executive who has greater management responsibility and influence over the Sony Group as a whole has a higher proportion of stock-based compensation, which is directly linked to the corporate value. (Please see below Reference: Executive Compensation Package Designed to Focus on Long-Term Management.) • The amount of stock-based compensation shall be determined so that the amount is within a certain percentage of the total cash compensation (total of the fixed remuneration and the remuneration linked to business results) and stock-based compensation.
	Stock acquisition rights	• The exercise of the stock acquisition rights is, in principle, restricted during a one-year period from the allotment date, and one-third of the total number of exercisable stock acquisition rights will be vested and be exercisable each year thereafter. (All of the allocated stock acquisition rights will be exercisable on and after three years from the allotment date.)
	Restricted stock	• The Senior Executives to whom restricted stock is granted, in principle, may not sell or transfer the granted stock before the third anniversary date of the Ordinary General Meeting of Shareholders of the fiscal year when the subject restricted stock was granted.
	Restricted stock units (vested after three years)	• In principle, RSUs are granted to the Senior Executives every year during his/her tenure, and all RSUs granted to the Senior Executives will be vested after three years have passed since the date of grant of the RSUs, and the Common Stock will be delivered to the Senior Executives.
	Restricted stock units (vested upon resignation)	• In principle, RSUs are granted to the Senior Executives every year during his/her tenure, and all RSUs granted to the Senior Executives will be vested at the time of resignation and the Common Stock will be delivered to the Senior Executives.

Type of remuneration	Description
Phantom restricted stock plan	• Points determined every year by the Compensation Committee shall be granted to Senior Executives every year during his/her tenure, and at the time of resignation, the remuneration amount shall be calculated by multiplying the Common Stock price (closing price) by the individual's accumulated points. * Phantom restricted stock plan is being gradually replaced with RSUs vesting upon resignation.

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

The bar chart below shows the components of remuneration for Corporate Executive Officers for the fiscal year ended March 31, 2026. For this chart, the remuneration linked to business results is based on the Business Results Linked Standard Payment Amount for each Corporate Executive Officer, and the stock-based compensation is based on the grant criteria amount for each Corporate Executive Officer. Accordingly, the components of remuneration based on the amounts actually paid will be different from the chart below.



*1 Due to rounding, individual sums may not total 100%.
*2 For "Other Corporate Executive Officers," the components of remuneration are presented as the simple average of the remuneration mix ratios of the Chief Strategy Officer, Chief Digital Officer, Chief People Officer and Chief Financial Officer.

(Reference: Stock-based Compensation)

The Corporation introduced stock acquisition rights, restricted stock and RSUs as forms of stock-based compensation, granted to the Directors and the Senior Executives including Corporate Executive Officers.

The purpose of the stock-based compensation for the outside Directors is to incentivize the outside Directors to develop and maintain a sound and transparent management system by further promoting shared values between the shareholders and the outside Directors. Furthermore, the purpose of the stock-based compensation for the Senior Executives including Corporate Executive Officers is to further reinforce management's alignment with shareholder value, and to incentivize management to improve mid- to long-term performance and increase shareholder value.

The details of such stock-based compensation, including vesting conditions, recipients and number of grants, are determined or supervised by the Compensation Committee based on research conducted by a third party regarding stock-based compensation of both Japanese and non-Japanese companies. In addition, in determining the number of shares or units to be granted, the impact on dilution of the value of the shares of the Corporation is monitored.

(Reference: Clawback Policy)

In 2022, the SEC adopted rules relating to the mandatory recovery of erroneously awarded incentive-based compensation received by certain current or former executive officers, and the NYSE has, in turn, adopted listing standards in connection with such rules. Accordingly, Sony Group Corporation's Compensation Committee adopted a clawback policy, with an effective date of October 2, 2023 (the "Clawback Policy"). The Clawback Policy provides for the mandatory recovery of erroneously awarded incentive-based compensation received by each Executive Officer (as defined in the Clawback Policy) during the three-fiscal-year period prior to the date Sony Group Corporation is required to prepare an Accounting Restatement (as defined in the Clawback Policy), in accordance with the above rules and standards. The amount of erroneously awarded incentive compensation that the Executive Officers would be required to repay is the amount of incentive-based compensation paid to the

Executive Officer that exceeds the amount the Executive Officer would have received had it been determined based on the restated amounts, computed without regard to any taxes paid. The recovery of such compensation applies regardless of whether an Executive Officer engaged in misconduct or otherwise caused or contributed to the requirement of an accounting restatement. For further details and full text of the Clawback Policy, please refer to Exhibit 97.1 attached to this report.

(4) Procedures to determine remuneration of Directors and Senior Executives

Based on the policy outlined above, the amount and content of the compensation for each Director and Senior Executive, including Corporate Executive Officers, are determined by the Compensation Committee or otherwise under the supervision of the Compensation Committee.

Specifically, in principle, as for Directors, each year at the meeting of the Compensation Committee held after the Ordinary General Meeting of the Shareholders, the amount of basic remuneration and the content of compensation for the corresponding fiscal year are determined. Thereafter, at the meeting of the Compensation Committee held after the corresponding fiscal year end, the final amount of compensation of each Director is determined. As for the Senior Executives, each year at the meeting of the Compensation Committee held at the end of the previous fiscal year, in principle, the amount of basic remuneration and the content of compensation for the corresponding fiscal year are determined or reviewed. Thereafter, at the meeting of the Compensation Committee held after the corresponding fiscal year end, the final amount of compensation for each Senior Executive is determined or supervised.

For determining the amount of the remuneration linked to business results for each Senior Executive, the Business Results Linked Standard Payment Amount, the targets for the Financial Performance KPIs and the targets for the Group Sustainability Evaluation are determined and thereafter, the amount of such remuneration is determined based on the level of achievement of such indicators and targets for the Financial Performance KPIs and the individual performance at the meeting of the Compensation Committee held after the corresponding fiscal year end for Corporate Executive Officers or otherwise under the supervision by the Compensation Committee for Senior Executives other than Corporate Executive Officers.

The amount of compensation of each Director and Senior Executive including Corporate Executive Officers for the fiscal year ended March 31, 2026 was also determined by the Compensation Committee or otherwise under the supervision by the Compensation Committee according to the procedure above. The Compensation Committee concluded that the amount and content of the compensation is in accordance with the policy set forth in section (3) above.

(5) Corporate Executive Officer remuneration linked to business results for the fiscal year ended March 31, 2026

The Business Results Linked Standard Payment Amount for each Corporate Executive Officer for the fiscal year ended March 31, 2026 was determined to be in the range between 80% and 100% of the amount of the fixed remuneration of such Corporate Executive Officer according to his/her responsibility.

The formula to calculate the amount of the remuneration linked to business results to be paid to Corporate Executive Officers is as follows.



* Business Results Linked Standard Payment Amount: Determined to be in the range between 80% and 100% of the amount of the fixed remuneration of each Corporate Executive Officer.

** Payment rate of the remuneration linked to business results: Determined in principle, within the range from 0% to 200% based on (i) the achievement of Financial Performance KPIs based on the areas for which each Corporate Executive Officer is responsible and (ii) the achievement of the Group Sustainability Evaluation.

The Financial Performance KPIs and the weighting of such Financial Performance KPIs used for Corporate Executive Officers in the fiscal year ended March 31, 2026 were as follows:

KPI	Weight	Target Range to be achieved for the fiscal year ended March 31, 2026	Result for the fiscal year ended March 31, 2026
Compound Annual Growth Rate ("CAGR") of Operating Income (Continuing Operations)	70%	10.0% ~ 11.2% (CAGR from the fiscal year ended March 31, 2024 to the fiscal year ended March 31, 2026)	18.2%
Operating Income Margin (Continuing Operations)	30%	10.0% ~ 10.9% (the fiscal year ended March 31, 2026)	11.6%

CAGR of operating income (continuing operations) and operating income margin (continuing operations) were determined as the Financial Performance KPIs under the fifth mid-range plan of the Sony Group to place greater emphasis on profit-based growth.

The target range to be achieved for CAGR of operating income (continuing operations) for the fiscal year ended March 31, 2026, was set between 10%, which is the target under the fifth mid-range plan, and 11.2%, which is the CAGR calculated based on the operating income of continuing operations of 1 trillion 35.3 billion yen for the fiscal year ended March 31, 2024, and the forecast for the operating income of continuing operations of 1 trillion 280 billion yen for the fiscal year ended March 31, 2026, which was disclosed in May 2025. (This range was set as the performance level at which the achievement rate of the KPI is deemed to be 100%.)

The target range to be achieved for operating income margin (continuing operations) for the fiscal year ended March 31, 2026, was set between 10%, which is the target under the fifth mid-range plan, and 10.9%, which is the forecast for the operating income margin of continuing operations for the fiscal year ended March 31, 2026, which was disclosed in May 2025. (This range was set as the performance level at which the achievement rate of the KPI is deemed to be 100%.)

The results for the Financial Performance KPIs for the fiscal year ended March 31, 2026 were as follows: CAGR of operating income (continuing operations): 18.2%, operating income margin (continuing operations): 11.6%, each exceeding the targeted range.

As outlined above under "(3) Basic policy regarding Director and Senior Executive remuneration," remuneration linked to business results for Senior Executives for the fiscal year ended March 31, 2026 was determined based on the level of achievement of the indicators which were selected based on the areas of responsibility of the relevant Senior Executive and the achievement of the Group Sustainability Evaluation. The amounts to be paid to the Senior Executives were, in principle, determined within the range from 0% to 200% of the Business Results Linked Standard Payment Amount. As a result, the ratio of remuneration linked to business results of Corporate Executive Officers for the fiscal year ended March 31, 2026 varied from 146.6% to 154.7% of the Business Results Linked Standard Payment Amount.

C. Board Practices

General

Sony Group Corporation continuously strives to strengthen its corporate governance system based on the understanding that corporate governance is an essential basis to promote our management in order to fulfill the company's corporate social responsibility and increase corporate value over the mid- to long-term. To operate Sony effectively, Sony Group Corporation continues to approach its corporate governance through two basic precepts: (a) the Board of Directors (the "Board"), a majority of which is comprised of independent outside Directors, focuses on effective oversight of management's operation of the business and maintains a sound and transparent governance framework by utilizing the Nominating Committee, the Audit Committee and the Compensation Committee; and (b) the Board determines Sony's fundamental management policies and other material matters and delegates to the Senior Executives (including Corporate Executive Officers), who assume important roles in the management of Sony, decision-making authority to conduct Sony's business operations broadly in line with their respective responsibilities, as defined by the Board, with a view to promoting timely

and efficient decision-making within Sony. In furtherance of these efforts, Sony Group Corporation has adopted a "Company with Three Committees" corporate governance system under the Companies Act of Japan (*Kaishaho*) and related regulations (collectively the "Companies Act"). Under this system, Sony Group Corporation has introduced its own requirements to help improve and maintain the soundness and transparency of its governance by strengthening the separation of the Directors' function from that of management; maintaining what the company believes is an appropriate Board size, which enables the members of the Board to actively contribute to discussion; and advancing the proper functioning of the statutory committees.

Sony Group Corporation is governed by the Board, the members of which are elected at the Ordinary General Meeting of Shareholders. Under the Companies Act, a "Company with Three Committees" is required to have three committees: a Nominating Committee, an Audit Committee and a Compensation Committee, each consisting of Directors appointed by the Board. The Companies Act also requires the Board to appoint Corporate Executive Officers (*Shikko-yaku*), who make decisions regarding the execution of Sony's business activities within the scope of the authority delegated to them by the Board. Sony Group Corporation has appointed its Chief Executive Officer ("CEO"), who is responsible for Sony's overall management, and other officers who are responsible for important and extensive headquarters functions as Corporate Executive Officers. Sony Group Corporation has also appointed Corporate Executive Officers, including the CEO and other executives, that assume important roles in the management of Sony as Senior Executives. In addition, Sony has designated management team members as Business CEOs, Chief Officers, or Corporate Executives in accordance with their respective roles and responsibilities.

A summary of the governance system adopted by Sony Group Corporation is set forth below. For an explanation of the significant differences between the NYSE's corporate governance standards and Sony's corporate governance practices, refer to "Item 16G. *Corporate Governance*."

Board of Directors

(1) Members: 11 Directors including 9 outside Directors (as of the date of this report)

Name	Position
Kenichiro Yoshida	Director
Hiroki Totoki	Director
Wendy Becker	Chair of the Board Outside Director
Keiko Kishigami	Outside Director
Joseph A. Kraft Jr.	Outside Director
Neil Hunt	Outside Director
William Morrow	Outside Director
Shingo Konomoto	Outside Director
Yoriko Goto	Outside Director
Nora Denzel	Outside Director
Masayuki Hyodo	Outside Director

* Sony Group Corporation has proposed "To elect 10 Directors" as an agenda item for the Ordinary General Meeting of Shareholders to be held on June 23, 2026. If the proposal is approved, the Board will consist of the following 10 members.

Expected members after the resolution of the Board immediately following the closing of the Ordinary General Meeting of Shareholders to be held on June 23, 2026: 10 Directors including 8 outside Directors

Name	Position
Hiroki Totoki	Director
Lin Tao	Director
Wendy Becker	Chair of the Board Outside Director
Joseph A. Kraft Jr.	Outside Director
Neil Hunt	Outside Director
William Morrow	Outside Director
Shingo Konomoto	Outside Director
Yoriko Goto	Outside Director
Nora Denzel	Outside Director
Masayuki Hyodo	Outside Director

(2) Purpose/Authority

The primary roles of the Board are to: (a) determine Sony's fundamental management policies; (b) oversee the management of Sony's business operations as an entity independent from Sony's management; (c) appoint and dismiss the statutory committee members; (d) appoint and dismiss Corporate Executive Officers and oversee the status of appointment/dismissal of Senior Executives other than Corporate Executive Officers; and (e) appoint and dismiss Representative Corporate Executive Officers.

For the matters to be decided by the Board and the matters to be reported to the Board, refer to Appendices 1 and 2 of the Charter of the Board of Directors (the "Board Charter") attached as Exhibit 1.3 hereto.

(3) Policy Regarding Composition of the Board

With a view toward securing effective input and oversight by the Board, the Nominating Committee reviews and selects candidates for the Board with the aim of assuring that a substantial part of the Board is comprised of qualified outside Directors that satisfy the independence requirements established by Sony and by law. The Nominating Committee selects candidates that it views as well-suited to be Directors in light of the Board's purpose of enhancing Sony's corporate value. The Nominating Committee broadly considers various relevant factors, including a candidate's capabilities (such as the candidate's work and other experience, achievements and expertise), availability, and independence, as well as diversity, including gender and internationality, in the boardroom, the appropriate size of the Board, and the knowledge, experience and talent needed for the role. Under the Board Charter, Sony Group Corporation also requires that the Board consist of not fewer than 8 Directors and not more than 14 Directors. In addition, since 2005 the majority of the members of the Board have been outside Directors.

(4) Qualifications for Directors and Limitation of Re-election

The qualifications for Directors of Sony Group Corporation under the Board Charter are generally as summarized below. As of the date of this report, all Directors satisfy the qualifications for Directors as set forth below, and all outside Directors satisfy the additional qualifications for outside Directors and are also qualified and designated as Independent Directors under the Securities Listing Regulations of the TSE. It is expected that all Director candidates who will be appointed at the Ordinary General Meeting of Shareholders to be held on June 23, 2026 satisfy the qualifications for Directors as set forth below, and that all outside Director candidates satisfy the additional qualifications for outside Directors and are also qualified and designated as Independent Directors under the Securities Listing Regulations of the TSE.

All Directors must meet the qualifications below:

(a) He/she shall not be a director, a statutory auditor, a corporate executive officer, a general manager or other employee of any company in competition with Sony in any of Sony's principal businesses (a "Competing Company") or own 3% or more of the shares of any Competing Company.

(b) He/she shall not be or have been a representative partner or partner of Sony's independent auditor the past three years before being nominated as a Director.

(c) He/she shall not have any connection with any matter that may cause a material conflict of interest in performing the duties of a Director.

OutsideDirectors must meet the additional qualifications below:

(a) He/she shall not have received directly from Sony, during any consecutive twelve-month period within the last three years, more than an amount equivalent to U.S. $120,000, other than Director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service).

(b) He/she shall not be an executive director, corporate executive officer, general manager or other employee of any company whose aggregate amount of transactions with Sony, in any of the last three fiscal years, exceeds the greater of an amount equivalent to U.S. $1,000,000, or 2% of the annual consolidated sales of such company.

For additional requirements for outside Directors under the Companies Act, refer to "Item 16G. *Corporate Governance*".

Also, each outside Director may be nominated as a Director candidate for re-election up to five times (six years, in total), and thereafter by resolution of the Nominating Committee and by consent of all of the Directors. Even with the consent of all of the Directors, in no event may any outside Director be re-elected more than eight times (nine years, in total).

(5) Matters related to Outside Directors

Sony Group Corporation expects that each outside Director plays an important role in ensuring proper business decisions by Sony and effective input and oversight by the Board through actively exchanging opinions and having discussions about Sony's business based on his or her various and broad experience, knowledge and expertise. Considering these expectations, the policy and procedures on the election of Director candidates, including independent outside Director candidates, are set forth as described above. As of the date of this report, the Board has 11 Directors, nine of whom are outside Directors. The Chair of the Board, as well as all members of the Nominating Committee, the Compensation Committee and the Audit Committee are outside Directors. After the closing of the Ordinary General Meeting of Shareholders to be held on June 23, 2026, it is expected that the Board will have 10 Directors, eight of whom will be outside Directors, that the Chair of the Board will be an outside Director; and that all members of the Nominating Committee, the Compensation Committee and the Audit Committee will be outside Directors.

Pursuant to the Articles of Incorporation, Sony Group Corporation has entered into a liability limitation agreement with all outside Directors. A summary of such liability limitation agreement is as follows:

(i) In a case where an outside Director is liable to the company after the execution of the liability limitation agreement for damages pursuant to Article 423, Paragraph 1 of the Companies Act, such liabilities shall be limited to the greater of either 30 million yen or an amount equal to the aggregate sum of the amounts prescribed in each item of Article 425, Paragraph 1 of the Companies Act, only where the outside Director acted in good faith without any gross negligence in performing his/her duties as a Director of the company.

(ii) In a case where an outside Director is re-elected as an outside Director of the company and re-assumes his/her office as such on the expiration of the term of his/her office as an outside Director of the company, the liability limitation agreement shall continue to be effective after the re-election and re-assumption without any action or formality.

In addition, Sony Group Corporation has a directors and officers liability insurance policy covering all Directors as insured parties. For an outline of the directors and officers liability insurance policy, refer to "*Outline of the Terms of Executives Liability Insurance Policy*".

(6) Policy and Procedure for Selection and Dismissal of Senior Executives

Sony Group Corporation appoints Corporate Executive Officers including the CEO and other officers that assume important roles in the management of Sony as "Senior Executives."

The Board has the authority to appoint and dismiss and assign the roles and responsibilities of, or to request a report regarding such matters for Senior Executives, including the CEO, and exercises such authority as necessary. In making decisions on the appointment of Corporate Executive Officers, including the CEO, the Board considers whether candidates for CEO meet certain qualifications for the CEO position which are set by the Nominating Committee and whether candidates for other Corporate Executive Officer positions have the necessary skills, capabilities, experiences and achievements that correspond to such Corporate Executive Officers' expected roles and responsibilities. The Board also receives a report on the status of appointment and dismissal of Senior Executives other than Corporate Executive Officers.

The term of office of Senior Executives, including the CEO, is one year. The Board discusses, determines and/or oversees their re-appointment upon the expiration of each term considering the factors described above as well as their latest performance. The Board dismisses a Corporate Executive Officer, as necessary, in the event that the Board recognizes such Corporate Executive Officer is disqualified after discussions amongst the members of the Board or the Nominating Committee, even in the middle of the term for such Corporate Executive Officer.

Nominating Committee

(1) Members: 3 outside Directors (as of the date of this report)

Name	Position
Wendy Becker	Chair of the Nominating Committee (Outside Director)
Joseph A. Kraft Jr.	Nominating Committee Member (Outside Director)
Masayuki Hyodo	Nominating Committee Member (Outside Director)

* It is expected that members of the Nominating Committee will be appointed as follows at a meeting of the Board immediately following the closing of the Ordinary General Meeting of Shareholders to be held on June 23, 2026.

Members after the resolution of the Board immediately following the closing of the Ordinary General Meeting of Shareholders to be held on June 23, 2026: 4 outside Directors

Name	Position
Wendy Becker	Chair of the Nominating Committee (Outside Director)
Joseph A. Kraft Jr.	Nominating Committee Member (Outside Director)
Masayuki Hyodo	Nominating Committee Member (Outside Director)
William Morrow	Nominating Committee Member (Outside Director)

(2) Purpose/Authority

The primary roles of the Nominating Committee are to: (a) determine the content of proposals regarding the appointment/dismissal of Directors to be submitted for approval at a General Meeting of Shareholders and (b) evaluate management succession plans, which the CEO develops, for the CEO and other executives designated by the Nominating Committee.

The Nominating Committee determines the content of proposals regarding the appointment and dismissal of Directors, considering the policy on composition of the Board, the qualifications for Directors and the limitation of re-election of Directors described above.

(3) Policy Regarding Composition of the Nominating Committee

Under the Companies Act, the Nominating Committee shall consist of at least three Directors, the majority of whom shall be outside Directors. Also, under the Board Charter, the chair is to be selected from among the outside Directors. In determining whether to appoint or remove a member of the Nominating Committee, continuity of the Nominating Committee shall be duly taken into account. After the resolution of the Board immediately following the closing of the Ordinary General Meeting of Shareholders to be held on June 23, 2026, the Nominating Committee is expected to consist of four outside Directors.

(4) Management Succession Plans

The Nominating Committee evaluates the succession plans, and the implementation of such plans, for the CEO and other executives designated by the Nominating Committee, and reports the results of its evaluation to the Board, as appropriate.

Evaluations are conducted by having the CEO periodically submit draft succession plans to the Nominating Committee, which it reviews. As a part of such review, the Nominating Committee considers the development or promotion of the next generation of management and evaluates whether the succession plans have been prepared in a reasonable manner in light of Sony's purpose to create sustainable social value and to enhance corporate value over the mid- to long-term.

Audit Committee

(1) Members: 4 outside Directors (as of the date of this report)

Name	Position
Joseph A. Kraft Jr.	Chair of the Audit Committee (Outside Director)
Keiko Kishigami	Audit Committee Member (Outside Director)
Shingo Konomoto	Audit Committee Member (Outside Director)
Yoriko Goto	Audit Committee Member (Outside Director)

* It is expected that members of the Audit Committee will be appointed as follows at a meeting of the Board immediately following the closing of the Ordinary General Meeting of Shareholders to be held on June 23, 2026.

Members after the resolution of the Board immediately following the closing of the Ordinary General Meeting of Shareholders to be held on June 23, 2026: 3 outside Directors

Name	Position
Joseph A. Kraft Jr.	Chair of the Audit Committee (Outside Director)
Shingo Konomoto	Audit Committee Member (Outside Director)
Yoriko Goto	Audit Committee Member (Outside Director)

(2) Purpose/Authority

The primary roles of the Audit Committee are to: (a) monitor the performance of duties by Directors and Corporate Executive Officers and (b) oversee and evaluate the independent auditor.

(3) Policy Regarding Composition of the Audit Committee

Under the Companies Act, the Audit Committee shall consist of at least three Directors, the majority of whom shall be outside Directors. In addition, under the Board Charter, each member of the Audit Committee ("Audit Committee Member") shall satisfy all of the following qualifications: (a) he/she shall not be a Director engaged in the business operations of Sony Group Corporation or any of its subsidiaries, a Corporate Executive Officer, an accounting counselor, a general manager or other employee of Sony and (b) he/she shall meet the independence requirements or such other equivalent requirements of the U.S. securities laws and regulations as may from time to time be applicable to Sony Group Corporation, and the chair is to be selected from among the outside Directors. The Audit Committee Members shall be selected from among the persons who possess appropriate experience and talent as well as the necessary finance, accounting and legal knowledge to serve on the Audit Committee. In determining whether to appoint or remove an Audit Committee Member, continuity of the Audit Committee shall be duly taken into account.

Moreover, at least one Audit Committee Member shall meet the audit committee financial expert requirements or such other equivalent requirements of the U.S. securities laws and regulations as may from time to time be applicable to Sony Group Corporation. The Board makes a determination on whether or not such Audit Committee Members meet these requirements. As of the date of this report, Keiko Kishigami and Yoriko Goto are "audit committee financial experts" within the meaning of Item 16A of Form 20-F under the Exchange Act, as amended. After the resolution of the Board immediately following the closing of the Ordinary General Meeting of Shareholders to be held on June 23, 2026, the Audit Committee is expected to consist of three outside Directors, one of whom (Yoriko Goto) is expected to be an "audit committee financial expert." Yoriko Goto has auditing experience across various companies in Japan and overseas, as well as expertise on internal control and considerable knowledge of finance and accounting.

(4) Policy on Selection of Independent Auditor Candidates and Independence of the Independent Auditor

With respect to the candidates for independent auditor nominated by the CEO and other Corporate Executive Officers, the Audit Committee evaluates the nomination, prior to making a decision on the candidates. The Audit Committee continues to evaluate the independence, the qualification and the reasonableness as well as the performance of the independent auditor so appointed.

Compensation Committee

(1) Members: 3 outside Directors (as of the date of this report)

Name	Position
William Morrow	Chair of the Compensation Committee (Outside Director)
Nora Denzel	Compensation Committee Member (Outside Director)
Masayuki Hyodo	Compensation Committee Member (Outside Director)

* It is expected that members of the Compensation Committee described above will be reappointed at a meeting of the Board immediately following the closing of the Ordinary General Meeting of Shareholders to be held on June 23, 2026.

(2) Purpose/Authority

The primary roles of the Compensation Committee are to: (a) set policy on the content of individual compensation for Directors, Corporate Executive Officers and other officers and (b) determine the amount and content of individual compensation of Directors and Corporate Executive Officers in accordance with the policy, and oversee the determination regarding the amount and content of individual compensation of Senior Executives other than Corporate Executive Officers.

For the basic policy regarding remuneration for Directors and Corporate Executive Officers, refer to “Compensation” in Item 6.B.

(3) Policy Regarding Composition of the Compensation Committee

Under the Companies Act, the Compensation Committee shall consist of at least three Directors, the majority of whom shall be outside Directors. In addition, under the Board Charter, a Director who is a CEO, a Chief Operating Officer (“COO”) or a Chief Financial Officer (“CFO”) of Sony Group Corporation or who holds any equivalent position shall not be a member of the Compensation Committee, and the chair is to be selected from among the outside Directors. In determining whether to appoint or remove a member of the Compensation Committee, continuity of the Compensation Committee shall be duly taken into account. After the resolution of the Board immediately following the closing of the Ordinary General Meeting of Shareholders to be held on June 23, 2026, the Compensation Committee is expected to be comprised of three outside Directors.

Senior Executives (Corporate Executive Officer, Business CEO and other officers that assume important roles in the management of Sony)

(1) Total number of Senior Executives: 14 (including 5 Corporate Executive Officers) (as of the date of this report)

(2) Purpose/Authority

The primary roles of Senior Executives are to determine and execute Sony’s business activities in accordance with their roles and responsibilities determined by the Board.

(3) Delegation of Authority from the Board

The Board determines the fundamental management policies and other material matters related to the operation of Sony’s business. The Board assigns the duties of Corporate Executive Officers, including the CEO, by determining the areas over which each Corporate Executive Officer is in charge and by determining the scope of Senior Executives. Then, it delegates its decision-making authority to the CEO with a view to promoting timely and efficient decision-making within Sony. The CEO further subdelegates a part of such authority to other Senior Executives.

Other Officers (Corporate Executives)

(1) Total number of other officers: 6 (as of the date of this report)

(2) Purpose/Authority

The primary roles of other officers are to carry out their assignments within designated areas, such as headquarters functions and/or R&D, in accordance with the fundamental policies determined by the Board and Senior Executives.

Outline of the Terms of Executives Liability Insurance Policy

Sony Group Corporation has, at its expense in respect of insurance premiums, entered into a directors and officers liability insurance policy for all Directors, Corporate Executive Officers, corporate auditors, and persons in equivalent positions (the "Executives") of itself and its subsidiaries over which Sony Group Corporation has a direct or indirect ownership more than 50%. The outline of the terms of such liability insurance policy is as follows:

(i) The insurance policy covers compensation for damages, litigation costs (including attorney's fees) and other costs that may be incurred by the Executives as a result of assuming responsibility for the execution of their duties or receiving claims related to such responsibility.

(ii) As a measure to ensure the appropriateness of the execution of duties by the Executives, there are certain exemptions, such as in the case of an act committed by the Executives with the knowledge that it constitutes a violation of laws or regulations.

Support for Activities of Directors, the Board and the Committees

Sony Group Corporation engages in various activities to enhance the oversight function of the Board over management's operation of Sony's business as follows:

(1) Outside Director Initiatives

The Chair of the Board, who is an outside Director, leads the Board's activities and secures the appropriate cooperation, communication and arrangement among outside Directors and Senior Executives. As an example of such initiatives, outside Directors' meetings have been held, generally on the same day as each Board Meeting, for the purpose of exchanging information and sharing information with respect to recognized issues among outside Directors. The Board also conducted Directors' strategic workshops with management, business site visits by Directors, and meetings with the Chair of the Board and the CEO. All of these activities were aimed at securing better understanding by outside Directors of Sony's business and management's challenges and encouraging strategic discussions among Directors. At a workshop held over two days in December 2025, through direct dialogue with the management team of Sony Group Corporation including the CEOs of each business segment, the Directors exchanged opinions about the business environment and challenges surrounding each business, as well as strategies to address them. At the workshop, Directors also intensively discussed Sony Group's mid- to long-term strategies and challenges, including the business portfolio. In October 2025, the outside Directors first visited Sony's External Relations office in Washington D.C., where they discussed geopolitical risks with local employees and engaged in dialogue with outside experts, and then they visited the offices of Sony Corporation of America and Sony Music Entertainment in New York, where they exchanged opinions with local management on the current status and strategies of the global music business.

(2) Secretariat Offices for the Board and each Committee

The company has established secretariat offices of the Board and each Committee to support the activities of the members and encourage constructive and proactive discussion at the meetings of the Board and each Committee. Each secretariat office endeavors to distribute necessary materials for the meetings in advance and to provide other information such as accounting information, organizational charts, press releases, external analyst reports and credit rating reports, as appropriate. Each secretariat office explains the meeting agenda to the members and provides them with presentation materials in advance of each meeting date and facilitates deliberation in separate meetings or briefing sessions depending on the nature of matters to be discussed. Each secretariat office also provides the absent members with a follow up briefing, as appropriate. In addition, under supervision by the Chairs of the Board and each Committee, each secretariat office shares the annual schedule of the meetings and anticipated agenda items in advance with the members in order to appropriately set the frequency of meetings and the number of agenda items to be deliberated at each meeting.

(3) Provision of Necessary Information

When the company is requested to provide additional information, each secretariat office endeavors to provide the members such information promptly. Also, each secretariat office verifies appropriately whether requested information is provided smoothly. In the event that the members consult with external specialists, participate in various seminars and so on to perform their duties, the costs and expenses in connection with such activities are borne by the company in accordance with applicable internal rules.

(4) Audit Committee Aide

With the approval of the Board and with the Audit Committee's consent, the company has established the Audit Committee Aide to support the activities of the Audit Committee. The Audit Committee Aide does not concurrently hold positions related to the business operations of Sony and, upon instruction by each Audit Committee member, conducts investigations into and analyzes auditing matters and engages in physical inspections or visiting audits either by him/herself or by cooperating with relevant departments in order to support the Audit Committee.

(5) Policy on Director Training

Newly appointed Directors receive briefings by Senior Executives and outside experts regarding their expected roles and responsibilities, including their legal duties as a Director or as a member of the Committees, as well as briefings about the business, financial status, organization and governance structure of Sony. Also, throughout their tenure, each Director receives compliance-related training in accordance with internal protocols and briefings on matters relevant to each Director's fulfillment of his/her roles and responsibilities including the current status of Sony's business.

Evaluation of the Board and the Committees' Effectiveness

(1) Policy for Evaluation

Sony Group Corporation believes that it is important to endeavor to improve the effectiveness of the Board and each Committee in order to support Sony's business operations and enhance the corporate value of Sony. To achieve this goal, Sony Group Corporation conducts evaluations of the effectiveness of the Board and of each Committee (the "Evaluation") annually, as a general rule.

(2) Recent Evaluation

From February through May 2026, the Board conducted the Evaluation mainly in respect of the Board and Committee activities in the fiscal year ended March 31, 2026 after confirming that actions proposed in response to the results of the previous Evaluation were appropriately taken. The recent Evaluation was conducted under the leadership of the Chair of the Board, with the support of a third-party evaluation by an outside counsel having expertise in Japanese and global corporate governance practices (the "Outside Counsel") in order to ensure transparency and objectivity and to obtain professional advice.

(3) Procedure of the Recent Evaluation

First, the Board confirmed that the actions proposed to be taken in response to the results of the previous Evaluation were taken, and it discussed and confirmed the proposed procedures for the Evaluation for the fiscal year ended March 31, 2026. Thereafter, the third-party evaluation was conducted by the Outside Counsel in accordance with the following steps:

- Reviewed relevant material, such as the minutes of Board meetings, and attended a Board meeting;
- Confirmed with the Board secretariat office and each Committee's secretariat office how meetings of the Board and Committees were conducted;
- Gathered responses to a questionnaire from each Director (including the Peer Review*) about the current status and practices of the Board and each Committee, such as the composition of the Board, operation of the Board, commitments of each Director, activities of each Committee and procedures of the previous Evaluation;
- Interviewed the Chair of the Board and the Chair of each Committee, newly appointed Directors (including the Peer Review*), and some of the Corporate Executive Officers; and

- Researched other global companies' practices in Japan and the U.S., and compared them with the company's practices.

* Peer Review: A mutual evaluation among Directors. In the fiscal year ended March 31, 2026, it was conducted through a questionnaire responded to by all Directors.

The Board then received, reviewed and discussed the Outside Counsel's report on the results of its evaluation. The Board confirmed the effectiveness of the Board and the Committees.

(4) Summary of the Results of the Recent Evaluation

Based on the following findings, the Outside Counsel reported that, as assessed in the previous Evaluation, the Board is established and operated in a manner sufficient to be highly evaluated:

- The results of the questionnaire and interviews show that all Directors rate the effectiveness of the Board, including each Committee, highly.
- The roles played by the newly appointed Chair of the Board and CEO on the Board were also highly evaluated by the Directors.
- The Board played an appropriate role in the preparation and execution of the Partial Spin-off of the Financial Services business.
- With the addition of three new Directors, the composition of the Board has shifted toward a structure that the capital markets highly value.
- Initiatives to improve effectiveness of the Board continue to be implemented.
- The process for sharing Board meeting materials with the Directors has been streamlined through the introduction of a dedicated application.
- The newly appointed Directors commented that the orientation program was well conducted and evaluated it highly.
- In terms of the Board's composition and other various aspects, the Board has characteristics that are highly evaluated in many respects in comparison with the boards of listed companies in the U.S. as well as in Japan.

Following discussion and analysis based on the Outside Counsel's report, the Board re-affirmed that the Board and each Committee were functioning effectively as of May 2026.

The Outside Counsel also suggested several ideas on possible options for the Board and Committees to further improve their own effectiveness.

(5) Actions in Response to the Results of the Evaluation

In order to increase the corporate value of Sony, Sony Group Corporation will take appropriate actions to further enhance functions of the Board and the Committees in response to the results of the Evaluation, as well as various comments and opinions given by Directors and the Outside Counsel during the Evaluation process.

In addition, since the previous Evaluation conducted in 2025, the following major efforts have been implemented to improve the effectiveness of the Board.

- Monitoring the progress of the business portfolio review and capital allocation;
- Deepening discussions on and supervision over initiatives toward realizing the "Creative Entertainment Vision"; and
- Overseeing policies and the status of responses to risks that could affect Sony's management, including cybersecurity, economic security and geopolitical risks.

Internal Control and Governance Framework

At a Board meeting held on April 26, 2006, the Board reaffirmed the internal control and governance framework in effect as of the date of determination and determined to continue to evaluate and improve such framework going forward, as appropriate. At Board meetings held on May 13, 2009 and April 30, 2015, the Board amended and updated the internal control and governance framework, and as of May 8, 2026, the Board reaffirmed that such framework was in effect and determined to continue to evaluate and improve such framework going forward, as appropriate. These determinations were required by and met the requirements of the Companies Act.

A summary of the principal framework of the internal control and governance framework based on the Board determination above is as follows:

(1) Disclosure Control Framework

The securities of Sony Group Corporation are listed for trading on exchanges in Japan and the U.S. As a result, Sony is obligated to make various disclosures to the public in accordance with applicable securities laws, regulations and rules in those countries and listing standards of the stock exchanges on which Sony Group Corporation's shares are listed. Sony is committed to full compliance with all requirements applicable to its public disclosures. Sony Group Corporation's policy on investor relations activities is to aim to disclose accurate information in a timely and fair manner, as well as to endeavor to promote constructive dialogue with shareholders and investors, with a view to maximizing the corporate value by building a relationship of trust with shareholders and investors. Sony Group Corporation has established disclosure controls and procedures as an approach to implement this policy. All personnel responsible for the preparation of submissions to and filings with the TSE, the SEC and other regulatory entities, or for other public communications made on behalf of Sony, or who provide information as part of that process, have a responsibility to ensure that such disclosures and information are full, fair, accurate, timely and understandable, and in compliance with the established disclosure controls and procedures.

Sony Group Corporation has established "Disclosure Controls and Procedures" outlining the process through which potentially material information is reported from important business units, subsidiaries, affiliated companies and corporate divisions and is reviewed and considered for disclosure in light of its materiality to Sony. As a body to assist the CEO and the CFO of Sony Group Corporation in designing, implementing and evaluating the Disclosure Controls and Procedures, Sony Group Corporation has established the "Disclosure Committee," which is comprised of members of senior management who are in charge of a part of Sony's headquarters functions. In order to assure appropriate and timely disclosure, the Disclosure Committee shall evaluate events that are reported from the important business units, subsidiaries, affiliated companies and corporate divisions in accordance with Sony's internal rules in light of their materiality to Sony. Based on such evaluation, the Disclosure Committee shall review the necessity of disclosure in accordance with applicable securities laws, regulations and rules, as well as the listing standards of the relevant stock exchanges, and report to the CEO and CFO for their determination.

(2) Risk Management Framework

Each business unit, subsidiary/affiliated company and corporate division of Sony periodically reviews and assesses risks and establishes and maintains necessary risk management systems (such as detection, communication, evaluation and response) for the area for which they are responsible. In addition, Senior Executives, including the Corporate Executive Officers, of Sony Group Corporation have established and currently maintain a system to identify and control risks that may cause losses to Sony regarding the areas for which they are responsible. The Corporate Executive Officer in charge of group risk control shall comprehensively promote and manage the establishment and maintenance of the systems as stated above.

Details of Actions Taken by the Board and the Committees

(1) Details of Actions Taken by the Board

During the fiscal year ended March 31, 2026, the Board convened 8 times. The attendance records of respective Directors are as follows.

Name	Meeting Records*1	Attendance Records*1
Kenichiro Yoshida	8 Times	8 Times (100%)
Hiroki Totoki	8 Times	8 Times (100%)
Wendy Becker	8 Times	8 Times (100%)
Keiko Kishigami	8 Times	8 Times (100%)
Joseph A. Kraft Jr.	8 Times	8 Times (100%)
Neil Hunt	8 Times	8 Times (100%)
William Morrow	8 Times	8 Times (100%)
Shingo Konomoto	8 Times	8 Times (100%)
Yoriko Goto*2	7 Times	7 Times (100%)
Nora Denzel*2	7 Times	7 Times (100%)
Masayuki Hyodo*2	7 Times	7 Times (100%)

*1 The numbers of the Meeting Records and the Attendance Records are those applicable to the fiscal year ended March 31, 2026.

*2 Because Yoriko Goto, Nora Denzel and Masayuki Hyodo were newly appointed as Directors at the Ordinary General Meeting of Shareholders on June 24, 2025, the numbers of their Meeting Records and Attendance Records differ from those of other outside Directors.

Note: Mr. Yoshihiko Hatanaka and Ms. Sakie Akiyama, who retired as Directors in June 2025, attended the one Board meeting held prior to their retirements.

During the fiscal year ended March 31, 2026, the Board discussed a variety of matters, such as a review of Sony's business performance on a quarterly basis, Sony's business portfolio including the Partial Spin-off of the Financial Services business, progress and reviews of the results of the fifth mid-range plan, formation of a business plan for the fiscal year ending March 31, 2027, strategically important M&A, initiatives toward realizing the "Creative Entertainment Vision" as Sony's long-term vision, Group-wide AI initiatives, effectiveness of internal control and governance framework (including the ethics and compliance program) and risk management (including cybersecurity risks and geopolitical risks), as well as Sony's initiatives and strategies related to sustainability.

(2) Details of Actions Taken by the Nominating Committee

During the fiscal year ended March 31, 2026, the Nominating Committee convened 5 times. The attendance records of respective Directors are as follows.

Name	Meeting Records *1	Attendance Records *1
Wendy Becker	5 Times	5 Times (100%)
Joseph A. Kraft Jr.	5 Times	5 Times (100%)
Masayuki Hyodo*2	4 Times	4 Times (100%)

*1 The numbers of the Meeting Records and the Attendance Records are those applicable to the fiscal year ended March 31, 2026.

*2 Because Masayuki Hyodo was newly appointed as a member of the Nominating Committee pursuant to the resolution at the meeting of the Board held on June 24, 2025, the numbers of his Meeting Records and Attendance Records differ from those of other members of the Nominating Committee.

Note: Mr. Yoshihiko Hatanaka, who retired as a member of the Nominating Committee in June 2025, attended the one Nominating Committee meeting held prior to his retirement.

The matters given consideration by the Nominating Committee include policies on selecting Director candidates, exploring Director prospects, and CEO succession. In addition, the Nominating Committee assesses succession plans for the Senior Executives with key management responsibilities for individual business units and headquarters functions, based on management, including CEO, reports. During the fiscal year ended March 31, 2026, with respect to the selection of Director candidates, as a priority item for the fiscal year, the Nominating Committee confirmed the policy that the candidates for Directors should be selected by considering the size of the Board, and the expertise and diversity of each Director, and held discussions based on such policy. As a result, Lin Tao, CFO, was appointed as a candidate for new Director while concurrently serving as a Corporate Executive Officer. The Nominating Committee also reviewed and decided to continue discussions on candidates for new outside Directors for the next fiscal year and beyond. Regarding the change in the Senior Executives, the Nominating Committee reviewed and assessed the proposed retirement of Kenichiro Yoshida from the position of Representative Corporate Executive Officer and for him to continue to serve as Chairman, as well as succession plans for the Senior Executives.

(3) Details of Actions Taken by the Audit Committee

During the fiscal year ended March 31, 2026, the Audit Committee convened 7 times. The attendance records of respective Directors are as follows.

Name	Meeting Records *1	Attendance Records *1
Joseph A. Kraft Jr.	7 Times	7 Times (100%)
Keiko Kishigami	7 Times	7 Times (100%)
Shingo Konomoto	7 Times	7 Times (100%)
Yoriko Goto*2	4 Times	4 Times (100%)

*1 The numbers of the Meeting Records and the Attendance Records are those applicable to the fiscal year ended March 31, 2026.

*2 Because Yoriko Goto was newly appointed as a member of the Audit Committee pursuant to the resolution at the meeting of the Board held on June 24, 2025, the numbers of her Meeting Records and Attendance Records differ from those of other members of the Audit Committee.

The Audit Committee conducts audits of the performance of duties by Directors and Corporate Executive Officers pursuant to applicable laws and regulations and the Charter of the Audit Committee established by the Board, through deliberation at seven Audit Committee meetings, activities of Audit Committee Members (for example, reviewing reports relating to the execution of duties by the Corporate Executive Officers and employees of Sony Group Corporation, or directors, statutory auditors and employees of major subsidiaries of Sony Group Corporation, and visiting audits at business sites), and activities of the Audit Committee Aide (including attendance at meetings relating to important management execution matters, review of meeting materials, and review of approval documents and other materials concerning the Senior Executives). In addition, the Audit Committee conducts the “organizational audit” in cooperation with divisions in charge of internal audit and divisions in charge of internal control of Sony. Through the process, the Audit Committee receives periodical reports from these divisions at the Audit Committee meetings or other meetings to be held from time to time, requests that they conduct necessary investigations, and receives reports on the process and result of such investigations. Furthermore, the meetings with divisions in charge of internal control of Sony were held seven times and the meetings with and written reports from the independent auditor were held and received, in total, eight times during the fiscal year ended March 31, 2026.

Specific considerations by the Audit Committee include review of audit plans in three-way audits, identification and audit of priority audit items for each fiscal year, review of financial results and disclosure documents related to financial results, review of development and operation of internal control systems, audit of financial reports and SOX 404-related activities, audit of internal audit activities, review of the content and process for determining the compensation of the independent auditors, audit of the appropriateness of audit by the independent auditors and evaluation of the independent auditors. In addition to these, the Audit Committee held interviews with the Senior Executives and other officers to receive reports on matters such as the recognition of issues and the status of risk management in the respective areas of responsibility of each business and headquarter function, and engaged in dialogue.

The priority audit items for the fiscal year ended March 31, 2026 were the focus areas and governance framework under the new management structure, responses to changes in the business portfolio, and responses to

new accounting standards and disclosure standards not yet adopted. Through the organizational audit described above, the following audit activities were conducted.

i) Focus areas and governance under the new management structure

The Audit Committee engaged in dialogue with the newly appointed Chief Officers, whose roles were effective April 1, 2025, regarding their focus areas under the new management structure and the status of progress. In meetings with the Business CEOs, in light of the rapidly increasing uncertainty in the business environment, the Audit Committee discussed opportunities and risks identified as particularly significant within their respective areas of responsibility and confirmed that prompt responses to risks and initiatives to strengthen the profitability of each business were being advanced.

ii) Responses to changes in the business portfolio

With respect to the Partial Spin-off of the Financial Services business, the Audit Committee held in-depth discussions with the internal control department and the independent auditor regarding the appropriateness and sufficiency of the phased accounting treatments and related disclosures. In addition, the Audit Committee reviewed the policies and details regarding accounting treatments and disclosures in connection with the establishment of a joint venture through a strategic partnership in the home entertainment field between Sony Corporation and TCL.

iii) Responses to new accounting standards and disclosure standards not yet adopted

The Audit Committee received reports on preparations for sustainability disclosures in accordance with the sustainability disclosure standards published by the Sustainability Standards Board of Japan, which will be effective from the fiscal year ending March 31, 2027, and reviewed the disclosure policy options available to Sony, Sony's status of collecting such information for disclosure, and related challenges.

(4) Details of Actions Taken by the Compensation Committee

During the fiscal year ended March 31, 2026, the Compensation Committee convened 6 times. The attendance records of respective Directors are as follows.

Name	Meeting Records *1	Attendance Records *1
William Morrow	6 Times	6 Times (100%)
Nora Denzel*2	4 Times	4 Times (100%)
Masayuki Hyodo*2	4 Times	4 Times (100%)

*1 The numbers of the Meeting Records and the Attendance Records are those applicable to the fiscal year ended March 31, 2026.

*2 Because Nora Denzel and Masayuki Hyodo were newly appointed as members of the Compensation Committee pursuant to the resolution at the meeting of the Board held on June 24, 2025, the numbers of their Meeting Records and Attendance Records differ from those of the other member of the Compensation Committee.

Note: Wendy Becker and Ms. Sakie Akiyama, who retired as members of the Compensation Committee in June 2025, attended the two Compensation Committee meetings held prior to their retirement.

The specific matters given consideration by the Compensation Committee include the Corporation's policy regarding the determination of individual remuneration for Directors and Senior Executives, including Corporate Executive Officers, for each fiscal year, and the amount and content of such remuneration. The Committee also considers the total number of stock acquisition rights to be issued for the purpose of granting stock options to Corporate Executive Officers and employees of the Corporation and directors, other officers and employees of the Corporation's subsidiaries, other stock-based compensation utilizing shares of the Corporation's stock such as restricted stock units, and the determination of officers subject to the clawback policy. During the fiscal year ended March 31, 2026, the Compensation Committee discussed and determined a review of the percentage of the Business Results Linked Standard Payment Amount relative to fixed remuneration for the Senior Executives, the introduction of restricted stock units ("RSUs") vesting upon resignation to gradually replace the phantom restricted stock plan, and the value adjustment to previously granted stock-based compensation carried out in connection with the Partial Spin-off of the Financial Services business. The Committee also conducted a

comprehensive review of and discussion on the types and composition of stock-based compensation for the fiscal year ending March 31, 2027 and beyond, with consideration of other companies' trends in Japan and other countries.

D. Employees

As of March 31, 2026, Sony had approximately 94,900 employees, a decrease of approximately 17,400 employees from March 31, 2025. This decrease was mainly attributable to the deconsolidation of SFGI following the Partial Spin-off of the Financial Services business, as well as headcount reductions resulting from structural reforms in the ET&S segment (in Japan) and business divestitures in the I&SS segment (outside of Japan). Approximately 8% of the total number of employees were members of labor unions.

As of March 31, 2025, Sony had approximately 112,300 employees, a decrease of approximately 700 employees from March 31, 2024. During the fiscal year ended March 31, 2025, although there was an increase of employees in the Pictures segment (outside of Japan) due to the expansion of the business, including through mergers and acquisitions, as well as in the Financial Services segment, there was a decrease of employees in the ET&S and G&NS (outside of Japan) segments and All Other (in Japan) mainly due to restructuring, and in the I&SS segment (outside of Japan) mainly due to the closure of a manufacturing site in China. Approximately 7% of the total number of employees were members of labor unions.

As of March 31, 2024, Sony had approximately 113,000 employees, essentially unchanged from March 31, 2023. During the fiscal year ended March 31, 2024, although there was a decrease of employees mainly at manufacturing sites in China in the I&SS segment, there was an increase of employees primarily in the Pictures segment (outside of Japan). Approximately 8% of the total number of employees were members of labor unions.

The following table shows the number of employees of Sony by segment and region as of March 31, 2024, 2025 and 2026.

Number of Employees by Segment and Region

	March 31		
	2024	2025	**2026**
By segment:			
G&NS	12,700	12,100	**12,300**
Music	11,300	11,300	**11,400**
Pictures	9,500	11,500	**11,300**
ET&S	38,700	36,700	**33,100**
I&SS	19,700	19,200	**18,800**
Financial Services	13,600	14,300	**—**
All Other	2,000	1,700	**1,600**
Unallocated — Corporate employees	5,500	5,500	**6,400**
By region:			
Japan	57,200	57,500	**42,300**
Outside of Japan	55,800	54,800	**52,600**
Total	113,000	112,300	**94,900**

In addition, the average number of employees for the fiscal years ended March 31, 2024, 2025 and 2026, calculated by averaging the total number of employees at the end of each quarter, was approximately 113,900, 113,300 and 103,600, respectively.

Sony generally considers its labor relations to be good.

In Japan, Sony Group Corporation and several subsidiaries have labor unions.

In the G&NS, ET&S and I&SS segments, Sony owns many manufacturing sites, particularly in Asia, where a few sites have labor unions that have union contracts. In China, most employees are members of labor unions. Sony has generally maintained good relationships with these labor unions. In Europe, Sony also maintains good labor relations with the European Works Council and the local Unions and Works Councils.

In the Music segment, Sony has a labor union and generally considers its labor relations to be good.

In the Pictures segment, Sony also generally considers its labor relations to be good. A number of Pictures' subsidiaries are signatories to union contracts. During the fiscal year ended March 31, 2026, negotiations were conducted and agreements were reached with a number of unions. Negotiations were completed with Screen Actors Guild-American Federation of Television and Radio Artists ("SAG-AFTRA") for the Network Code agreement and for the first Intimacy Coordinators agreement. Negotiations were also completed with the International Alliance of Theatrical and Stage Employees for an agreement with The Animation Guild. Negotiations were also completed on April 5, 2026 with the Writers Guild of America for a new agreement for a four-year term. Negotiations were also completed on May 2, 2026 with SAG-AFTRA for the Codified Basic Agreement and the Television Basic Agreement, each with a new four-year term. A tentative agreement was reached with the Directors Guild of America ("DGA") on June 9, 2026 for the Basic Agreement and the Film Live Tape Television Agreement. These agreements, which also have four-year terms, are still subject to ratification in June 2026 by the DGA membership. Alamo Drafthouse Cinema is in negotiations for collective bargaining agreements with the International Union, United Automobile, Aerospace and Agricultural Implement Workers of America, Local 2179 covering employees at two theaters and with the Communications Workers of America, AFL-CIO covering employees at four theaters.

Sony continuously strives to provide competitive wages and benefits and good working conditions for all of its employees.

E. Share Ownership

The following table sets forth information with respect to the number of shares of Common Stock beneficially owned by Directors and Corporate Executive Officers listed in "Compensation" in "Item 6. Directors, Senior Management and Employees." as of March 31, 2026.

Directors and Corporate Executive Officers	Shares Beneficially Owned	
	Number*1	Percentage of Total Shares Outstanding
Kenichiro Yoshida	2,510,115*2	—*8
Hiroki Totoki	1,480,250*3	—*8
Wendy Becker	24,500	—*8
Keiko Kishigami	20,000	—*8
Joseph A. Kraft Jr.	20,000	—*8
Neil Hunt	5,000	—*8
William Morrow	5,000	—*8
Shingo Konomoto	1,000	—*8
Yoriko Goto	—	—*8
Nora Denzel	—	—*8
Masayuki Hyodo	—	—*8
Lin Tao	198,503*4	—*8
Toshimoto Mitomo	651,700*5	—*8
Tsuyoshi Kodera	666,578*6	—*8
Yasuhiro Ito	99,989*7	—*8

*1 The number of the Shares of Common Stock Beneficially Owned represents the total number of the shares of Common Stock, ADSs evidenced by ADRs, each ADS representing one share of Common Stock, Restricted Stock and stock acquisition rights.

*2 Includes (a) 682,000 shares that may be acquired upon the exercise of stock acquisition rights at an exercise price of 1,288 yen per share, which will expire on October 30, 2028; (b) 600,000 shares that may be acquired upon the exercise of stock acquisition rights at an exercise price of 2,278 yen per share, which will expire on November 15, 2032; and (c) 566,500 shares that may be acquired upon the exercise of stock acquisition rights at an exercise price of 2,589 yen per share, which will expire on November 26, 2033.

*3 Includes (a) 132,000 shares that may be acquired upon the exercise of stock acquisition rights at an exercise price of 1,288 yen per share, which will expire on October 30, 2028; (b) 150,000 shares that may be acquired upon the exercise of stock acquisition rights at an exercise price of 1,848 yen per share, which will expire on October 28, 2030; (c) 250,000 shares that may be acquired upon the exercise of stock acquisition rights at an exercise price of 2,870 yen per share, which will expire on October 28, 2031; (d) 250,000 shares that may be acquired upon the exercise of stock acquisition rights at an exercise price of 2,278 yen per share, which will expire on November 1, 2032; and (e) 300,000 shares that may be acquired upon the exercise of stock acquisition rights at an exercise price of 2,589 yen per share, which will expire on November 9, 2033.

*4 Includes (a) 35,000 shares that may be acquired upon the exercise of stock acquisition rights at an exercise price of 2,870 yen per share, which will expire on November 17, 2031; (b) 65,500 shares that may be acquired upon the exercise of stock acquisition rights at an exercise price of 2,278 yen per share, which will expire on November 1, 2032; and (c) 20,500 shares that may be acquired upon the exercise of stock acquisition rights at an exercise price of 2,589 yen per share, which will expire on November 9, 2033.

*5 Includes (a) 44,500 shares that may be acquired upon the exercise of stock acquisition rights at an exercise price of 1,288 yen per share, which will expire on October 30, 2028; (b) 100,000 shares that may be acquired upon the exercise of stock acquisition rights at an exercise price of 1,341 yen per share, which will expire on October 30, 2029; (c) 100,000 shares that may be acquired upon the exercise of stock acquisition rights at an exercise price of 1,848 yen per share, which will expire on October 28, 2030; (d) 100,000 shares that may be acquired upon the exercise of stock acquisition rights at an exercise price of 2,870 yen per share, which will expire on October 28, 2031; (e) 100,000 shares that may be acquired upon the exercise of stock acquisition rights at an exercise price of 2,278 yen per share, which will expire on November 1, 2032; and (f) 66,500 shares that may be acquired upon the exercise of stock acquisition rights at an exercise price of 2,589 yen per share, which will expire on November 9, 2033.

*6 Includes (a) 68,500 shares that may be acquired upon the exercise of stock acquisition rights at an exercise price of 673 yen per share, which will expire on November 1, 2026; (b) 100,000 shares that may be acquired upon the exercise of stock acquisition rights at an exercise price of 1,047 yen per share, which will expire on October 31, 2027; (c) 33,000 shares that may be acquired upon the exercise of stock acquisition rights at an exercise price of 10.42 U.S. dollars per share, which will expire on November 19, 2028; (d) 66,500 shares that may be acquired upon the exercise of stock acquisition rights at an exercise price of 11.37 U.S. dollars per share, which will expire on November 19, 2029; (e) 100,000 shares that may be acquired upon the exercise of stock acquisition rights at an exercise price of 16.67 U.S. dollars per share, which will expire on November 17, 2030; (f) 100,000 shares that may be acquired upon the exercise of stock acquisition rights at an exercise price of 2,870 yen per share, which will expire on October 28, 2031; (g) 100,000 shares that may be acquired upon the exercise of stock acquisition rights at an exercise price of 2,278 yen per share, which will expire on November 1, 2032; and (h) 46,500 shares that may be acquired upon the exercise of stock acquisition rights at an exercise price of 2,589 yen per share, which will expire on November 9, 2033.

*7 Includes (a) 13,000 shares that may be acquired upon the exercise of stock acquisition rights at an exercise price of 1,288 yen per share, which will expire on October 30, 2028; (b) 15,000 shares that may be acquired upon the exercise of stock acquisition rights at an exercise price of 1,341 yen per share, which will expire on October 30, 2029; (c) 20,000 shares that may be acquired upon the exercise of stock acquisition rights at an exercise price of 1,848 yen per share, which will expire on October 28, 2030; (d) 20,000 shares that may be acquired upon the exercise of stock acquisition rights at an exercise price of 2,870 yen per share, which will expire on October 28, 2031; (e) 20,000 shares that may be acquired upon the exercise of stock acquisition rights at an exercise price of 2,278 yen per share, which will expire on November 1, 2032; and (f) 5,500 shares that may be acquired upon the exercise of stock acquisition rights at an exercise price of 2,589 yen per share, which will expire on November 9, 2033.

*8 Less than 1%.

During the fiscal year ended March 31, 2026, Sony Group Corporation granted stock acquisition rights, which represent rights to subscribe for shares of Common Stock, to Corporate Executive Officers and employees of Sony Group Corporation as well as directors, officers and employees of its subsidiaries. The stock acquisition rights cannot be exercised for one year from the date of grant and generally vest ratably up to three years from the date of grant and are generally exercisable up to ten years from the date of grant. The following table shows the portion of those stock acquisition rights which were granted by Sony Group Corporation to Directors and Corporate Executive Officers as of March 31, 2026 and which were outstanding as of the same date.

Year granted (Fiscal year ended March 31)	Total number of shares subject to stock acquisition rights*1 (in thousands)	Exercise price per share
2026	987	4,512 yen
2025	1,520	2,948 yen
2024	1,510	2,589 yen
2023	1,136	2,278 yen
2022	505	2,870 yen
2021	100	16.67 U.S. dollars*2
2021	270	1,848 yen
2020	67	11.37 U.S. dollars*2
2020	115	1,341 yen
2019	33	10.42 U.S. dollars*2
2019	872	1,288 yen
2018	100	1,047 yen
2017	69	673 yen

*1 Total numbers of shares subject to stock acquisition rights and the exercise prices per share of stock acquisition rights granted from the fiscal year ended March 31, 2017 to the fiscal year March 31, 2024 are figures taking into account the five-for-one stock split effective October 1, 2024.

*2 In connection with the Partial Spin-off of the Financial Services business, the execution of which was completed on October 1, 2025, the exercise prices per share of stock acquisition rights have been adjusted in accordance with the provisions of the terms and conditions governing the issuance of such stock acquisition rights.

Regarding the above compensation plans, refer to Note 21 of the consolidated financial statements.

F. Disclosure of a Registrant's Action to Recover Erroneously Awarded Compensation

Not applicable

Item 7. *Major Shareholders and Related Party Transactions*

A. Major Shareholders

As of March 31, 2026, there were 6,149,810,645 shares of Common Stock outstanding, including 242,144,891 shares of treasury stock. Out of the total outstanding shares, 523,381,332 shares were in the form of ADRs and 1,115,823,494 shares were held of record in the form of Common Stock by residents in the U.S. As of March 31, 2026, the number of registered ADR holders was 4,302 and the number of registered holders of Common Stock in the U.S. was 473.

The Financial Instruments and Exchange Act of Japan requires any person who solely or jointly owns more than 5% of total issued voting shares of a company listed on any Japanese stock exchange to file with the Kanto Local Finance Bureau (the "Bureau") a Bulk Shareholding Report. The following table summarizes the Bulk Shareholding Reports related to Sony (each a "Report") submitted to the Bureau, where it is reported that ownership percentage by the reported entity exceeds 5% in the most recent updated Report. The Reports do not specify whether reported ownership is direct or beneficial.

Date of Report*	Reported entities	Reported number of direct or indirect owned and deemed owned shares**	Reported percentage of direct or indirect owned and deemed owned shares**
October 6, 2020	Nomura Asset Management Co., Ltd. and 3 Joint Holders	63,156,882	5.01
December 5, 2024	BlackRock Japan Co., Ltd. and 11 Joint Holders	532,553,589	8.53
September 19, 2025	Sumitomo Mitsui Trust Asset Management Co., Ltd. and 1 Joint Holder	361,355,310	5.88

* *The table above contains information from the most recent updated Reports.*

** *Shares issuable or transferable upon exchange of exchangeable securities, conversion of convertible securities or exercise of warrants or stock acquisition rights (including those incorporated in bonds with stock acquisition rights) are taken into account in determining both the size of the reported entity's holding and Sony's total issued share capital.*

To the knowledge of Sony Group Corporation, it is not directly or indirectly owned or controlled by any other corporation, by any foreign government or by any other natural or legal person either severally or jointly. As far as is known to Sony Group Corporation, there are no arrangements the operation of which may, at a subsequent date, result in a change in control of Sony Group Corporation.

To the knowledge of Sony Group Corporation, there were no significant changes in the percentage ownership held by any other major beneficial shareholders during the past three fiscal years. Major shareholders of Sony Group Corporation do not have different voting rights from other shareholders.

B. Related Party Transactions

In the ordinary course of business, Sony purchases materials, supplies, and services from numerous suppliers throughout the world, including firms with which certain members of the Board of Directors are affiliated.

Refer to Note 31 of the consolidated financial statements for account balances and transactions with associates and joint ventures accounted for under the equity method.

C. Interests of Experts and Counsel

Not Applicable

Item 8. *Financial Information*

A. Consolidated Statements and Other Financial Information

Refer to the consolidated financial statements and the notes of the consolidated financial statements.

Legal Proceedings

Sony Group Corporation and certain of its subsidiaries are defendants or otherwise involved in pending legal and regulatory proceedings. However, based upon the information currently available, Sony believes that

the outcome from such legal and regulatory proceedings would not have a material impact on Sony's results of operations and financial position.

Dividend Policy

Sony believes that continuously increasing corporate value and providing dividends are essential to rewarding shareholders. It is Sony's policy to utilize retained earnings, after ensuring the perpetuation of stable dividends, to carry out various investments that contribute to an increase in corporate value, such as those that ensure future growth and strengthen competitiveness. Going forward, Sony will determine the amount of dividends based on an overall consideration of Sony's consolidated operating results, financial condition and future business expectations.

A fiscal year-end dividend of 12.5 yen per share of Common Stock was approved at the Board of Directors meeting held on May 8, 2026 and the payment of such dividend started on June 1, 2026. Sony Group Corporation has already paid an interim dividend for Common Stock of 12.5 yen per share to each shareholder; accordingly, the total annual dividend per share of Common Stock for the fiscal year ended March 31, 2026 is 25 yen.

B. Significant Changes

Not applicable

Item 9. *The Offer and Listing*

A. Offer and Listing Details

Trading Markets

The principal trading markets for Sony Group Corporation's ordinary shares are the TSE in the form of Common Stock and the NYSE in the form of ADSs evidenced by ADRs. Each ADS represents one share of Common Stock.

Sony Group Corporation's Common Stock, with no par value per share, has been listed on the TSE since 1958 under the stock code "6758."

Sony Group Corporation's ADRs have been traded in the U.S. since 1961 and have been listed on the NYSE since 1970. As of April 1, 2021, the ticker symbol changed from "SNE" to "SONY." Sony Group Corporation's ADRs are issued and exchanged by JPMorgan Chase Bank, N.A., as the Depositary.

B. Plan of Distribution

Not Applicable

C. Markets

Refer to "Offer and Listing Details" in Item 9.A.

D. Selling Shareholders

Not Applicable

E. Dilution

Not Applicable

F. Expenses of the Issue

Not Applicable

Item 10. *Additional Information*

A. Share Capital

Sony Group Corporation conducted a five-for-one stock split of Common Stock effective October 1, 2024, with a record date of September 30, 2024. Sony Group Corporation conducted the stock split and lowered the amount per an investment unit for the purpose of making it easier for investors to invest and expanding the investor base.

Sony Group Corporation amended its Articles of Incorporation to increase the total number of shares authorized to be issued by Sony Group Corporation from 3.6 billion to 18.0 billion, in accordance with Article 184, Paragraph 2 of the Companies Act of Japan, effective on October 1, 2024, which was the effective date of the stock split.

B. Memorandum and Articles of Association

Organization

Sony Group Corporation is a joint stock corporation *(Kabushiki Kaisha)* incorporated in Japan under the Companies Act *(Kaishaho)* of Japan. It is registered in the Commercial Register *(Shogyo Tokibo)* maintained by the Minato Branch Office of the Tokyo Legal Affairs Bureau.

Objects and purposes

The Articles of Incorporation of Sony Group Corporation provide that its purpose is to engage in the following business activities:

(i) manufacture and sale of electronic and electrical machines and equipment, medical instruments, optical instruments and other equipment, machines and instruments;

(ii) planning, production and sale of audio-visual software and computer software programs;

(iii) manufacture and sale of metal industrial products, chemical industrial products and ceramic industrial products, textile products, paper products and wood-crafted articles, daily necessities, foodstuffs and toys, transportation machines and equipment, and petroleum and coal products;

(iv) real estate activities, construction business, transportation business and warehousing business;

(v) publishing business and printing business;

(vi) advertising agency business, insurance agency business, broadcasting enterprise, recreation business such as travel, management of sporting facilities, etc. and other service enterprises;

(vii) financial business;

(viii) Type I and Type II telecommunications business under the Telecommunications Business Law;

(ix) investing in stocks and bonds, etc.;

(x) manufacture, sale, export and import of products which are incidental to or related to those mentioned above;

(xi) rendering of services related to those mentioned above;

(xii) investment in businesses mentioned above operated by other companies or persons; and

(xiii) all businesses which are incidental to or related to those mentioned above.

Directors

Under the Companies Act, because Sony Group Corporation has adopted the “Company with Three Committees” system, Directors have no power to execute the business of Sony Group Corporation except in limited circumstances as permitted by law. If a Director also serves concurrently as a Corporate Executive Officer, then he or she can execute the business of Sony Group Corporation in the capacity of Corporate Executive Officer. Under the Companies Act, Directors must refrain from engaging in any business competing with Sony Group Corporation unless approved by the Board of Directors, and any Director who has a material interest in the subject matter of a resolution to be taken by the Board of Directors cannot vote on such resolution. The amount of remuneration to each Director is determined by the Compensation Committee, which consists of Directors, the majority of whom are outside Directors (Refer to “Board Practices” in “Item 6. *Directors, Senior Management and Employees*”). No member of the Compensation Committee may vote on a resolution with respect to his or her own compensation as a Director or a Corporate Executive Officer.

Neither the Companies Act nor Sony Group Corporation’s Articles of Incorporation make a special provision as to the borrowing powers exercisable by Directors (subject to requisite internal authorizations as required by the Companies Act), their retirement age, or a requirement to hold any shares of capital stock of Sony Group Corporation.

For more information on Directors, refer to "Board Practices" in "Item 6. *Directors, Senior Management and Employees.*"

Capital stock

(General)

Unless indicated otherwise, set forth below is information relating to Sony Group Corporation's capital stock, including brief summaries of the relevant provisions of Sony Group Corporation's Articles of Incorporation and Share Handling Regulations, currently in effect, and of the Companies Act and related regulations.

The central book-entry transfer system for shares of Japanese listed companies under the Act Concerning Book-entry Transfer of Corporate Bonds, Shares, etc. (including regulations promulgated thereunder, "Book-entry Transfer Act") is applied to the shares of Common Stock of Sony Group Corporation. Under this system, shares of all Japanese companies listed on any Japanese stock exchange are dematerialized, and shareholders must have accounts at account management institutions to hold their shares unless such shareholder has an account at Japan Securities Depository Center, Inc. ("JASDEC"). "Account management institutions" are financial instruments traders (i.e., securities companies), banks, trust companies and certain other financial institutions that meet the requirements prescribed by the Book-entry Transfer Act. Transfer of the shares of Common Stock of Sony Group Corporation is effected exclusively through entry in the records maintained by JASDEC and the account management institutions, and title to the shares passes to the transferee at the time when the transfer of the shares is recorded at the transferee's account at an account management institution. The holder of an account at an account management institution is presumed to be the legal holder of the shares recorded in such account.

Under the Companies Act and the Book-entry Transfer Act, in order to assert shareholders' rights against Sony Group Corporation, a shareholder of shares must have its name and address registered in Sony Group Corporation's register of shareholders. Under the central book-entry transfer system operated by JASDEC, shareholders shall notify the relevant account management institutions of certain information prescribed under the Book-entry Transfer Act or Sony Group Corporation's Share Handling Regulations, including their names and addresses, and the registration on Sony Group Corporation's register of shareholders is updated upon receipt by Sony Group Corporation of necessary information from JASDEC (as described in "*(Record date)*"). On the other hand, in order to assert, against Sony Group Corporation, shareholders' rights to which shareholders are entitled, regardless of whether such shareholder held shares on the requisite record date, such as minority shareholders' rights, including the right to propose a matter to be considered at a General Meeting of Shareholders, except for shareholders' rights to request that Sony Group Corporation purchase or sell shares constituting less than a full unit (as described in "*(Unit share system)*"), JASDEC shall, upon the shareholder's request, issue a notice of certain information, including the name and address of such shareholder, to Sony Group Corporation.

Thereafter, such shareholder shall provide Sony Group Corporation with written notice that he or she exercises such shareholder's right in accordance with the Sony Group Corporation's Share Handling Regulations. Under the Book-entry Transfer Act, the shareholder shall exercise such shareholders' right within four weeks after the notice above has been given to Sony Group Corporation.

Mitsubishi UFJ Trust and Banking Corporation is the transfer agent for Sony Group Corporation's capital stock. As such, it keeps Sony Group Corporation's register of shareholders in its office at 4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo.

Non-resident shareholders are required to appoint a standing proxy in Japan or file notice of a mailing address in Japan. Notices from Sony Group Corporation to non-resident shareholders are delivered to such standing proxies or mailing address. Japanese securities companies and commercial banks customarily act as standing proxies and provide related services for standard fees. The recorded holder of deposited shares underlying the ADSs is the depositary for the ADSs. Accordingly, holders of ADSs will not be able to directly assert shareholders' rights against Sony Group Corporation.

(Authorized capital)

Under the Articles of Incorporation of Sony Group Corporation, Sony Group Corporation may only issue shares of Common Stock. Sony Group Corporation's Articles of Incorporation provide that the total number of shares authorized to be issued by Sony Group Corporation is 18 billion shares.

All shares of capital stock of Sony Group Corporation have no par value. All issued shares are fully-paid and non-assessable.

(Distribution of Surplus)

Distribution of Surplus — General

Under the Companies Act, distributions of cash or other assets by joint stock corporations to their shareholders, so called "dividends," are referred to as "distributions of Surplus" ("Surplus" is defined in "— Restriction on distribution of Surplus"). Sony Group Corporation may make distributions of Surplus to shareholders any number of times per business year, subject to certain limitations described in "— Restriction on distribution of Surplus." Distributions of Surplus are required in principle to be authorized by a resolution of a General Meeting of Shareholders, but Sony Group Corporation may authorize distributions of Surplus by a resolution of the Board of Directors as long as its non-consolidated annual financial statements and certain documents for the last business year present fairly its assets and profit or loss, as required by ordinances of the Ministry of Justice.

Distributions of Surplus may be made in cash or in kind in proportion to the number of shares of Common Stock held by each shareholder. A resolution of the Board of Directors or a General Meeting of Shareholders authorizing a distribution of Surplus must specify the kind and aggregate book value of the assets to be distributed, the manner of allocation of such assets to shareholders, and the effective date of the distribution. If a distribution of Surplus is to be made in kind, Sony Group Corporation may, pursuant to a resolution of the Board of Directors or (as the case may be) a General Meeting of Shareholders, grant a right to the shareholders to require Sony Group Corporation to make such distribution in cash instead of in kind. If no such right is granted to shareholders, the relevant distribution of Surplus must be approved by a special resolution of a General Meeting of Shareholders, subject to certain exceptions under special laws and regulations (refer to "*(Voting rights)*" with respect to a "special resolution").

Under the Articles of Incorporation of Sony Group Corporation, year-end dividends and interim dividends may be distributed in cash to shareholders appearing in Sony Group Corporation's register of shareholders as of March 31 and September 30 each year, respectively, in proportion to the number of shares of Common Stock held by each shareholder following approval by the Board of Directors or (as the case may be) the General Meeting of Shareholders. Sony Group Corporation is not obliged to pay any dividends in cash unclaimed for a period of five years after the date on which they first became payable.

In Japan, the ex-dividend date and the record date for dividends precede the date of determination of the amount of the dividends to be paid. The price of the shares of Common Stock generally goes ex-dividend on the business day immediately prior to the record date (or if the record date is not a business day, the second business day prior thereto).

Distribution of Surplus — Restriction on distribution of Surplus

In making a distribution of Surplus, Sony Group Corporation must, until the sum of its additional paid-in capital and legal reserve reaches one quarter of its stated capital, set aside in its additional paid-in capital and/or legal reserve an amount equal to one-tenth of the amount of Surplus so distributed.

The amount of Surplus at any given time must be calculated in accordance with the following formula:

A + B + C + D – (E + F + G)

In the above formula:

"A" = the total amount of other capital surplus and other retained earnings, each such amount being that appearing on the non-consolidated balance sheet as of the end of the last business year

"B" = (if Sony Group Corporation has disposed of its treasury stock after the end of the last business year) the amount of the consideration for such treasury stock received by Sony Group Corporation less the book value thereof

"C" = (if Sony Group Corporation has reduced its stated capital after the end of the last business year) the amount of such reduction less the portion thereof that has been transferred to additional paid-in capital or legal reserve (if any)

"D" = (if Sony Group Corporation has reduced its additional paid-in capital or legal reserve after the end of the last business year) the amount of such reduction less the portion thereof that has been transferred to stated capital (if any)

"E" = (if Sony Group Corporation has cancelled its treasury stock after the end of the last business year) the book value of such treasury stock

"F" = (if Sony Group Corporation has distributed Surplus to its shareholders after the end of the last business year) the total book value of the Surplus so distributed

"G" = certain other amounts set forth in ordinances of the Ministry of Justice, including (if Sony Group Corporation has reduced Surplus and increased its stated capital, additional paid-in capital or legal reserve after the end of the last business year) the amount of such reduction and (if Sony Group Corporation has distributed Surplus to the shareholders after the end of the last business year) the amount set aside in additional paid-in capital or legal reserve (if any) as required by ordinances of the Ministry of Justice

The aggregate book value of Surplus distributed by Sony Group Corporation may not exceed a prescribed distributable amount (the "Distributable Amount"), as calculated on the effective date of such distribution. The Distributable Amount at any given time shall be equal to the amount of Surplus less the aggregate of the following:

(a) the book value of its treasury stock;

(b) the amount of consideration for any of treasury stock disposed of by Sony Group Corporation after the end of the last business year; and

(c) certain other amounts set forth in ordinances of the Ministry of Justice, including (if the sum of one-half of goodwill and the deferred assets exceeds the total of stated capital, additional paid-in capital and legal reserve, each such amount being that appearing on the non-consolidated balance sheet as of the end of the last business year) all or certain part of such exceeding amount as calculated in accordance with ordinances of the Ministry of Justice.

As Sony Group Corporation has become a company with respect to which consolidated balance sheets should also be considered in the calculation of the Distributable Amount (*renketsu haito kisei tekiyo kaisha*), Sony Group Corporation must further deduct from the amount of Surplus the excess amount, if any, of (x) the total amount of stockholders' equity appearing on the non-consolidated balance sheet as of the end of the last business year and certain other amounts set forth by an ordinance of the Ministry of Justice over (y) the total amount of stockholders' equity and certain other amounts set forth by an ordinance of the Ministry of Justice appearing on the consolidated balance sheet as of the end of the last business year.

If Sony Group Corporation has prepared interim financial statements as described below, and if such interim financial statements have been approved by the Board of Directors or (if so required by the Companies Act) by a General Meeting of Shareholders, then the Distributable Amount must be adjusted to take into account the amount of profit or loss, and the amount of consideration for any of the treasury stock disposed of by Sony Group Corporation, during the period in respect of which such interim financial statements have been prepared. Sony Group Corporation may prepare non-consolidated interim financial statements consisting of a balance sheet as of any date subsequent to the end of the last business year and an income statement for the period from the first day of the current business year to the date of such balance sheet. Interim financial statements so prepared by Sony Group Corporation must be audited by the Audit Committee and the independent auditor, as required by the Companies Act and in accordance with the details prescribed by ordinances of the Ministry of Justice.

(Capital and reserves)

Sony Group Corporation may generally reduce its additional paid-in capital or legal reserve by resolution of a General Meeting of Shareholders and, if so decided by the same resolution, may account for the whole or any part of the amount of such reduction as stated capital. On the other hand, Sony Group Corporation may generally reduce its stated capital by a special shareholders' resolution (as defined in "*(Voting rights)*") and, if so decided by the same resolution, may account for the whole or any part of the amount of such reduction as additional paid-in capital. In addition, Sony Group Corporation may reduce its Surplus and increase either (i) stated capital or (ii) additional paid-in capital and/or legal reserve by the same amount, in either case by resolution of a General Meeting of Shareholders.

(Stock splits)

Sony Group Corporation may at any time split shares in issue into a greater number of shares at the determination of the CEO, and may amend its Articles of Incorporation to increase the number of the authorized shares to be issued to allow such stock split pursuant to a resolution of the Board of Directors or a determination by a Corporate Executive Officer to whom the authority to make such determination has been delegated by a resolution of the Board of Directors, rather than relying on a special shareholders' resolution, which is otherwise required for amending the Articles of Incorporation.

When a stock split is to be made, Sony Group Corporation must give public notice of the stock split, specifying the record date thereof, at least two weeks prior to such record date. Under the central book-entry transfer system operated by JASDEC, Sony Group Corporation must also give notice to JASDEC regarding a stock split at least two weeks prior to the relevant effective date of the stock split. On the effective date of the stock split, the numbers of shares recorded in all accounts held by Sony Group Corporation's shareholders at account managing institutions or JASDEC will be increased in accordance with the applicable ratio.

(Consolidation of shares)

Sony Group Corporation may at any time consolidate issued shares into a smaller number of shares by a special shareholders' resolution. When a consolidation of shares is to be made, Sony Group Corporation must give public notice or notice to each shareholder at least two weeks prior to the effective date of the consolidation of shares. Under the central book-entry transfer system operated by JASDEC, Sony Group Corporation must also give notice to JASDEC regarding a consolidation of shares at least two weeks prior to the effective date of the consolidation of shares. On the effective date of the consolidation of shares, the numbers of shares recorded in all accounts held by Sony Group Corporation's shareholders at account managing institutions or JASDEC will be decreased in accordance with the applicable ratio. Sony Group Corporation must disclose the reason for the consolidation of shares at a General Meeting of Shareholders.

(General Meeting of Shareholders)

The Ordinary General Meeting of Shareholders of Sony Group Corporation for each business year is normally held in June of each year in Tokyo, Japan. In addition, Sony Group Corporation may hold an Extraordinary General Meeting of Shareholders whenever necessary by giving notice thereof at least two weeks prior to the date set for the meeting.

Notice of a shareholders' meeting setting forth the place, time and purpose thereof must be mailed to each shareholder having voting rights (or, in the case of a non-resident shareholder, to such shareholder's resident proxy or mailing address in Japan) at least two weeks prior to the date set for the meeting. Under the Companies Act, such notice may be given to shareholders by electronic means, subject to obtaining the consent of the relevant shareholders. The record date for voting rights at an Ordinary General Meeting of Shareholders is March 31 of each year.

Under the Companies Act and the Articles of Incorporation, Sony Group Corporation shall take measures to electronically provide to its shareholders ("Electronic Provision") the contents of reference materials for a General Meeting of Shareholders, etc.

Notice of a shareholders meeting must set forth the contents of reference materials for a General Meeting of Shareholders, etc. to be provided by way of Electronic Provision and the URL of the website used for Electronic Provision, in addition to the place, time and purpose of the meeting. The contents of reference materials for a General Meeting of Shareholders, etc. must be posted on the website from the earlier of the date three weeks prior to the date set for the meeting or the date on which the notice of the shareholders meeting is dispatched until the date on which three months have elapsed from the meeting. Any shareholder (other than those shareholders consenting to receipt of notice of shareholders' meeting by electronic means) is entitled to request printed paper copies of the contents of reference materials for a General Meeting of Shareholders, etc. by the record date for voting rights at the relevant General Meeting of Shareholders.

Any shareholder or group of shareholders holding at least 3% of the total number of voting rights for a period of six months or more may require the convocation of a General Meeting of Shareholders for a particular purpose. Unless such a shareholders' meeting is convened promptly or a convocation notice of a meeting that is to be held no later than eight weeks from the day of such request is dispatched, the shareholder requesting the holding of the meeting may, upon obtaining a court's approval, convene such a shareholders' meeting.

Any shareholder or group of shareholders holding at least 300 voting rights or 1% of the total number of voting rights for a period of six months or more may propose a matter to be considered at a General Meeting of Shareholders by submitting a written request to Sony Group Corporation at least eight weeks prior to the date set for such meeting, provided that Sony Group Corporation may limit the number of such matters requested by each shareholder to 10.

If the Articles of Incorporation so provide, any of the minimum voting rights or percentages, time periods and number of voting rights necessary for exercising the minority shareholder rights described above may be decreased or shortened. Sony Group Corporation's Articles of Incorporation currently do not include any such provisions.

(Voting rights)

So long as Sony Group Corporation maintains the unit share system, a holder of shares constituting one or more units is entitled to one vote for each such unit of stock (refer to "*(Unit share system)*" below; currently 100 shares constitute one unit), except that no voting rights with respect to shares of capital stock of Sony Group Corporation are afforded to Sony Group Corporation or any corporate or certain other entities more than one-quarter of the total voting rights of which are directly or indirectly held by Sony Group Corporation. If Sony Group Corporation eliminates from its Articles of Incorporation the provisions relating to units of stock, holders of capital stock will have one vote for each share they hold. Except as otherwise provided by law or by the Articles of Incorporation of Sony Group Corporation, a resolution can be adopted at a General Meeting of Shareholders by a majority of the number of voting rights of all the shareholders represented at the meeting. The Companies Act and Sony Group Corporation's Articles of Incorporation provide, however, that the quorum for the election of Directors shall be one-third of the total number of voting rights of all the shareholders. Sony Group Corporation's shareholders are not entitled to cumulative voting in the election of Directors. Shareholders may cast their votes in writing and may also exercise their voting rights through proxies, provided that the proxies are also shareholders holding voting rights. Shareholders may also exercise their voting rights by electronic means pursuant to the method designated by Sony Group Corporation.

The Companies Act and the Articles of Incorporation of Sony Group Corporation provide that in order to amend the Articles of Incorporation and in certain other instances, including:

(1) acquisition of its own shares from a specific party other than its subsidiaries;

(2) consolidation of shares;

(3) any offering of new shares or existing shares held by Sony Group Corporation as treasury stock at a "specially favorable" price (or any offering of stock acquisition rights to acquire shares of capital stock, or bonds with stock acquisition rights on "specially favorable" conditions) to any persons other than shareholders;

(4) the exemption of liability of a Director, Corporate Executive Officer or independent auditor with certain exceptions;

(5) a reduction of stated capital with certain exceptions;

(6) a distribution of in-kind dividends which meets certain requirements;

(7) dissolution, merger, consolidation, or corporate split with certain exceptions;

(8) the transfer of the whole or a material part of the business;

(9) the transfer of the whole or a part of the shares or equity interests in a subsidiary which meets certain requirements;

(10) the taking over of the whole of the business of any other corporation with certain exceptions;

(11) share exchange or share transfer for the purpose of establishing 100% parent-subsidiary relationships with certain exceptions; or

(12) partial share exchange for the purpose of establishing parent-subsidiary relationships with certain exceptions,

the quorum shall be one-third of the total number of voting rights of all the shareholders, and the approval by at least two-thirds of the number of voting rights of all the shareholders represented at the meeting is required (the "special shareholders' resolutions").

(Issue of additional shares and pre-emptive rights)

Holders of Sony Group Corporation's shares of capital stock have no pre-emptive rights under its Articles of Incorporation. Authorized but unissued shares may be issued, or existing shares held by Sony Group Corporation as treasury stock may be transferred, at such times and upon such terms as the Board of Directors or the CEO determines, subject to the limitations as to the offering of new shares or transfer of existing shares held by Sony Group Corporation as treasury stock at a "specially favorable" price mentioned under "*(Voting rights)*" above.

In the case of an issuance of shares (including a transfer of existing shares held by Sony Group Corporation as treasury stock) or stock acquisition rights whereby any subscriber will hold more than 50% of the voting rights of all shareholders, generally Sony Group Corporation shall give public notice at least two weeks prior to the

payment date for such issuance, and if shareholders who hold one-tenth or more of the voting rights of all shareholders dissent from the issuance of shares or stock acquisition rights, the approval by a resolution of a General Meeting of Shareholders is generally required before the payment date pursuant to the Companies Act. In addition, in the case of an issuance of shares (including a transfer of existing shares held by Sony Group Corporation as treasury stock) or stock acquisition rights by way of an allotment to a third party which would dilute the outstanding voting shares by 25% or more or change the controlling shareholder, in addition to a resolution of the Board of Directors or a determination by the CEO, the approval of the shareholders or an affirmative vote from a person independent of the management is generally required pursuant to the rules of the TSE. The Board of Directors or the CEO may, however, determine that shareholders shall be given subscription rights regarding a particular issue of new shares, in which case such rights must be given on uniform terms to all shareholders as of a record date of which not less than two weeks' prior public notice is given. Each of the shareholders to whom such rights are given must also be given notice of the expiry thereof at least two weeks prior to the date on which such rights expire.

Subject to certain conditions, Sony Group Corporation may issue stock acquisition rights by a resolution of the Board of Directors or a determination by the CEO. Holders of stock acquisition rights may exercise their rights to acquire a certain number of shares within the exercise period as prescribed in the terms of their stock acquisition rights. Upon exercise of stock acquisition rights, Sony Group Corporation will be obliged to issue the relevant number of new shares or alternatively to transfer the necessary number of treasury stock held by it.

In cases where a particular issue of new shares or stock acquisition rights (i) violates laws and regulations or Sony Group Corporation's Articles of Incorporation, or (ii) will be performed in a materially unfair manner, and shareholders may suffer disadvantages therefrom, such shareholders may file an injunction to enjoin such issue with a court.

(Liquidation rights)

In the event of a liquidation of Sony Group Corporation, the assets remaining after payment of all debts, liquidation expenses and taxes will be distributed among the holders of shares of Common Stock in proportion to the respective numbers of shares of Common Stock held.

(Record date)

March 31 is the record date for Sony Group Corporation's year-end dividends, if declared. So long as Sony Group Corporation maintains the unit share system, shareholders who are registered as the holders of one or more unit of stock in Sony Group Corporation's register of shareholders at the end of each March 31 are also entitled to exercise shareholders' rights at the Ordinary General Meeting of Shareholders with respect to the business year ending on such March 31. September 30 is the record date for interim dividends, if declared. In addition, Sony Group Corporation may set a record date for determining the shareholders entitled to other rights and for other purposes by giving at least two weeks' prior public notice.

JASDEC is required to promptly give Sony Group Corporation notice of the names and addresses of Sony Group Corporation's shareholders, the numbers of shares of Common Stock held by them and other relevant information as of such respective record dates.

The price of shares generally goes ex-dividends or ex-rights on Japanese stock exchanges on the business day immediately prior to a record date (or if the record date is not a business day, the second business day prior thereto), for the purpose of dividends or rights offerings.

(Acquisition by Sony Group Corporation of its capital stock)

Under the Companies Act and the Articles of Incorporation of Sony Group Corporation, Sony Group Corporation may acquire shares of Common Stock (i) from a specific shareholder other than any of its subsidiaries (pursuant to the special shareholders' resolution), (ii) from any of its subsidiaries (pursuant to a resolution of the Board of Directors), or (iii) by way of purchase on any Japanese stock exchange on which Sony Group Corporation's shares of Common Stock are listed or by way of tender offer (pursuant to a resolution of the Board of Directors, as long as its non-consolidated annual financial statements and certain documents for the last business year present fairly its assets and profit or loss, as required by ordinances of the Ministry of Justice).

In the case of (i) above, any other shareholder may make a request to Sony Group Corporation that such other shareholder be included as a seller in the proposed purchase, provided that no such right will be available if the purchase price or any other consideration to be received by the relevant specific shareholder will not exceed the last trading price of the shares on the relevant stock exchange on the day immediately preceding the date on

which the resolution mentioned in (i) above was adopted (or, if there is no trading in the shares on the stock exchange or if the stock exchange is not open on such day, the price at which the shares are first traded on such stock exchange thereafter).

The total amount of the purchase price of shares of Common Stock may not exceed the Distributable Amount, as described in "(*Distribution of Surplus*) — Distributions of Surplus — Restriction on distribution of Surplus."

Shares acquired by Sony Group Corporation may be held for any period or may be retired at the determination of the CEO. Sony Group Corporation may also transfer (by public or private sale or otherwise) to any person the treasury stock held by it, at such times and upon such terms as the Board of Directors or the CEO determines, and subject also to other requirements similar to those applicable to the issuance of new shares, as described in "*(Issue of additional shares and pre-emptive rights)*" above. Sony Group Corporation may also utilize its treasury stock for the purpose of transfer to any person upon exercise of stock acquisition rights or for the purpose of acquiring another company by way of merger, share exchange, partial share exchange or corporate split through exchange of treasury stock for shares or assets of the acquired company.

(Unit share system)

The Articles of Incorporation of Sony Group Corporation provide that 100 shares constitute one "unit" of shares of stock. The Board of Directors or the Corporate Executive Officer to whom the authority to make such a determination has been delegated by a resolution of the Board of Directors is permitted to amend the Articles of Incorporation to reduce the number of shares that constitute a unit or to abolish the unit share system entirely. Under the Companies Act, the number of shares constituting one unit cannot exceed 1,000 shares nor 0.5% of the total number of issued shares.

Under the unit share system, shareholders have one voting right for each unit of stock that they hold. Any number of shares less than one full unit have neither voting rights nor rights related to voting rights. Holders of shares constituting less than one unit will have no other shareholder rights if Sony Group Corporation's Articles of Incorporation so provide, except that such holders may not be deprived of certain rights specified in the Companies Act or an ordinance of the Ministry of Justice, including the right to receive distribution of Surplus.

A holder of shares constituting less than one full unit may require Sony Group Corporation to purchase such shares at their market value in accordance with the provisions of the Share Handling Regulations of Sony Group Corporation. In addition, the Articles of Incorporation of Sony Group Corporation provide that a holder of shares constituting less than one full unit may request Sony Group Corporation to sell to such holder such amount of shares which will, when added together with the shares constituting less than one full unit, constitute one full unit of stock. Such request by a holder and the sale by Sony Group Corporation must be made in accordance with the provisions of the Share Handling Regulations of Sony Group Corporation. As prescribed in the Share Handling Regulations, such requests shall be made through an account management institution and JASDEC pursuant to the rules set by JASDEC, without going through the notification procedure required for the exercise of the shareholders' rights to which shareholders are entitled, regardless of whether such shareholder held shares on the requisite record date, as described in "*(General)*." Shares constituting less than a full unit are transferable, under the central book-entry transfer system described in "*(General)*." Under the rules of the Japanese stock exchanges, however, shares constituting less than a full unit do not comprise a trading unit, except in limited circumstances, and accordingly may not be sold on the Japanese stock exchanges.

(Sale by Sony Group Corporation of shares held by shareholders whose location is unknown)

Sony Group Corporation is not required to send a notice to a shareholder if a notice to such shareholder fails to arrive at the registered address of the shareholder in Sony Group Corporation's register of shareholders or at the address otherwise notified to Sony Group Corporation continuously for five years or more.

In addition, Sony Group Corporation may sell or otherwise dispose of shares of capital stock for which the location of the shareholder is unknown. Generally, if (i) notices to a shareholder fail to arrive continuously for five years or more at the shareholder's registered address in Sony Group Corporation's register of shareholders or at the address otherwise notified to Sony Group Corporation, and (ii) the shareholder fails to receive distributions of Surplus on the shares continuously for five years or more at the address registered in Sony Group Corporation's register of shareholders or at the address otherwise notified to Sony Group Corporation, Sony Group Corporation may sell or otherwise dispose of such shareholder's shares at the then market price of the shares by a determination of a Corporate Executive Officer and after giving at least three months' prior public and individual notice, and hold or deposit the proceeds of such sale or disposal of shares for such shareholder.

Reporting of substantial shareholdings

The Financial Instruments and Exchange Act of Japan and its related regulations require any person, regardless of residence, who has become, beneficially and solely or jointly, a holder of more than 5% of the total issued shares of capital stock of a company listed on any Japanese stock exchange or whose shares are traded on the over-the-counter market in Japan to file with the Director General of the competent Local Finance Bureau of the Ministry of Finance within five business days a report concerning such shareholdings. A similar report must also be filed in respect of any subsequent change of 1% or more in any such holding, or any change in material matters set out in reports previously filed, with certain exceptions. For this purpose, shares issuable to such persons upon conversion of convertible securities or exercise of share subscription warrants or stock acquisition rights are taken into account in determining both the number of shares held by such holders and the issuer's total issued share capital. Any such report shall be filed with the Director General of the relevant Local Finance Bureau of the Ministry of Finance through the Electronic Disclosure for Investors' Network (EDINET) system.

Ownership restrictions

Except for the general limitation under Japanese anti-trust and anti-monopoly regulations against holding of shares of capital stock of a Japanese corporation which leads or may lead to a restraint of trade or monopoly, except for the limitations under the Foreign Exchange Regulations as described in "Exchange Controls" below, and except for general limitations under the Companies Act or Sony Group Corporation's Articles of Incorporation on the rights of shareholders applicable regardless of residence or nationality, there is no limitation under Japanese laws and regulations applicable to Sony Group Corporation or under its Articles of Incorporation on the rights of non-residents or foreign shareholders to hold or exercise voting rights on the shares of capital stock of Sony Group Corporation.

There is no provision in Sony Group Corporation's Articles of Incorporation or internal regulations that would have an effect of delaying, deferring or preventing a change in control of Sony Group Corporation and that would operate only with respect to a merger, acquisition or corporate restructuring involving Sony Group Corporation.

C. Material Contracts

None

D. Exchange Controls

Japanese Foreign Exchange Controls Regulations

The following is a general summary of major Japanese foreign exchange controls regulations applicable to holders of shares of capital stock or voting rights of Sony Group Corporation or holders of ADSs who are "exchange non-residents" or "foreign investors," as described below. The statements regarding Japanese foreign exchange control regulations set forth below are based on the laws and regulations in force and as interpreted by the Japanese authorities as of the date of this annual report and are subject to subsequent changes in the applicable Japanese laws or interpretations thereof. This summary is not exhaustive of all possible foreign exchange controls considerations that may apply to a particular investor, and potential investors are advised to satisfy themselves as to the overall foreign exchange controls consequences of the acquisition, ownership and disposition of shares of capital stock or voting rights of Sony Group Corporation or ADSs by consulting their own advisors.

The FEFTA and its related cabinet orders and ministerial ordinances (collectively, the "Foreign Exchange Regulations") govern certain aspects relating to the acquisition and holding of shares of capital stock and voting rights of Sony Group Corporation by "exchange non-residents" and by "foreign investors" (as these terms are defined below). The Foreign Exchange Regulations also apply to the acquisition and holding of ADSs and the exercise of voting rights by holders of ADSs who are "foreign investors" that constitute an "inward direct investment" (as defined below).

Capital Transaction

Except as described below with respect to an "inward direct investment" by a "foreign investor," the Foreign Exchange Regulations currently in effect do not affect transactions between exchange non-residents to purchase or sell shares of a Japanese listed corporation outside Japan using currencies other than Japanese yen.

In general, the acquisition of shares of a Japanese corporation (such as the shares of capital stock of Sony Group Corporation) by an exchange non-resident from an exchange resident requires post facto reporting by the exchange resident to the Minister of Finance. No such reporting requirement is imposed, however, if:

(i) the aggregate purchase price of the relevant shares is 100 million yen or less;

(ii) the acquisition is effected through any bank, financial instruments business operator or other entity prescribed by the Foreign Exchange Regulations acting as an agent or intermediary; or

(iii) the acquisition constitutes an "inward direct investment" described below (in which case a prior notification requirement may apply).

Exchange residents are defined in the Foreign Exchange Regulations as:

(i) individuals who reside within Japan; or

(ii) corporations whose principal offices are located within Japan.

Exchange non-residents are defined in the Foreign Exchange Regulations as:

(i) individuals who do not reside in Japan; or

(ii) corporations whose principal offices are located outside Japan.

Generally, branches and other offices of non-resident corporations that are located within Japan are regarded as exchange residents. Conversely, branches and other offices of Japanese corporations located outside Japan are regarded as exchange non-residents.

Inward Direct Investment in Shares of Listed Corporations

Definition of Foreign Investor

Foreign investors are defined in the Foreign Exchange Regulations as:

(i) individuals who are exchange non-residents;

(ii) corporations or other entities that are organized under the laws of foreign countries or whose principal offices are located outside Japan;

(iii) corporations of which 50% or more of the total voting rights are held, directly or indirectly, by individuals and/or corporations falling within (i) and/or (ii) above;

(iv) partnerships under the Civil Code of Japan established to invest in corporations, limited partnerships for investment under the Limited Partnership Act for Investment of Japan or any other similar partnerships under foreign law of which (a) 50% or more of the total contributions are made by individuals and/or corporations falling within (i), (ii), (iii) above and/or (v) below or any other persons prescribed under the Foreign Exchange Regulations or (b) a majority of the general partners are individuals and/or corporations falling within (i), (ii), (iii) above and/or (v) below or any other persons prescribed under the Foreign Exchange Regulations; or

(v) corporations or other entities, a majority of whose directors or other officers (or directors or other officers having the power of representation) are individuals who are exchange non-residents.

Definition of Inward Direct Investment

If a foreign investor acquires shares or voting rights of a Japanese corporation that is listed on a Japanese stock exchange (such as the shares of capital stock of Sony Group Corporation) or that is traded on an over-the-counter market in Japan and, as a result of the acquisition, the foreign investor, in combination with any existing holdings, directly or indirectly holds 1% or more of the total number of issued shares or the total number of voting rights of the relevant corporation, such acquisition constitutes an "inward direct investment." In addition, the acquisition of the authority to exercise, either directly or through instructions, voting rights held by other shareholders that results in the foreign investor, in combination with any existing shareholding, directly or indirectly holding 1% or more of the total number of voting rights of the relevant corporation constitutes an "inward direct investment."

In addition to the acquisitions of shares or voting rights described above, if a foreign investor (i) is granted the authority to exercise voting rights on behalf of other shareholders of a Japanese listed corporation regarding

certain matters which may give such foreign investor the power to control, or may have a material influence on the management of such corporation, such as the election or removal of directors, or (ii) obtains consent from another foreign investor holding the voting rights of the relevant corporation to exercise the voting rights of such corporation held by such other foreign investor jointly, and, in each case, as a result of these arrangements, the number of the voting rights directly or indirectly held by the foreign investor, including the total number of the voting rights subject to such authorization to exercise, or the sum of the number of the voting rights directly or indirectly held by the foreign investor and such other foreign investor subject to such joint voting agreement, as the case may be, is 10% or more of the total number of voting rights of the relevant corporation, each such arrangement regarding voting rights (hereinafter referred to as a "voting arrangement") also constitutes an "inward direct investment".

Additionally, if a foreign investor directly or indirectly holds 1% or more of the total voting rights of a Japanese listed corporation and, at a general meeting of shareholders, consents to certain proposals having a material influence on the management of such corporation such as the (i) election of such foreign investor or any of its related persons (as defined in the Foreign Exchange Regulations) as a director or corporate auditor of the relevant corporation or (ii) transfer or discontinuation of its business, such consent also constitutes an "inward direct investment."

Prior Notification Requirements regarding Inward Direct Investment

If a foreign investor intends to consummate an acquisition of shares or voting rights of a Japanese listed corporation or the authority to exercise, either directly or through instructions, voting rights held by other shareholders that constitutes an "inward direct investment" as described above, unless certain exemptions apply (such as where the foreign investor is in a country that is listed on an exemption schedule in the Foreign Exchange Regulations and where that Japanese corporation is not engaged in certain businesses (the "Designated Businesses") designated by the Foreign Exchange Regulations), a prior notification of the relevant inward direct investment is required to be filed with the Minister of Finance and any other competent Ministers.

However, if a foreign investor is seeking to acquire shares or voting rights of a Japanese listed corporation or the authority to exercise, either directly or through instructions, voting rights held by other shareholders and such acquisition would constitute an "inward direct investment," such foreign investor may be eligible for the exemptions if certain conditions are met. In the case of an acquisition of shares or voting rights or the authority to exercise, either directly or through instructions, voting rights of a Japanese listed corporation that is engaged in a Designated Business other than certain Designated Business designated by the Foreign Exchange Regulations as a core sector business (the "Core Sector Designated Businesses"), the foreign investor may be exempted from the prior notification requirement if such foreign investor complies with the following conditions (the "Exemption Conditions"):

(i) the foreign investor or its related persons will not become directors or corporate auditors of the relevant corporation;

(ii) the foreign investor will not make certain proposals (as prescribed in the Foreign Exchange Regulations) at the general meeting of shareholders, including transfer or discontinuation of the Designated Businesses of the relevant corporation; and

(iii) the foreign investor will not access non-public technical information in relation to the Designated Businesses of the relevant corporation, or take certain other actions that may lead to the leak of such non-public technical information (as prescribed in the Foreign Exchange Regulations).

In addition, in the case of an acquisition of shares or voting rights or the authority to exercise, directly or through instructions, voting rights of a Japanese listed corporation that is engaged in the Core Sector Designated Businesses, the foreign investor may be exempted from the prior notification requirement, if, as a result of such acquisition, the foreign investor, in combination with any existing holdings, directly or indirectly holds less than 10% of the total number of issued shares or voting rights of the relevant corporation and such foreign investor complies with the Exemption Conditions and the following additional conditions:

(i) the foreign investor will not attend, or not cause any persons designated by it to attend, meetings of the relevant corporation's board of directors, or meetings of committees having authority to make important decisions, in respect of the Core Sector Designated Businesses of the relevant corporation; and

(ii) the foreign investor will not make, or not cause any persons designated by it to make, proposals to such board or committees or their members in writing or electronic form requesting any response or actions by certain deadlines in respect of the Core Sector Designated Businesses of the relevant corporation.

Notwithstanding the above, if a foreign investor falls under a category of disqualified investors designated by the Foreign Exchange Regulations (including (a) investors who have been sanctioned during the previous five years due to violations of the FEFTA, (b) foreign governments, etc. (as prescribed in the Foreign Exchange Regulations) and (c) certain investors that are owned by, or have a certain other relationship with, foreign governments, etc. that are not otherwise accredited by the Minister of Finance), in no event may such foreign investor be eligible for the exemptions described above. On the other hand, if a foreign investor, excluding the disqualified investors described in the foregoing sentence, falls under a category of certain foreign financial institutions (as prescribed in the Foreign Exchange Regulations) and complies with the Exemption Conditions, such foreign investor may be eligible for the exemptions described above, even if the acquisition results in such foreign investor directly or indirectly holding 10% or more of the total number of issued shares or voting rights of the corporation engaged in the Core Sector Designated Businesses.

Pursuant to the amendments to the Foreign Exchange Regulations with taking into effect in May 2025, the scope of the above-mentioned disqualified investors, who are not eligible for the exemptions described above, was expanded to include (a) certain foreign investors who have obligations to cooperate with foreign governments, etc. in collecting information pursuant to agreements with foreign governments, etc. or foreign laws and regulations and (b) certain investors who are owned by, or who have a certain other relationship with, the foreign investors set forth in (a) (collectively, the "Specified Foreign Investors") that are not otherwise accredited by the Minister of Finance. In addition, the exemption from the prior notification requirement was amended not to be applicable to the case where a foreign investor equivalent to the Specified Foreign Investor (the "Quasi-Specified Foreign Investors") (as prescribed in the Foreign Exchange Regulations), which includes a foreign investor (i) whose managerial decisions are made substantially by the foreign investors set forth in (a), (ii) whose managerial decisions are made in a country other than the country of incorporation and affected by laws and regulations, etc. imposing obligations to cooperate with foreign governments, etc. in collecting information or (iii) who has obligations to disclose information to cooperate with foreign governments, etc. pursuant to agreements with the Specified Foreign Investors or the foreign investor set forth in this (iii), and that seeks to acquire shares or voting rights, including authority to exercise, either directly or through instructions, voting rights owned by others, of a listed corporation (the "Designated Core Business Entity") which is engaged in the Core Sector Designated Businesses and also falls under the "Specified Essential Infrastructure Service Providers" as defined in the Economic Security Promotion Act, even if the foreign investor, (x) as a result of an acquisition of such shares or voting rights, including the authority to exercise, either directly or through instructions, voting rights owned by others, of such listed corporation, together with parties that have a special relationship with that foreign investor, holds or has authority to exercise less than 10% of the total issued shares or voting rights of such listed corporation, or (y) falls under a category of certain foreign financial institutions (as prescribed in the Foreign Exchange Regulations) set forth in the preceding paragraph. Further, the Exemption Conditions, which must be complied with for a foreign investor to be exempted from the prior notification requirement, were amended to include the following two additional conditions set forth in items (i) and (ii) below, when they apply to the case of an acquisition by a Quasi-Specified Foreign Investor of shares or voting rights, including authority to exercise, either directly or through instructions, voting rights owned by others, of a listed corporation which is engaged in the Core Sector Designated Businesses but is not the Designated Core Business Entity, as a result of which acquisition, together with parties that have a special relationship with that Quasi-Specified Foreign Investor, such Quasi-Specified Foreign Investor holds or has authority to exercise less than 10% of the total issued shares or voting rights of the above mentioned corporation:

(i) the foreign investor will not access non-public information in relation to the Core Sector Designated Businesses of such corporation, or take certain other actions that may lead to the leak of such non-public information (as prescribed in the Foreign Exchange Regulations); and

(ii) the foreign investor will not work, or cause its closely-related persons (prescribed in the Foreign Exchange Regulations) to work in relation to the Core Sector Designated Businesses of such corporation, as an employee for such corporation and will not solicit any officers or employees of such corporation to work for the foreign investor or any third party.

For reference purposes only, the Minister of Finance publishes, and may update from time to time, a list that classifies Japanese listed corporations into the following categories: (i) corporations engaged only in businesses other than the Designated Businesses, (ii) corporations engaged in Designated Businesses other than Core Sector Designated Businesses, (iii) corporations engaged in the Core Sector Designated Businesses and (iv) corporations falling into the Designated Core Business Entity. According to the list most recently published by the Minister of Finance, as of June 18, 2026, Sony Group Corporation is classified as category (iii) above.

In addition, if a foreign investor intends to make a voting arrangement with respect to a Japanese listed corporation engaged in the Designated Businesses or consents to a proposal at the general meeting of

shareholders of such corporation, in each case, that constitutes an "inward direct investment" as described in "Definition of Inward Direct Investment" above, in certain circumstances, prior notification of the relevant inward direct investment must be filed with the Minister of Finance and any other competent Ministers. In such cases, the exemptions from the prior notification requirements may not be available, except for cases where the relevant voting arrangement is a joint voting agreement with other foreign investors to exercise voting rights regarding matters other than certain matters which may give such foreign investor the power to control, or may have a material influence on the management of the relevant corporation, such as the election or removal of directors.

Acquisitions of shares by foreign investors by way of stock split are not subject to the foregoing notification requirements.

Procedures for Prior Notification regarding Inward Direct Investment

If such prior notification is filed, the proposed inward direct investment may not be consummated until 30 days after the date of filing during which time the Ministers will review the proposed inward direct investment, although this screening period may be shortened by such Ministers if they no longer deem it necessary to review the proposed inward direct investment, or may be shortened to five business days, if the proposed inward direct investment is determined not to raise concerns from the perspective of national security or certain other factors. The Ministers may extend the screening period up to five months if they deem it necessary to continue to review the proposed inward direct investment, and may recommend any modification or abandonment of the proposed inward direct investment and, if the foreign investor does not accept such recommendation, the Ministers may order the modification or abandonment of such inward direct investment. In addition, if the Ministers consider the proposed inward direct investment to be an inward direct investment that is likely to cause damage to the national security of Japan, to interfere with the maintenance of public order or to pose an obstacle to the preservation of public safety, and, if a foreign investor (i) consummates such inward direct investment without filing the prior notification described above; (ii) consummates such inward direct investment before the expiration of the screening period described above; (iii) in connection with such inward direct investment, makes false statements in the prior notification described above; or (iv) does not follow the recommendation or order issued by the Ministers to modify or abandon such inward direct investment, the Ministers may order such foreign investor to divest all or part of the shares acquired or take other measures.

Post Facto Reporting Requirements regarding Inward Direct Investment

A foreign investor who consummates an inward direct investment as described above through an acquisition of shares or voting rights or the authority to exercise, directly or through instructions, voting rights of a Japanese listed corporation that is engaged in the Designated Businesses, but is not subject to the prior notification requirements described above due to the exemptions from such prior notification requirements, in general, must file a post facto report of the relevant inward direct investment with the Minister of Finance and any other competent Ministers having jurisdiction over such Japanese corporation within 45 days of the date when, as a result of such acquisition, the foreign investor, in combination with any existing holdings, directly or indirectly holds (i) 1% or more but less than 3% of the total number of issued shares or voting rights, for the first time, (ii) 3% or more but less than 10% of the total number of issued shares or voting rights, for the first time, or (iii) 10% or more of the total number of issued shares or voting rights (excluding, in the cases of (i) and (ii) above, a foreign investor who falls under a category of certain foreign financial institutions (as prescribed in the Foreign Exchange Regulations)). In addition, if a foreign investor consummates the inward direct investment described above through the acquisition of shares or voting rights or the authority to exercise, directly or through instructions, voting rights of a Japanese listed corporation that is not engaged in the Designated Businesses (which is, in general, not subject to the prior notification requirements described above) and, as a result of such inward direct investment, such foreign investor, in combination with any existing holdings, directly or indirectly holds 10% or more of shares or voting rights of the total number of issued shares or voting rights of the relevant corporation, such foreign investor, in general, must file a post facto report of the relevant inward direct investment with the Minister of Finance and any other competent Ministers having jurisdiction over such Japanese corporation within 45 days of such inward direct investment.

In addition, if a foreign investor consummates the inward direct investment described above through a voting arrangement with respect to a Japanese listed corporation that is not engaged in the Designated Businesses (which is, in general, not subject to the prior notification requirements described above), such foreign investor, in general, must file a post facto report of the relevant inward direct investment with the Minister of Finance and any other competent Ministers having jurisdiction over such Japanese corporation within 45 days of such inward direct investment.

Acquisitions of shares by foreign investors by way of stock split are not subject to the foregoing reporting requirements.

Dividends and Proceeds of Sale

Under the Foreign Exchange Regulations, dividends paid on and the proceeds from sales in Japan of shares of capital stock of Sony Group Corporation held by exchange non-residents may generally be converted into any foreign currency and repatriated abroad.

E. Taxation

The following is a summary of the major Japanese national tax and U.S. federal income tax consequences of the ownership, acquisition and disposition of shares of Common Stock of Sony Group Corporation and of ADRs evidencing ADSs representing shares of Common Stock of Sony Group Corporation by a non-resident of Japan or a non-Japanese corporation without a permanent establishment in Japan. The summary does not purport to be a comprehensive description of all of the tax considerations that may be relevant to any particular investor, and does not take into account any specific individual circumstances of any particular investor. Accordingly, holders of shares of Common Stock or ADSs of Sony Group Corporation are encouraged to consult their tax advisors regarding the application of the considerations discussed below to their particular circumstances.

This summary is based upon the representations of the depositary and the assumption that each obligation in the deposit agreement in relation to the ADSs dated as of April 1, 2025, and in any related agreement, will be performed in accordance with its terms.

For purposes of the income tax convention between Japan and the United States (the "Treaty") and the U.S. Internal Revenue Code of 1986, as amended (the "Code"), U.S. holders of ADSs generally will be treated as owning shares of Common Stock of Sony Group Corporation underlying the ADSs evidenced by the ADRs. For the purposes of the following discussion, a "U.S. holder" is a beneficial owner of shares of Common Stock of Sony Group Corporation or ADRs evidencing ADSs representing shares of Common Stock of Sony Group Corporation that:

(i) is a resident of the U.S. for purposes of the Treaty;

(ii) does not maintain a permanent establishment in Japan (a) with which shares of Common Stock or ADSs of Sony Group Corporation are effectively connected and through which the U.S. holder carries on or has carried on business or (b) of which shares of Common Stock or ADSs of Sony Group Corporation form part of the business property; and

(iii) is eligible for benefits under the Treaty with respect to income and gain derived in connection with shares of Common Stock or ADSs of Sony Group Corporation.

Japanese Tax Considerations with respect to shares of Common Stock and ADSs

The following is a summary of the principal Japanese tax consequences (limited to national taxes) to non-residents of Japan or non-Japanese corporations without a permanent establishment in Japan ("non-resident Holders") who are holders of shares of Common Stock of Sony Group Corporation or of ADRs evidencing ADSs representing shares of Common Stock of Sony Group Corporation. The information given below regarding Japanese taxation is based on the tax laws and tax treaties in force and their interpretations by the Japanese tax authorities as of June 18, 2026. Tax laws and tax treaties as well as their interpretations may change at any time, possibly with retroactive effect. Sony Group Corporation will not update this summary for any changes in the tax laws or tax treaties or their interpretation that occurs after such date.

Generally, non-resident Holders are subject to Japanese withholding tax on dividends paid by Japanese corporations. Such taxes are withheld prior to payment of dividends as required by Japanese law. Stock splits are, in general, not a taxable event.

In the absence of an applicable tax treaty, convention or agreement reducing the maximum rate of Japanese withholding tax or allowing exemption from Japanese withholding tax, the rate of Japanese withholding tax applicable to dividends paid by Japanese corporations to non-resident Holders is generally 20.42%, provided, with respect to dividends paid on listed shares issued by a Japanese corporation (such as the shares of Common Stock or ADSs of Sony Group Corporation) to non-resident Holders other than any non-resident Holder who is an individual holding 3% or more of the total shares issued by the relevant Japanese corporation, the

aforementioned 20.42% withholding tax rate is reduced to 15.315% for dividends due and payable on or before December 31, 2047. Due to the imposition of a special additional withholding tax (2.1% of the original withholding tax amount) to secure funds for reconstruction from the Great East Japan Earthquake (the "reconstruction surtax"), the original withholding tax rates of 15% and 20% as applicable, have been effectively increased to 15.315% and 20.42%. These overall 15.315% and 20.42% withholding tax rates continue to apply until December 31, 2047, while the breakdown of the 0.315% and 0.42% surtax portion is (i) the reconstruction surtax of 0.315% (or 2.1% of 15%) and 0.42% (or 2.1% of 20%) until December 31, 2026, and (ii) during the period beginning on January 1, 2027 and ending on December 31, 2047, the reconstruction surtax of 0.165% (or 1.1% of 15%) and 0.22% (or 1.1% of 20%) and another special additional withholding tax of 0.15% (or 1.0% of 15%) and 0.2% (or 1.0% of 20%) to fund strengthening Japan's national defense capabilities (the "defense surtax"). The 2026 tax reform, which was promulgated on March 31, 2026, has introduced the defense surtax while accordingly reducing the reconstruction surtax, to maintain the overall 15.315% and 20.42% withholding tax rates.

As of the date of this document, Japan has income tax treaties, conventions or agreements in force, whereby the above-mentioned withholding tax rate is reduced, in most cases to 15%, 10% or 5% for portfolio investors (15% under the income tax treaties with, among other countries, Canada, Denmark, Finland, Germany, Iceland, Ireland, Italy, Luxembourg, New Zealand, Norway and Singapore, 10% under the income tax treaties with, among other countries, Australia, Austria, Belgium, France, Hong Kong, the Netherlands, Portugal, Sweden, Switzerland, the U.K. and the United States, and 5% under the income tax treaties with, among other countries, Spain). Under the Treaty, the maximum rate of Japanese withholding tax that may be imposed on dividends paid by a Japanese corporation to a U.S. holder that does not own directly or indirectly at least 10% of the voting stock of the Japanese corporation is generally reduced to 10% of the gross amount actually distributed, and dividends paid by a Japanese corporation to a U.S. holder that is a pension fund are exempt from Japanese income taxation by way of withholding or otherwise unless such dividends are derived from the carrying on of a business, directly or indirectly, by such pension fund.

If the maximum tax rate provided for in the income tax treaty applicable to dividends paid by Sony Group Corporation to any particular non-resident Holder is lower than the withholding tax rate otherwise applicable under Japanese tax law, or if any particular non-resident Holder is exempt from Japanese income tax with respect to such dividends under the income tax treaty applicable to such particular non-resident Holder, such non-resident Holder who is entitled to a reduced rate of or exemption from Japanese withholding tax on payment of dividends on shares of Common Stock by Sony Group Corporation is, in principle, required to submit an Application Form for Income Tax Convention Regarding Relief from Japanese Income Tax and Special Income Tax for Reconstruction on Dividends (together with any other required forms and documents) in advance through the withholding agent to the relevant tax authority before the payment of dividends. A standing proxy for non-resident Holders of a Japanese corporation may provide this application service. In this regard, a certain simplified special filing procedure is available for non-resident Holders to claim treaty benefits of exemption from or reduction of Japanese withholding tax, by submitting a Special Application Form for Income Tax Convention Regarding Relief from Japanese Tax and Special Income Tax for Reconstruction on Dividends of Listed Stock (together with any other required forms and documents). With respect to ADSs, this reduced rate or exemption is applicable if the depositary or its agent submits two Application Forms (one before payment of dividends and the other within eight months after the record date concerning such payment of dividends). To claim this reduced rate or exemption, a non-resident Holder of ADSs will be required to file a proof of taxpayer status, residence and beneficial ownership (as applicable) and to provide other information or documents as may be required by the depositary. A non-resident Holder who is entitled, under an applicable income tax treaty, to a reduced rate which is lower than the withholding tax rate otherwise applicable under Japanese tax law or an exemption from the withholding tax, but failed to submit the required application in advance will be entitled to claim the refund of taxes withheld in excess of the rate under an applicable tax treaty (if such non-resident Holder is entitled to a reduced treaty rate under the applicable income tax treaty) or the full amount of tax withheld (if such non-resident Holder is entitled to an exemption under the applicable income tax treaty) from the relevant Japanese tax authority, by complying with a certain subsequent filing procedure. Sony Group Corporation does not assume any responsibility to ensure withholding at the reduced treaty rate or to ensure the absence of withholding for shareholders who would be so eligible under any applicable income tax treaty but where the required procedures as stated above are not followed.

Gains derived from the sale of shares of Common Stock or ADSs of Sony Group Corporation outside Japan by a non-resident Holder holding such shares or ADSs as portfolio investors are, in general, not subject to Japanese income tax or corporation tax under Japanese tax law. U.S. holders are not subject to Japanese income or corporation tax with respect to such gains under the Treaty.

Japanese inheritance tax and gift tax at progressive rates may be payable by an individual who has acquired from another individual shares of Common Stock or ADSs of Sony Group Corporation as a legatee, heir or donee even though neither the acquiring individual nor the deceased nor donor is a Japanese resident.

Holders of shares of Common Stock or ADSs of Sony Group Corporation should consult their tax advisors regarding the effect of these taxes and, in the case of U.S. holders, the possible application of the Estate and Gift Tax Treaty between the U.S. and Japan.

United States Taxation with respect to shares of Common Stock and ADSs

The U.S. dollar amount of dividends received (prior to deduction of Japanese taxes) by a U.S. holder of ADSs or Common Stock of Sony Group Corporation will be included in income as ordinary income for U.S. federal income tax purposes to the extent paid out of current or accumulated earnings and profits of Sony Group Corporation as determined for U.S. federal income tax purposes. The U.S. dollar amount of dividends received by a non-corporate U.S. holder with respect to the ADSs or Common Stock will be subject to taxation at a reduced rate if the dividends are "qualified dividends." Subject to certain exceptions for short-term and hedged positions, dividends paid on the ADSs or Common Stock will be treated as qualified dividends if Sony Group Corporation was not, in the year prior to the year in which the dividend was paid, and is not, in the year in which the dividend is paid a passive foreign investment company ("PFIC"). Based on Sony Group Corporation's audited financial statements and relevant market and shareholder data, Sony Group Corporation believes that it was not treated as a PFIC for U.S. federal income tax purposes with respect to its taxable year ended March 31, 2026. In addition, based on Sony Group Corporation's audited financial statements and Sony Group Corporation's current expectations regarding the value and nature of its assets, the sources and nature of its income, and relevant market and shareholder data, Sony Group Corporation does not anticipate becoming a PFIC for the taxable year ending March 31, 2027. Holders of ADSs and Common Stock of Sony Group Corporation should consult their own tax advisors regarding the availability of the reduced dividend tax rate in light of the considerations discussed above and their own particular circumstances. Dividends paid by Sony Group Corporation to U.S. corporate holders of ADSs or Common Stock of Sony Group Corporation will not be eligible for the dividends-received deduction.

Subject to generally applicable limitations and special considerations discussed below, a U.S. holder of ADSs or Common Stock of Sony Group Corporation may be entitled to a credit for Japanese tax withheld in accordance with the Treaty from dividends paid by Sony Group Corporation. The applicable limitations include requirements adopted by the U.S. Internal Revenue Service ("IRS") in regulations promulgated in December 2021 and any Japanese tax will need to satisfy these requirements in order to be eligible to be a creditable tax for a U.S. holder. In the case of a U.S. holder that either (i) properly elects the benefits of the Treaty, or (ii) consistently elects to apply a modified version of these rules under temporary guidance and complies with specific requirements set forth in such guidance, the Japanese tax on dividends will be treated as meeting the requirements and therefore as a creditable tax. In the case of all other U.S. holders, the application of these requirements to the Japanese tax on dividends is uncertain and Sony Group Corporation has not determined whether these requirements have been met. Foreign tax credits will not be allowed for withholding taxes imposed in respect of certain short-term or hedged positions and may not be allowed in respect of arrangements in which economic profit, after non-U.S. taxes, is insubstantial. If the Japanese dividend tax is not a creditable tax for a U.S. holder or the U.S. holder does not elect to claim a foreign tax credit for any foreign income taxes paid or accrued in the same taxable year, the U.S. holder may be able to deduct the Japanese tax in computing such U.S. holder's taxable income for U.S. federal income tax purposes. For purposes of the foreign tax credit limitation, dividends will be foreign source income, and will generally constitute "passive" income. The availability and calculation of foreign tax credits and deductions for foreign taxes depend on a U.S. holder's particular circumstances and involve the application of complex rules to those circumstances. The temporary guidance discussed above also indicates that the U.S. Department of the Treasury and the IRS are considering proposing amendments to the December 2021 regulations and that the temporary guidance can be relied upon until additional guidance is issued that withdraws the temporary guidance. U.S. holders should consult their own tax advisors regarding the application of these rules to their particular situations.

In general, a U.S. holder will recognize capital gain or loss upon the sale or other disposition of ADSs or Common Stock of Sony Group Corporation equal to the difference between the amount realized on the sale or disposition and the U.S. holder's tax basis in the ADSs or Common Stock. Such capital gain or loss will be long-term capital gain or loss if the ADSs or Common Stock have been held for more than one year on the date of the sale or disposition. The net amount of long-term capital gain recognized by an individual holder is subject to lower rates of federal income taxation than ordinary income or short-term capital gain rates.

Under the Code, a U.S. holder of ADSs or Common Stock of Sony Group Corporation may be subject, under certain circumstances, to information reporting and possibly backup withholding with respect to dividends and proceeds from the sale or other disposition of ADSs or Common Stock, unless the U.S. holder provides proof of an applicable exemption or correct taxpayer identification number and otherwise complies with applicable requirements of the backup withholding rules. Any amount withheld under the backup withholding rules is not an additional tax and may be refunded or credited against the U.S. holder's federal income tax liability, so long as the required information is furnished to the IRS.

F. Dividends and Paying Agents

Not Applicable

G. Statement by Experts

Not Applicable

H. Documents on Display

The SEC maintains an internet site that contains the documents referred to in this annual report on Form 20-F that have been filed with the SEC at https://www.sec.gov.

I. Subsidiary Information

Not Applicable

J. Annual Report to Security Holders

Not Applicable

Item 11. ***Quantitative and Qualitative Disclosures about Market Risk***

Sony's business is continuously exposed to market fluctuation, such as fluctuations in currency exchange rates, interest rates or stock prices. For risk management policies and exposures for each risk, refer to Note 6 of the consolidated financial statements. For derivative instruments and hedging activities utilized by Sony to reduce such risk, refer to Note 15 of the consolidated financial statements.

Item 12. ***Description of Securities Other Than Equity Securities***

A. Debt Securities

Not Applicable

B. Warrants and Rights

Not Applicable

C. Other Securities

Not Applicable

D. American Depositary Shares

JPMorgan Chase Bank, N.A. (the "Depositary") serves as the depositary for Sony Group Corporation's ADSs pursuant to a deposit agreement between Sony Group Corporation, the Depositary, and the holders and beneficial owners of ADSs issued thereunder from time to time (the "Deposit Agreement") (attached as Exhibit 2.1 to this report). ADS holders ("Holders") may be required to pay various fees to the Depositary and the Depositary may refuse to provide any service for which a fee is assessed until the applicable fee has been paid. The following fees may at any time and from time to time be changed by agreement between Sony Group Corporation and the Depositary.

The Depositary may charge, and collect from (i) each person to whom ADSs are issued, including, without limitation, issuances against deposits of Sony Group Corporation's Common Stock, issuances in respect of share distributions, rights and other distributions, issuances pursuant to a stock dividend or stock split declared by Sony Group Corporation, or issuances pursuant to a merger, exchange of securities or any other transaction or event affecting the ADSs or the deposited property, and (ii) each person surrendering ADSs for withdrawal of Sony Group Corporation's Common Stock or other deposited property or whose ADSs are cancelled or reduced for any other reason, a fee of up to U.S. $5.00 for each 100 ADSs (or portion thereof) issued, delivered, reduced, cancelled or surrendered, or upon which a share distribution or elective distribution is made or offered (as the case may be). The Depositary may sell (by public or private sale) sufficient securities and property received in respect of share distributions, rights and other distributions prior to such deposit to pay such charge.

(a) *Additional Fees, Charges and Expenses by the Depositary*. The following additional fees, charges and expenses shall also be incurred by the Holders, by beneficial owners of ADSs, by any party depositing or withdrawing Sony Group Corporation's Common Stock or by any party surrendering ADSs and/or to whom ADSs are issued (including, without limitation, issuances pursuant to a stock dividend or stock split declared by Sony Group Corporation or an exchange of stock regarding the ADSs or the Sony Group Corporation Common Stock or other deposited property or a distribution of ADSs, whichever is applicable):

(i) a fee of up to U.S. $0.05 per ADS held for any cash distribution made, or for any elective cash/stock dividend offered, pursuant to the Deposit Agreement,

(ii) a fee of up to U.S. $0.05 per ADS held for the direct or indirect distribution of securities (other than ADSs or rights to purchase additional ADSs) or the net cash proceeds from the public or private sale of any such securities, regardless of whether any such distribution and/or sale is made by, for, or received from, or (in each case) on behalf of, the Depositary, Sony Group Corporation and/or any third party (which fee may be assessed against Holders as of a record date set by the Depositary),

(iii) an aggregate fee of up to U.S. $0.05 per ADS per calendar year (or portion thereof) for services performed by the Depositary in administering the ADRs (which fee may be charged on a periodic basis during each calendar year and shall be assessed against Holders as of the record date or record dates set by the Depositary during each calendar year and shall be payable at the sole discretion of the Depositary by billing such Holders or by deducting such charge from one or more cash dividends or other cash distributions), and

(iv) an amount for the reimbursement of such charges and expenses as are incurred by the Depositary and/or any of its agents (including, without limitation, the Custodian (as defined in the Deposit Agreement), as well as charges and expenses incurred on behalf of Holders in connection with compliance with foreign exchange control regulations or any law or regulation relating to foreign investment) in connection with the servicing of the Sony Group Corporation Common Stock or other deposited property, the sale of securities (including, without limitation, deposited property), the delivery of Sony Group Corporation Common Stock or other deposited property or otherwise in connection with the Depositary's or its Custodian's compliance with applicable law, rule or regulation (which charges and expenses may be assessed on a proportionate basis against Holders as of the record date or dates set by the Depositary and shall be payable at the sole discretion of the Depositary by billing such Holders or by deducting such charge or expense from one or more cash dividends or other cash distributions).

(b) *Other Obligations, Fees, Charges and Expenses*. Sony Group Corporation will pay all other fees, charges and expenses of the Depositary and any agent of the Depositary (except the Custodian) pursuant to agreements from time to time between Sony Group Corporation and the Depositary, except:

(i) stock transfer or other taxes and other governmental charges (which are payable by Holders or persons depositing Shares);

(ii) a transaction fee per cancellation request (including any cancellation request made through SWIFT (Society for Worldwide Interbank Financial Telecommunications), facsimile transmission or any other method of communication) as disclosed on the "Disclosures" page (or successor page) of www.adr.com (as updated by the Depositary from time to time, "ADR.com") and any applicable delivery expenses (which are payable by such persons or Holders); and

(iii) transfer or registration expenses for the registration or transfer of Sony Group Corporation Common Stock and other deposited property on any applicable register in connection with the deposit or withdrawal of Sony Group Corporation Common Stock and other deposited property (which are payable by persons depositing Sony Group Corporation Common Stock or Holders withdrawing Sony Group Corporation Common Stock or other deposited property).

(c) The right of the Depositary to charge and receive payment of fees, charges and expenses as provided above shall survive the termination of the Deposit Agreement. Upon the resignation or removal of the Depositary, such right shall extend for those fees, charges and expenses incurred prior to the effectiveness of such resignation or removal.

In the case of ADSs issued by the Depositary into the Depository Trust Company or presented to the Depositary via the Depository Trust Company, the ADS issuance and cancellation fees and charges will be payable by the Depository Trust Company participant(s) receiving the ADSs from the Depositary or the Depository Trust Company participant(s) surrendering the ADSs to the Depositary for cancellation, as the case may be, on behalf of the beneficial owner(s) and will be charged by the Depository Trust Company participant(s) to the account(s) of the applicable beneficial owner(s) in accordance with the procedures and practices of the Depository Trust Company participant(s) as in effect at the time. ADS fees and charges in respect of distributions and the ADS service fee are payable by Holders as of the applicable ADS record date established by the Depositary. In the case of distributions of cash, the amount of the applicable ADS fees and charges is deducted from the funds being distributed. In the case of (i) distributions other than cash and (ii) the ADS service fee, the applicable Holders as of the ADS record date established by the Depositary will be invoiced for the amount of the ADS fees and charges. For ADSs held through the Depository Trust Company, the ADS fees and charges for distributions other than cash and the ADS service fee are charged to the Depository Trust Company participants in accordance with the procedures and practices prescribed by the Depository Trust Company from time to time and the Depository Trust Company participants in turn charge the amount of such ADS fees and charges to the beneficial owners for whom they hold ADSs.

In the event of refusal by a Holder to pay the Depositary fees, the Depositary may, under the terms of the Deposit Agreement, refuse the requested service until payment is received or may set off the amount of the Depositary fees from any distribution to be made to the Holder. Note that the fees and charges Holders may be required to pay may vary over time and may be changed by Sony Group Corporation and by the Depositary. Holders will receive prior notice of such changes. The Depositary may reimburse Sony Group Corporation for certain expenses incurred by it that are related to the establishment and maintenance of the ADR program upon such terms and conditions as Sony Group Corporation and the Depositary may agree from time to time.

The Depositary may agree to reduce or waive certain fees, charges and expenses to Holders that would normally be charged on ADSs issued to or at the direction of, or otherwise held by, Sony Group Corporation and/

or certain Holders and beneficial owners of ADSs and holders and beneficial owners of Sony Group Corporation's Common Stock.

The Depositary reserves the right to utilize a division, branch or affiliate of the Depositary to direct, manage and/or execute any public and/or private sale of securities hereunder. Such division, branch and/or affiliate may charge the Depositary a fee in connection with such sales, which fee is considered an expense of the Depositary contemplated under the Deposit Agreement.

Direct and Indirect Payments by the Depositary to Sony

The Depositary may make available to Sony Group Corporation a set amount or a portion of the Depositary fees charged in respect of the ADR program or otherwise upon such terms and conditions as Sony Group Corporation and the Depositary may agree from time to time.

The Depositary reimbursed Sony for certain expenses Sony incurred in connection with its ADR program, subject to certain ceilings. These reimbursable expenses included, but were not limited to, legal and accounting fees, investor relations expenses and fees payable to service providers for the distribution of material to ADR holders. For the fiscal year ended March 31, 2026, such amounts paid by the Depositary to Sony Group Corporation totaled 216,228.30 U.S. dollars.

Item 13. *Defaults, Dividend Arrearages and Delinquencies*

None

Item 14. *Material Modifications to the Rights of Security Holders and Use of Proceeds*

None

Item 15. *Controls and Procedures*

Item 15(a). Disclosure Controls and Procedures

Sony has carried out an evaluation under the supervision and with the participation of Sony's management, including the CEO and CFO, of the effectiveness of the design and operation of Sony's disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, as of March 31, 2026. Disclosure controls and procedures require that information to be disclosed in the reports Sony Group Corporation files or submits under the Securities and Exchange Act of 1934 is recorded, processed, summarized and reported as and when required, within the time periods specified in the applicable rules and forms, and that such information is accumulated and communicated to Sony's management, including the CEO and CFO, as appropriate to allow timely decisions regarding required disclosure. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives. Based upon Sony's evaluation, the CEO and CFO have concluded that, as of March 31, 2026, the disclosure controls and procedures were effective at the reasonable assurance level.

Item 15(b). Management's Annual Report on Internal Control over Financial Reporting

Sony's management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Sony's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS Accounting Standards. Sony's internal control over financial reporting includes those policies and procedures that:

(i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of Sony;

(ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of Sony are being made only in accordance with authorizations of management and directors; and

(iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of Sony's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Sony's management evaluated the effectiveness of Sony's internal control over financial reporting as of March 31, 2026 based on the criteria established in "Internal Control — Integrated Framework (2013)" issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on the evaluation, management has concluded that Sony maintained effective internal control over financial reporting as of March 31, 2026.

Sony's independent registered public accounting firm, PricewaterhouseCoopers Japan LLC, has issued an audit report on the effectiveness of Sony's internal control over financial reporting as of March 31, 2026, presented on page (F-2).

Item 15(c). Attestation Report of the Registered Public Accounting Firm

Refer to the Report of Independent Registered Public Accounting Firm on page (F-2).

Item 15(d). Changes in Internal Control over Financial Reporting

There has been no change in Sony's internal control over financial reporting during the fiscal year ended March 31, 2026 that has materially affected, or is reasonably likely to materially affect, Sony's internal control over financial reporting.

Item 16. ***[Reserved]***

Item 16A. ***Audit Committee Financial Expert***

Sony Group Corporation's Board of Directors has determined on June 24, 2025 that Keiko Kishigami and Yoriko Goto each qualifies as an "audit committee financial expert" as defined in Item 16A of Form 20-F under the Exchange Act, as amended. In addition, both are determined to be independent as defined under the NYSE Corporate Governance Standards. As of the date of this report, it is planned that Yoriko Goto will be determined to qualify as an "audit committee financial expert" as defined in Item 16A of Form 20-F under the Exchange Act, as amended, and to be independent, under the NYSE Corporate Governance Standards, at the meeting of the Board of Directors immediately following the closing of the Ordinary General Meeting of Shareholders to be held on June 23, 2026.

Item 16B. ***Code of Ethics***

Sony has adopted a code of ethics, as defined in Item 16B of Form 20-F under the Exchange Act, as amended. The code of ethics applies to all directors, officers and employees of Sony. The code of ethics is available at:

https://www.sony.com/en/SonyInfo/csr_report/compliance/code_of_conduct_En.pdf

Item 16C. ***Principal Accountant Fees and Services***

Audit and Non-Audit Fees

The following table presents fees for audit and other services rendered by PricewaterhouseCoopers for the fiscal years ended March 31, 2025 and 2026.

	Fiscal year ended March 31	
	2025	**2026**
	Yen in millions	
Audit Fees (1)	6,265	**6,749**
Audit-Related Fees (2)	583	**365**
Tax Fees	—	**—**
All Other Fees (3)	93	**25**
	6,941	**7,139**

(1) Audit Fees consist of fees for the annual audit services engagement and other audit services, which are those services that only the external auditor can provide.

(2) Audit-Related Fees consist of fees billed for assurance and related services, and audit services relating to benefit plans, business acquisitions and dispositions.

(3) All Other Fees consist of fees primarily for services rendered with respect to advisory services.

Audit Committee's Pre-Approval Policies and Procedures

Consistent with the SEC rules regarding auditor independence, Sony Group Corporation's Audit Committee is responsible for appointing, reviewing and setting compensation, retaining, and overseeing the work of Sony's independent auditor, so that the auditor's independence will not be impaired. The Audit Committee established a formal policy requiring pre-approval of all audit and permissible non-audit services provided by the independent auditor to Sony Group Corporation or any of its subsidiaries. The Audit Committee periodically reviews this policy with due regard for compliance with laws and regulations of host countries where Sony Group Corporation is listed.

Prior to the engagement of the independent auditor for the following fiscal year's audit, management in charge of accounting or other relevant areas ("Accounting Management") submits an application form to the Audit Committee for comprehensive pre-approval of all recurring services expected to be rendered during that year, other than services that are classified as "Tax" related services ("Tax Services"). In order to obtain comprehensive pre-approval, Accounting Management must designate in which of two categories (Audit and Non-Audit) the services will be classified as well as fees expected, both for each category in the aggregate and for each individual service, and detailed back-up information regarding each service to the extent possible to ensure that the Audit Committee knows precisely what particular service and the expected fees it is being asked to pre-approve and that the scope of any service or the expected fees approved is unambiguous. Any additional services not within the scope of comprehensive pre-approval and Tax Services require the Audit Committee's separate pre-approval on an individual basis. The Audit Committee approves, if necessary, any changes in terms, conditions and fees resulting from changes in the scope of services to be provided or from other circumstances, with respect to both services that are subject to comprehensive and individual pre-approval. The Audit Committee or its designee establishes procedures to assure that the independent auditor is aware in a timely manner of the services that have been pre-approved.

Item 16D. ***Exemptions from the Listing Standards for Audit Committees***

Not Applicable

Item 16E. ***Purchases of Equity Securities by the Issuer and Affiliated Purchasers***

The following table sets out information concerning purchases made by Sony Group Corporation during the fiscal year ended March 31, 2026.

Period	(a) Total number of shares purchased	(b) Average price paid per share (yen)	(c) Total number of shares purchased as part of publicly announced plans or programs*1,2,3,4,5	(d) Maximum number of shares that may yet be purchased under the plans or programs*1,2,3,4,5
April 1 — 30, 2025	6,922,605	3,188.37	6,921,900	N/A
May 1 — 31, 2025	5,302,070	3,725.23	5,301,700	91,816,700
June 1 — 30, 2025	13,654,875	3,722.69	13,654,300	81,044,000
July 1 — 31, 2025	10,521,445	3,658.35	10,521,000	69,589,400
August 1 — 31, 2025	14,844,195	3,989.49	14,843,800	54,437,800
September 1 — 30, 2025	6,814,380	4,155.12	6,814,200	48,865,000
October 1 — 31, 2025	12,022,025	4,384.87	12,021,800	N/A
November 1 — 30, 2025	2,072,001	4,493.50	2,071,600	32,612,900
December 1 — 31, 2025	5,058,050	4,159.42	5,057,200	27,871,200
January 1 — 31, 2026	4,972,180	3,953.67	4,971,600	22,899,600
February 1 — 28, 2026	20,206,441	3,453.74	20,205,900	52,791,700
March 1 — 31, 2026	38,487,695	3,383.27	38,487,600	19,206,100
Total	140,877,962	3,705.97	140,872,600	N/A

Column (a) represents the combined total number of shares purchased during the fiscal year ended March 31, 2026, including both fractional shares purchased from fractional shareholders in accordance with the Companies Act, and shares purchased in accordance with publicly announced plans, as shown in column (c).

Under the Companies Act, a holder of shares constituting less than one full unit may require Sony Group Corporation to purchase such shares at their market value (Refer to "Memorandum and Articles of Association — *Capital stock — (Unit share system)*" in "Item 10. *Additional Information*"). During the fiscal year ended March 31, 2026, Sony Group Corporation purchased 5,362 shares of Common Stock for a total purchase price of 20,648,946 yen upon such requests from holders of shares constituting less than one full unit.

*1 Sony Group Corporation approved on May 14, 2025 by resolution of the Board of Directors the establishment of the following facility for the repurchase of Common Stock pursuant to the Companies Act and Sony Group Corporation's Articles of Incorporation.

- Total number of shares for repurchase: 100 million shares (maximum) (1.66% of total number of shares issued and outstanding (excluding treasury stock))
- Total purchase price for repurchase of shares: 250 billion yen (maximum)
- Period of repurchase: From May 15, 2025 to May 14, 2026

*2 The repurchase of shares of Common Stock based on the approval at the Board of Directors set forth in Note 1 above was completed. The details are as follows.

- Total number of shares repurchased: 63,156,800 shares
- Total purchase price for repurchased shares: 249,999,876,533 yen
- Period of repurchase: May 15, 2025 to October 27, 2025

*3 Sony Group Corporation approved on November 11, 2025 by resolution of the Board of Directors the establishment of the following facility for the repurchase of Common Stock pursuant to the Companies Act and Sony Group Corporation's Articles of Incorporation.

- Total number of shares for repurchase: 35 million shares (maximum) (0.59% of total number of shares issued and outstanding (excluding treasury stock))
- Total purchase price for repurchase of shares: 100 billion yen (maximum)
- Period of repurchase: From November 12, 2025 to May 14, 2026

Sony Group Corporation approved on February 5, 2026 by resolution of the Board of Directors the partial amendment to the facility for the repurchase of Common Stock approved on November 11, 2025, pursuant to the Companies Act and Sony Group Corporation's Articles of Incorporation.

- Total number of shares for repurchase (after partial amendments): 55 million shares (maximum) (0.92% of total number of shares issued and outstanding (excluding treasury stock))
- Total purchase price for repurchase of shares (after partial amendments): 150 billion yen (maximum)
- Period of repurchase: From November 12, 2025 to May 14, 2026

Sony Group Corporation approved on February 26, 2026 by resolution of the Board of Directors the further partial amendment to the facility for the repurchase of Common Stock approved on November 11, 2025 and partially amended on February 5, 2026, pursuant to the Companies Act and Sony Group Corporation's Articles of Incorporation.

- Total number of shares for repurchase (after partial amendments): 90 million shares (maximum) (1.51% of total number of shares issued and outstanding (excluding treasury stock))
- Total purchase price for repurchase of shares (after partial amendments): 250 billion yen (maximum)
- Period of repurchase: From November 12, 2025 to May 14, 2026

*4 The repurchase of shares of Common Stock based on the approval at the Board of Directors set forth in Note 3 above was completed. The details are as follows.

- Total number of shares repurchased: 70,793,900 shares
- Total purchase price for repurchased shares: 249,999,854,281 yen
- Period of repurchase: November 12, 2025 to March 24, 2026

*5 Sony Group Corporation approved on May 8, 2026 by resolution of the Board of Directors the establishment of the following facility for the repurchase of Common Stock pursuant to the Companies Act and Sony Group Corporation's Articles of Incorporation.

- Total number of shares for repurchase: 230 million shares (maximum) (3.89% of total number of shares issued and outstanding (excluding treasury stock))
- Total purchase price for repurchase of shares: 500 billion yen (maximum)
- Period of repurchase: From May 11, 2026 to May 10, 2027

Item 16F. ***Change in Registrant's Certifying Accountant***

Not Applicable

Item 16G. ***Corporate Governance***

The table below discloses the significant ways in which Sony's corporate governance practices differ from those required for U.S. companies under the listing standards of the NYSE. As a foreign private issuer listed on the NYSE, Sony Group Corporation is exempt from most of the exchange's corporate governance standards requirements. For further information on Sony's corporate governance practices and history, refer to "Board Practices" in "Item 6. *Directors, Senior Management and Employees*."

NYSE Standards	Sony's Corporate Governance Practices
Board Independence. A majority of board directors must be independent.	Sony Group Corporation has adopted the "Company with Three Committees" corporate governance system under the Companies Act. Sony Group Corporation's Board Charter requires its board to consist of between 8 to 14 directors. The Companies Act does not require Sony Group Corporation to have a majority of "independent" (in the meaning given by the NYSE Corporate Governance Standards) directors on its board; rather, it requires Sony Group Corporation to have a majority of "outside" directors (the definition of the term "outside" director is summarized below) on each of three statutory committees (the Nominating Committee, the Audit Committee and the Compensation Committee).
Director Independence. A director is not independent if such director is	"Outside" director is defined in the Companies Act as a person who satisfies all of the requirements (i) through (v) below:
(i) a person who the board determines has a material direct or indirect relationship with the company, its parent or a consolidated subsidiary;	(i) a person who is not a Director of Sony Group Corporation or any of its subsidiaries engaged in the business operations of Sony Group Corporation or such subsidiaries, as the case may be, or a Corporate Executive Officer or general manager or other employee ("Group Executive Director, etc.") of Sony Group Corporation or any of its subsidiaries and who has not been a Group Executive Director, etc. of Sony Group Corporation or any of its subsidiaries for ten years prior to assuming his/her office; (ii) if a person who has been a director, accounting counselor (if the accounting counselor is a juridical person, a member who is in charge of the affairs), or corporate auditor of Sony Group Corporation or any of its subsidiaries (excluding a person who has been a Group Executive Director, etc.) at the time within ten years prior to assuming his/her office, a person who has not been a Group Executive Director, etc. of Sony Group Corporation or any of its subsidiaries for ten years prior to assuming his/her office as a director, an accounting counselor, or a corporate auditor; (iii) a person who is not a director or a Corporate Executive Officer or general manager or other employee of a parent company or any entity which controls the management of Sony Group Corporation; (iv) a person who is not a Group Executive Director, etc. of a direct/indirect subsidiary of Sony Group Corporation or any entity the management of which is directly or indirectly controlled by Sony Group Corporation; and (v) a person who is not a spouse or relative within the
(ii) a person who, within the last three years, has been an employee of the company or has an immediate family member of an executive officer of the company, its parent or a consolidated subsidiary;	
(iii) a person who had received, or whose immediate family member had received, during any 12-month period within the last three years, more than 120,000 U.S. dollars per year in direct compensation from the company, its parent or a consolidated subsidiary, other than director and committee fees or deferred compensation for prior services (provided such compensation is not contingent in any way on continued service);	
(iv) (A) a person who is, or whose immediate family member is, a current partner or employee of a firm that is the company's internal or external auditor; (B) a person whose immediate family member is a partner of such a firm; (C) a person who has an immediate family member who is a current employee of such a firm and who personally participates in the firm's audit, assurance or tax compliance (but not tax planning) practice; or (D) a person who was, or has an immediate family member who was, within the last three years, a partner or employee of such a firm and personally worked on the listed company's audit within that time;	

NYSE Standards	Sony's Corporate Governance Practices
(v) a person who is, or whose immediate family member is, or has been within the last three years, employed as an executive officer of another company where any of the listed company's present executive officers at the same time serves or served on that company's compensation committee; or (vi) an executive officer or employee of a company, or has an immediate family member of an executive officer of a company, that makes payments to, or receives payments from, the listed company, its parent or a consolidated subsidiary for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of 1 million U.S. dollars or 2% of such other company's consolidated gross revenues	second degree of kinship of a Director or a Corporate Executive Officer or general manager or other employee of Sony Group Corporation. Under the Companies Act, a director's status as an "outside" director is unaffected by the director's compensation, his or her affiliation with business partners, or the board's affirmative determination of independence. On the other hand, under the Companies Act, a director who has had a career as a management director, corporate executive officer, or other employee of the company, its subsidiaries or other group companies is by definition not an "outside" director. Sony Group Corporation's Board Charter includes a provision requiring that each "outside" director: (i) Shall not have received directly from Sony Group, during any consecutive 12-month period within the last three years, more than an amount equivalent to 120,000 U.S. dollars, other than Director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service); and (ii) Shall not be an executive director, a corporate executive officer, a general manager or other employee of any company whose aggregate amount of transactions with Sony Group, in any of the last three fiscal years, exceeds the greater of an amount equivalent to 1,000,000 U.S. dollars, or 2% of the annual consolidated sales of such company. In addition, the Securities Listing Regulations of the TSE require Sony Group Corporation to make efforts to have at least one "Independent Director" on the Board of Directors. "Independent Director" is defined in the Securities Listing Regulations of the TSE as an "outside" director who is unlikely to have conflicts of interest with shareholders. According to the guidelines of the TSE, if a person falls in any of the categories listed below, such person, in principle, will be considered to have a conflict of interest with shareholders of the listed company. (1) A person for which the listed company is a major client or a person who executes business of a person for which the listed company is a major client; (2) A major client of the listed company or a person who executes business of a major client of the listed company; (3) A consultant, accounting professional, or legal professional (or, if such consultant, accounting professional, or legal professional is a juridical person, a member of such juridical person) of the listed company who receives a large amount of money or other consideration other than remuneration for directorship/auditorship from such listed company;

NYSE Standards	Sony's Corporate Governance Practices
	(4) A person who has fallen in any of categories (1) through (3) listed above until recently; (5) A person who has fallen in any of categories (a) or (b) listed below for ten years prior to assuming his/her office: (a) A person who executes business of a parent company of the listed company or a director who does not execute business of a parent company of the listed company; or (b) A person who executes business of a fellow subsidiary of the listed company. (6) A close relative of a person who falls in any of categories (a) through (f) listed below (only if such person is significant): (a) A person who falls in any of (1) through (5) listed above; (b) A person who executes business of a subsidiary of the listed company; (c) A director who does not execute business of a subsidiary of the listed company; (d) A person who executes business of a parent company of the listed company or a director who does not execute business of a parent company of the listed company; (e) A person who executes business of a fellow subsidiary of the listed company; or (f) A person who has fallen in any of categories (b) or (c) listed above or a person who has executed business of the listed company until recently. As of the date of this report, 9 of the 11 members of Sony Group Corporation's Board of Directors are qualified as "outside" directors. In addition, all 9 "outside" directors are qualified and designated as "Independent Directors" under the Securities Listing Regulations of the TSE. It is expected that 8 of the 10 members of new director candidates who will be appointed at the Ordinary General Meeting of Shareholders to be held on June 23, 2026 will each be qualified as "outside" directors, and will also be qualified and designated as "Independent Directors" under the Securities Listing Regulations of the TSE.
Executive Sessions. Non-management directors must meet in regularly scheduled executive sessions without management. Independent directors should meet alone in an executive session at least once a year.	An "outside" director, as defined under the Companies Act, is equivalent to a "non-management director" under the NYSE rules because an "outside" director does not engage in the execution of business operations of the company. The outside/non-management Directors generally meet several times a year without management, though neither the Companies Act nor Sony Group Corporation's Board Charter requires

NYSE Standards	Sony's Corporate Governance Practices
	non-management Directors to meet regularly without management and there is no requirement for the outside Directors to meet alone in an executive session at least once a year.
Nominating/Corporate Governance Committee. A nominating/corporate governance committee of independent directors is required. The committee must have a charter that addresses the purpose, responsibilities (including development of corporate governance guidelines) and annual performance evaluation of the committee.	Sony Group Corporation's Nominating Committee shall consist of at least three Directors. Under the Companies Act, the Committee is responsible for determining the contents of proposals regarding the appointment and dismissal of Directors to be submitted for approval to the shareholders' meeting. Unlike listed U.S. companies under NYSE rules, it is not responsible for developing governance guidelines or overseeing the evaluation of the board and management. Under the Companies Act, a majority of its members shall be "outside" directors, as defined under the Companies Act.
Compensation Committee. A compensation committee of independent directors is required. The committee must have a charter that addresses the purpose, responsibilities and annual performance evaluation of the committee. In addition, in accordance with the SEC rules adopted pursuant to Section 952 of the Dodd-Frank Act, NYSE listing standards expanded the factors relevant in determining whether a committee member has a relationship to the company that will materially affect that member's duties to the compensation committee and provided compensation committees the authority to engage compensation advisers. Additionally, the committee may obtain or retain the advice of a compensation adviser only after taking into consideration all factors relevant to determining that adviser's independence from management, unless the adviser's role is (i) limited to consulting on a generally applicable broad-based plan or (ii) is providing information that is not customized for the issuer or is not customized by the adviser and about which the adviser does not provide advice.	Sony Group Corporation's Compensation Committee shall consist of at least three Directors. Under the Companies Act, a majority of its members shall be "outside" directors, as defined under the Companies Act. Sony Group Corporation's Board Charter prohibits the CEO, the COO and/or the CFO (or a person at any equivalent position) from serving on the Compensation Committee. Under the Companies Act, the Committee is responsible for, among others, determining the compensation of each director and Corporate Executive Officer.
Audit Committee. An audit committee satisfying the independence and other requirements of Rule 10A-3 under the Exchange Act is required. The committee must have at least three members. All members must be independent. The committee must have a charter addressing the committee's purpose, an annual performance evaluation of the committee and the duties and responsibilities of the committee.	Sony Group Corporation's Audit Committee shall consist of at least three Directors. Under the Companies Act, a majority of its members shall be "outside" Directors, as defined under the Companies Act. In addition, pursuant to the Companies Act, no member of the Committee shall be a Director of the company or any of its subsidiaries who is engaged in the business operations of the company or such subsidiary, as the case may be, or a corporate executive officer of the company or any of its subsidiaries, or an accounting counselor, general manager or other employee of any of such subsidiaries. Sony Group Corporation's Board Charter also requires each member of the Audit Committee to meet the independence requirements of the applicable U.S. securities laws and regulations, and requires at least one member to meet the audit

NYSE Standards	Sony's Corporate Governance Practices
	committee financial expert requirements. As of the date of this report, all the members of Sony Group Corporation's Audit Committee are "independent" as defined in the NYSE Corporate Governance Standards, and two members of the Committee are qualified as audit committee financial experts. It is expected that all the members of the Audit Committee will be determined to be also "independent" as defined in the NYSE Corporate Governance Standards, and one member of the Committee will be determined to qualify as an audit committee financial expert, at the meeting of the Board of Directors immediately following the closing of the Ordinary General Meeting of Shareholders on June 23, 2026.
Equity Compensation Plans. Equity compensation plans require shareholder approval, subject to limited exemptions.	Under the Companies Act, if Sony Group Corporation wishes to adopt an equity compensation plan under which stock acquisition rights or shares of common stock are granted on specially favorable conditions, except where all of its shareholders are granted rights to subscribe for such stock acquisition rights/shares of common stock or such stock acquisition rights/shares of common stock are gratuitously allocated to all of its shareholders, each on a pro rata basis, then Sony Group Corporation must obtain shareholder approval by a "special resolution" at a General Meeting of Shareholders, where the quorum is one-third of the total number of voting rights of all of its shareholders and the approval by at least two-thirds of the number of voting rights of all the shareholders represented at the meeting is required under Sony Group Corporation's Articles of Incorporation. On the other hand, under the Companies Act, if Sony Group Corporation wishes to adopt an equity compensation plan under which stock acquisition rights or shares of common stock are granted against fair value thereof, such plan can be adopted by the resolution of Sony Group Corporation's Compensation Committee, and grants of stock acquisition rights or shares pursuant to such plan may be decided by a resolution of the Board of Directors or a determination by a Corporate Executive Officer to whom the authority to make such determination has been delegated, and no shareholder approval is required.
Corporate Governance Guidelines. Corporate governance guidelines must be adopted and disclosed.	Sony Group Corporation is required to disclose the status of its corporate governance under the Companies Act, the Financial Instruments and Exchange Act and its related regulations, and the Securities Listing Regulations of the TSE; however, Sony Group Corporation does not have corporate governance guidelines that cover all the requirements described in the NYSE Corporate Governance Standards, as many of the provisions do not apply to

NYSE Standards	Sony's Corporate Governance Practices
	Sony Group Corporation. Refer to "Board Practices" in "Item 6. *Directors, Senior Management and Employees*."
Code of Ethics. A code of business conduct and ethics for directors, officers and employees must be adopted and disclosed, along with any waivers of the code for directors or executive officers.	Although this provision of the NYSE Corporate Governance Standards does not apply to Sony Group Corporation, Sony Group Corporation has adopted a code of conduct to be observed by all its directors, officers and other employees. The code of conduct is available at: https://www.sony.com/en/SonyInfo/csr_report/compliance/code_of_conduct_En.pdf The code's content covers principal items described in the NYSE Corporate Governance Standards.

Item 16H. ***Mine Safety Disclosure***

Not Applicable

Item 16I. ***Disclosure Regarding Foreign Jurisdictions that Prevent Inspections***

Not Applicable

Item 16J. ***Insider Trading Policies***

Sony has adopted insider trading policies and procedures governing the purchase, sale, and other dispositions of its securities by directors, senior management, and employees that are reasonably designed to promote compliance with applicable insider trading laws, rules and regulations, and any listing standards applicable to Sony Group Corporation.

Item 16K. ***Cybersecurity***

Sony recognizes the importance of cybersecurity, both in achieving financial success for the company and in maintaining the trust of its stakeholders, which include shareholders, customers, employees, suppliers, and business partners.

Risk Management & Strategy

As part of Sony's risk management framework, Sony maintains and continuously strives to enhance its information security program. This program covers the entire Sony Group and is implemented in accordance with policies and standards, which include cybersecurity risk management and governance frameworks, and guidance, developed by Sony and based on globally recognized industry best practices and standards. The policies define information security responsibilities within Sony and outline certain actions and procedures that officers and employees are required to follow, including with respect to the assessment and management of cybersecurity risks to Sony, including its systems and information. The policies, standards, and guidance are structured to help Sony respond effectively to the dynamically changing environment of cybersecurity threats, cybersecurity risks, technologies, laws, and regulations. Sony modifies its policies, standards, and guidance as needed to adjust to this changing environment.

If Sony's cybersecurity risk management controls are overcome by a cyber attacker, Sony follows an incident response plan and escalation process as defined in the information security program. The response process includes an assessment of whether an incident may be material, and this assessment is adjusted as necessary as additional facts become known during the incident response. Any incident that is assessed as potentially material is escalated to Sony's senior management and is reported to the three outside Directors in charge of information security on Sony Group Corporation's Board of Directors.

In the fiscal year ended March 31, 2026, Sony was the victim of several cyberattacks. None of these incidents was assessed to be material, nor did they materially affect Sony's business strategy, the results of its operations, or its financial condition. However, there can be no guarantee that this will be the case with a future incident. For more information about risks Sony faces from cyberattacks, please refer to "Sony's brand image, reputation and business may be harmed and Sony may be subject to legal claims if there is a breach or other compromise of Sony's information security or that of its third-party service providers or business partners." included in "Risk Factors" in "Item 3. *Key Information*."

Sony has also established policies and processes to help identify and manage cybersecurity risks associated with third parties, including companies that provide services and products to Sony, and companies that hold Sony information or have electronic access to Sony systems or information. The policies and processes include assessment of the cybersecurity and privacy programs at certain third parties, the use of this risk information when making contracting decisions, and the use of contract language that includes cybersecurity and privacy requirements.

Most of the information security program is implemented by Sony employees. Sony also engages the services of external providers to enhance and support its information security program, including leading cyber response specialists as may be needed, and consultants to evaluate and help improve organization, policies, and other aspects of the program.

Structure and Governance of Sony's Information Security Program

Sony's information security program is under the responsibility of a Senior Executive, specifically, the Sony Group Chief Digital Officer ("CDO"), and the Sony Group Global Information Security Officer ("GISO"), who reports to the CDO.

Under the leadership of the CDO and the GISO, and supported by a global information security team that works across the entire Sony Group, Sony implements the cybersecurity risk management and governance frameworks that are described in its policies and standards. Each business segment of Sony has a senior

information security leader, called an Executive Information Security Officer ("EISO"), who reports both to the GISO and to the senior management of the particular business unit. The EISOs and their associated teams are responsible for ensuring implementation and operation of the information security program in a way that is tailored to each specific business unit, including as it relates to the assessment and management of cybersecurity risks. The GISO coordinates with the EISOs to monitor the implementation of Sony's cybersecurity policies and standards.

The current CDO has experience in launching and overseeing the development, technical operation, and business operations of large-scale network products and services at Sony, including overseeing implementation and operation of the information security program. The current GISO has more than 40 years of experience in cybersecurity. Before joining Sony, the GISO served as Deputy Chief Information Officer for Cybersecurity of the U.S. Department of Defense (the Department's equivalent of a Chief Information Security Officer) and before that, as the Chief Information Assurance Executive at the Defense Information Systems Agency (DISA), an agency of the U.S. Department of Defense.

The Sony Group CEO receives regular reports from the CDO and/or the GISO, additional reports as needed during the response to a cyber incident, and briefings from the CDO and GISO at various times during the year. The head of each Sony business segment also receives regular briefings from the CDO and the GISO, as well as reports and briefings from the business segment EISO.

The Board of Directors oversees Sony's information security risks, significant incidents, policies and key initiatives. The full Board of Directors receives reports from the outside Directors in charge of information security as well as briefings several times a year from the CDO and the GISO, and also engages in discussion of these matters.

- As of the date of this report, the following three outside Directors oversee Sony's information security efforts, via monthly meetings and ad-hoc incident response communications with the CDO and GISO.(*)
  - Joseph A. Kraft Jr., outside Director, serves simultaneously as the Chair of the Audit Committee.
  - Neil Hunt, outside Director, has extensive experience in the development of large-scale information systems, including experience with the management of cybersecurity risks.
  - Nora Denzel, outside Director, has deep experience in information technology cultivated at several Silicon Valley-based companies, including experience with the management of cybersecurity risks.

* Sony Group Corporation has proposed "To elect 10 Directors" as an agenda item for the Ordinary General Meeting of Shareholders to be held on June 23, 2026. If the proposal is approved, the three outside Directors described above will be reappointed as Directors in charge of information security at the Board of Directors meeting to be held after the Ordinary General Meeting of Shareholders.

Item 17. ***Financial Statements***

Not Applicable

Item 18. ***Financial Statements***

Refer to the consolidated financial statements.

Table of Contents

Item 19. ***Exhibits***

Documents filed as exhibits to this annual report:

1.1	Amended Articles of Incorporation of Sony Group Corporation (English Translation), incorporated by reference to Exhibit 1.1 to Sony's annual report on Form 20-F for the fiscal year ended March 31, 2025 (Commission file number 001-06439) filed on June 20, 2025
1.2	Share Handling Regulations (English Translation), incorporated by reference to Exhibit 1.2 to Sony's annual report on Form 20-F for the fiscal year ended March 31, 2024 (Commission file number 001-06439) filed on June 25, 2024
1.3	Charter of the Board of Directors, as amended (English Translation), incorporated by reference to Exhibit 1.3 of Sony's annual report on Form 20-F for the fiscal year ended March 31, 2024 (Commission file number 001-06439) filed on June 25, 2024
2.1	Second Further Amended and Restated Deposit Agreement, dated as of April 1, 2025, by and among Sony Group Corporation, JPMorgan Chase Bank, N.A. and holders and beneficial owners of American Depositary Shares issued thereunder, including the form of American Depositary Receipt, incorporated by reference to Exhibit 99. A to Sony's registration statement on Form F-6 (Commission file number 333-285828) filed on March 14, 2025
2.2	Description of Rights of each Class of Securities Registered under Section 12 of the Securities Exchange Act of 1934
8.1	Significant subsidiaries (as defined in §210.1-02(w) of Regulation S-X) of Sony Group Corporation, including additional subsidiaries that management has deemed to be significant, as of March 31, 2026: Incorporated by reference to "Business Overview" and "Organizational Structure" in "Item 4. *Information on the Company*"
11.1	Global Policy on Insider Trading Prevention
12.1	302 Certification
12.2	302 Certification
13.1	906 Certification
15.1	Consent of PricewaterhouseCoopers Japan LLC
97.1	Sony Group Corporation Clawback Policy, incorporated by reference to Exhibit 97.1 to Sony's annual report on Form 20-F for the fiscal year ended March 31, 2024 (Commission file number 001-06439) filed on June 25, 2024
101.INS	Inline XBRL Instance Document — the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH	Inline XBRL Taxonomy Extension Schema With Embedded Linkbase Documents
104	Cover page formatted as Inline XBRL and contained in Exhibit 101

SIGNATURES

Pursuant to the requirements of Section 12 of the Securities Exchange Act of 1934, the registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

SONY GROUP CORPORATION
(Registrant)

By: /s/ LIN TAO

(Signature)
Lin Tao
Chief Financial Officer

Date: June 18, 2026

Table of Contents

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

SONY GROUP CORPORATION AND CONSOLIDATED SUBSIDIARIES

	Page
Report of Independent Registered Public Accounting Firm (PCAOB ID 2743)	F-2
Consolidated Statements of Financial Position	F-4
Consolidated Statements of Income	F-6
Consolidated Statements of Comprehensive Income	F-7
Consolidated Statements of Changes in Stockholders' Equity	F-8
Consolidated Statements of Cash Flows	F-10
Index to Notes to Consolidated Financial Statements	F-12
Notes to Consolidated Financial Statements	F-13

All other schedules are omitted because they are not applicable or the required information is shown in the financial statements or the notes thereto.

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of Sony Group Corporation (Sony Group Kabushiki Kaisha)

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated statements of financial position of Sony Group Corporation and its subsidiaries (the "Company") as of March 31, 2026 and 2025, and the related consolidated statements of income, comprehensive income, changes in stockholders' equity and cash flows for each of the three years in the period ended March 31, 2026, including the related notes (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of March 31, 2026, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of March 31, 2026 and 2025, and the results of its operations and its cash flows for each of the three years in the period ended March 31, 2026 in conformity with IFRS Accounting Standards as issued by the International Accounting Standards Board. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of March 31, 2026, based on criteria established in Internal Control - Integrated Framework (2013) issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Annual Report on Internal Control over Financial Reporting appearing under Item 15(b). Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Significant assumptions used in the valuation of accumulated other comprehensive income related to insurance finance income (expenses) arising from groups of insurance contracts not measured under the premium allocation approach ("PAA") that was transferred to net income (loss) from discontinued operations

As described in Notes 3, 13 and 33 to the consolidated financial statements, the Company executed a partial spin-off of the Financial Services business as of October 1, 2025. As a result of the execution of the spin-off, 1,377,795 million yen of accumulated other comprehensive income directly related to the disposal group classified as held for distribution to owners at the time of the execution was transferred to net income (loss) from discontinued operations as a loss in the consolidated statements of income. Of this accumulated other comprehensive income, loss of 1,640,079 million yen relates to changes in the fair value of debt instruments measured at fair value through other comprehensive income held in the Financial Services business, and income of 263,298 million yen relates to insurance finance income (expenses). The latter mainly comprises changes in the carrying amount of groups of insurance contracts not measured under the PAA that are arising from the impact of the changes in the time value of money and financial risks. The carrying amount of a group of insurance contracts is the sum of the liability for remaining coverage and the liability for incurred claims. For insurance contracts not measured under the PAA, the liability for remaining coverage comprises fulfillment cash flows and the contractual service margin, and the liability for incurred claims comprises fulfillment cash flows for incurred claims and expenses that have not yet been paid, including claims that have been incurred but not yet reported. The fulfillment cash flows are measured using current estimates of future cash flows, discount rates, and a risk adjustment for non-financial risk. The discount rates used to measure the estimates of the present value of future cash flows are derived by adjusting an observable risk-free yield curve based on government bond yields using an illiquidity premium by setting up a reference portfolio of Sony's assets. Regarding extrapolation for the periods in which observable market data is not available, a method using an ultimate forward rate is applied. These discount rates represent significant assumptions used in measuring the portion of accumulated other comprehensive income related to insurance finance income (expenses).

The principal considerations for our determination that performing procedures relating to the significant assumptions used in the valuation of accumulated other comprehensive income related to insurance finance income (expenses) arising from groups of insurance contracts not measured under the PAA that was transferred to net income (loss) from discontinued operations is a critical audit matter are: (1) management's significant judgment involved in developing the aforementioned significant assumptions; (2) which in turn led to a high degree of auditor judgment, subjectivity, and effort in performing procedures and evaluating audit evidence related to management's significant assumptions; and (3) the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included, among others, testing the effectiveness of controls relating to the determination of the discount rates as significant assumptions, including controls over the completeness and accuracy of data used by management in developing the discount rate assumptions. These procedures also included evaluating the completeness and accuracy of the data used by management to develop the discount rate assumptions. Professionals with specialized skill and knowledge were used to assist in evaluating (a) that the discount rate calculations were mathematically correct, (b) that government bond yields and ultimate forward rates were appropriately applied for periods without observable market data, (c) that the illiquidity premium was appropriately derived using a reference portfolio of assets, and (d) the reasonableness of the methodology used by management to determine the significant assumptions and the reasonableness of such assumptions based on industry knowledge.

/s/ PricewaterhouseCoopers Japan LLC
Tokyo, Japan
June 18, 2026

We have served as the Company's auditor since 2006.

SONY GROUP CORPORATION AND CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Financial Position

	Note	Yen in millions	
		March 31, 2025	March 31, 2026
ASSETS			
Current assets:			
Cash and cash equivalents	27	2,980,956	2,208,879
Investments and advances in the Financial Services segment (including assets pledged that secured parties are permitted to sell or repledge of 131,544 million yen as of March 31, 2025)	5,14	453,677	-
Trade and other receivables, and contract assets	5,22	1,943,184	1,821,916
Inventories	7	1,310,770	1,227,351
Other financial assets	5	145,192	28,167
Other current assets	19	621,209	663,678
Total current assets		7,454,988	5,949,991
Non-current assets:			
Investments accounted for using the equity method	8	347,718	483,709
Investments and advances in the Financial Services segment (including assets pledged that secured parties are permitted to sell or repledge of 2,797,194 million yen as of March 31, 2025)	5,14	18,736,298	-
Property, plant and equipment	9	1,513,660	1,453,805
Right-of-use assets	10	521,685	524,345
Goodwill	11	1,508,721	1,673,906
Content assets	11,27	2,249,048	2,558,615
Other intangible assets	11	671,212	659,578
Deferred tax assets	25	559,284	560,800
Other financial assets	5	1,164,630	1,173,819
Other non-current assets	19	565,929	644,922
Total non-current assets		27,838,185	9,733,499
Total assets		35,293,173	15,683,490

(Continued on the following page.)

SONY GROUP CORPORATION AND CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Financial Position (Continued)

	Note	Yen in millions	
		March 31, 2025	March 31, 2026
LIABILITIES			
Current liabilities:			
Short-term borrowings	5,14	1,843,959	51,183
Lease liabilities	2,5	90,495	94,160
Current portion of long-term debt	5,14	196,950	166,410
Trade and other payables	5	2,100,144	2,240,566
Deposits from customers in the banking business	5	3,981,193	-
Income taxes payables		89,485	196,000
Participation and residual liabilities in the Pictures segment	18	236,752	223,233
Contract liabilities	2,22	590,719	594,336
Other financial liabilities	5	110,689	115,785
Other current liabilities	13,19	1,448,402	1,350,951
Total current liabilities		10,688,788	5,032,624
Non-current liabilities:			
Long-term debt	5,14	1,557,867	824,393
Lease liabilities	2,5	508,975	533,523
Defined benefit liabilities	17	236,941	165,017
Deferred tax liabilities	25	175,228	211,391
Insurance contract liabilities	13	12,689,306	-
Participation and residual liabilities in the Pictures segment	18	188,919	140,893
Other financial liabilities	5	574,351	105,827
Other non-current liabilities	19	162,647	156,233
Total non-current liabilities		16,094,234	2,137,277
Total liabilities		26,783,022	7,169,901
EQUITY			
Sony Group Corporation's stockholders' equity:	20		
Common stock		881,357	881,357
Additional paid-in capital		1,483,527	1,465,499
Retained earnings		6,678,168	5,294,890
Accumulated other comprehensive income		(566,447)	1,229,371
Treasury stock, at cost		(296,860)	(752,106)
Equity attributable to Sony Group Corporation's stockholders		8,179,745	8,119,011
Noncontrolling interests	27	330,406	394,578
Total equity		8,510,151	8,513,589
Total liabilities and equity		35,293,173	15,683,490

The accompanying notes are an integral part of these statements.

SONY GROUP CORPORATION AND CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Income

		Yen in millions		
		Fiscal year ended March 31		
	Note	2024	2025	2026
Continuing operations				
Sales	22	11,260,037	12,034,917	12,479,620
Costs and expenses:				
Cost of sales	7,17,23	8,089,317	8,504,810	8,635,225
Selling, general and administrative	17,23	2,156,156	2,256,829	2,298,638
Other operating (income) expense, net	23	(10,134)	(11,222)	34,056
Total costs and expenses		10,235,339	10,750,417	10,967,919
Share of profit (loss) of investments accounted for using the equity method	8	10,557	(7,865)	(64,194)
Operating income		1,035,255	1,276,635	1,447,507
Financial income	24	125,597	139,024	76,041
Financial expenses	24	65,766	72,461	101,174
Income before income taxes		1,095,086	1,343,198	1,422,374
Income taxes	25	239,105	257,480	367,108
Net income from continuing operations		855,981	1,085,718	1,055,266
Discontinued operations				
Net income (loss) from discontinued operations	33	124,513	74,169	(1,357,758)
Net income (loss)		980,494	1,159,887	(302,492)
Net income (loss) attributable to				
Sony Group Corporation’s stockholders		970,573	1,141,600	(326,865)
Net income from continuing operations		846,587	1,067,431	1,030,893
Net income (loss) from discontinued operations		123,986	74,169	(1,357,758)
Noncontrolling interests		9,921	18,287	24,373
Net income from continuing operations		9,394	18,287	24,373
Net income from discontinued operations		527	-	-

		Yen		
		Fiscal year ended March 31		
	Note	2024	2025	2026
Per share data:	26			
Net income (loss) attributable to Sony Group Corporation’s stockholders				
- Basic		157.66	188.71	(54.70)
Continuing operations		137.52	176.45	172.51
Discontinued operations		20.14	12.26	(227.21)
- Diluted		157.14	187.92	(54.36)
Continuing operations		137.06	175.71	171.44
Discontinued operations		20.08	12.21	(225.80)

The accompanying notes are an integral part of these statements.

SONY GROUP CORPORATION AND CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Comprehensive Income

	Note	Yen in millions Fiscal year ended March 31 2024	2025	2026
Net income (loss)		980,494	1,159,887	(302,492)
Other comprehensive income, net of tax -	20			
Items that will not be reclassified to profit or loss				
Changes in equity instruments measured at fair value through other comprehensive income		(54,827)	(11,533)	(21,401)
Remeasurement of defined benefit pension plans		27,044	11,027	38,221
Share of other comprehensive income of investments accounted for using the equity method		613	(911)	243
Other comprehensive income from discontinued operations	33	(156)	(1,442)	857
Items that may be reclassified subsequently to profit or loss				
Cash flow hedges		1,352	(4,295)	(3,384)
Exchange differences on translating foreign operations		442,406	(79,266)	424,360
Share of other comprehensive income of investments accounted for using the equity method		4,735	(337)	(21,282)
Other comprehensive income from discontinued operations	33	(141,523)	(113,900)	1,407,907
Total other comprehensive income, net of tax		279,644	(200,657)	1,825,521
Comprehensive income		1,260,138	959,230	1,523,029
Total Comprehensive income				
Comprehensive income from continuing operations		1,277,304	1,000,403	1,472,023
Comprehensive income from discontinued operations	33	(17,166)	(41,173)	51,006
Comprehensive income attributable to				
Sony Group Corporation’s stockholders		1,247,301	941,030	1,497,997
Comprehensive income from continuing operations		1,264,467	982,203	1,446,991
Comprehensive income from discontinued operations	33	(17,166)	(41,173)	51,006
Noncontrolling interests		12,837	18,200	25,032

The accompanying notes are an integral part of these statements.

SONY GROUP CORPORATION AND CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Changes in Stockholders' Equity

		Yen in millions							
	Note	Common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income	Treasury stock, at cost	Sony Group Corporation's stockholders' equity	Noncontrolling interests	Total equity
Balance at April 1, 2023		880,365	1,463,807	5,092,442	(614,570)	(223,507)	6,598,537	58,613	6,657,150
Comprehensive income:									
Net income				970,573			970,573	9,921	980,494
Other comprehensive income, net of tax	20				276,728		276,728	2,916	279,644
Total comprehensive income				970,573	276,728		1,247,301	12,837	1,260,138
Transfer to retained earnings				38,221	(38,221)		-		-
Transactions with stockholders and other:									
Stock issued under stock-based compensation transactions		992	(1,939)	(144)		19,257	18,166		18,166
Compensation expenses related to stock-based compensation transactions			13,956				13,956		13,956
Dividends declared	20			(98,685)			(98,685)	(5,786)	(104,471)
Purchase of treasury stock	20					(202,974)	(202,974)		(202,974)
Reissuance of treasury stock			1,786			3,290	5,076		5,076
Transactions with noncontrolling interests shareholders and other	27		5,800				5,800	103,264	109,064
Balance at March 31, 2024		881,357	1,483,410	6,002,407	(376,063)	(403,934)	7,587,177	168,928	7,756,105

		Yen in millions							
	Note	Common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income	Treasury stock, at cost	Sony Group Corporation's stockholders' equity	Noncontrolling interests	Total equity
Balance at April 1, 2024		881,357	1,483,410	6,002,407	(376,063)	(403,934)	7,587,177	168,928	7,756,105
Comprehensive income:									
Net income				1,141,600			1,141,600	18,287	1,159,887
Other comprehensive income, net of tax	20				(200,570)		(200,570)	(87)	(200,657)
Total comprehensive income				1,141,600	(200,570)		941,030	18,200	959,230
Transfer to retained earnings				(10,186)	10,186		-		-
Transactions with stockholders and other:									
Stock issued under stock-based compensation transactions			3,008	(1,179)		49,608	51,437		51,437
Compensation expenses related to stock-based compensation transactions			8,575				8,575		8,575
Dividends declared	20			(115,312)			(115,312)	(7,704)	(123,016)
Purchase of treasury stock	20					(285,548)	(285,548)		(285,548)
Reissuance of treasury stock			1			4	5		5
Cancellation of treasury stock	20		(3,848)	(339,162)		343,010	-		-
Transactions with noncontrolling interests shareholders and other	27		(7,619)				(7,619)	150,982	143,363
Balance at March 31, 2025		881,357	1,483,527	6,678,168	(566,447)	(296,860)	8,179,745	330,406	8,510,151

(Continued on the following page.)

SONY GROUP CORPORATION AND CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Changes in Stockholders' Equity (Continued)

		Yen in millions								
	Note	Common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income	Accumulated other comprehensive income directly related to disposal groups classified as held for distribution to owners	Treasury stock, at cost	Sony Group Corporation's stockholders' equity	Noncontrolling interests	Total equity
Balance at April 1, 2025		881,357	1,483,527	6,678,168	(566,447)	-	(296,860)	8,179,745	330,406	8,510,151
Comprehensive income:										
Net income (loss)				(326,865)				(326,865)	24,373	(302,492)
Other comprehensive income, net of tax	20				381,804	1,443,058		1,824,862	659	1,825,521
Total comprehensive income				(326,865)	381,804	1,443,058		1,497,997	25,032	1,523,029
Transfer to retained earnings				34,251	(38,305)	4,054		-		-
Transactions with stockholders and other:										
Stock issued under stock-based compensation transactions			8,615				66,843	75,458		75,458
Compensation expenses related to stock-based compensation transactions			3,608					3,608		3,608
Dividends declared	20			(134,964)				(134,964)	(22,190)	(157,154)
Dividends in kind	20			(955,700)				(955,700)		(955,700)
Purchase of treasury stock	20						(522,089)	(522,089)		(522,089)
Reissuance of treasury stock			0				0	0		0
Transfer to held for distribution to owners	33				1,447,112	(1,447,112)		-		-
Transactions with noncontrolling interests shareholders and other			(30,251)		5,207			(25,044)	61,330	36,286
Balance at March 31, 2026		881,357	1,465,499	5,294,890	1,229,371	-	(752,106)	8,119,011	394,578	8,513,589

The accompanying notes are an integral part of these statements.

SONY GROUP CORPORATION AND CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Cash Flows

	Note	Yen in millions Fiscal year ended March 31 2024	2025	2026
Cash flows from operating activities:				
Income before income taxes from continuing operations		1,095,086	1,343,198	1,422,374
Adjustments to reconcile income before income taxes from continuing operations to net cash provided by (used in) operating activities:				
Depreciation and amortization, including amortization of contract costs		1,117,292	1,125,588	1,180,655
Other operating (income) expense, net	23	(10,134)	(11,222)	34,056
Gain on securities, net	24	(73,166)	(75,742)	(862)
Share of (profit) loss of investments accounted for using the equity method, net of dividends		(770)	18,826	74,467
Changes in assets and liabilities:				
(Increase) decrease in trade receivables and contract assets		(223,150)	227,664	124,104
Decrease in inventories		75,641	199,916	155,382
Increase in content assets	27	(486,183)	(683,388)	(665,894)
Increase (decrease) in trade payables		(40,737)	105,643	70,541
Decrease in taxes payable other than income taxes, net		(22,878)	(14,157)	(32,645)
Increase in other financial assets and other current assets		(21,083)	(16,972)	(14,302)
Increase in other financial liabilities and other current liabilities		13,364	41,563	79,709
Income taxes paid	25	(231,545)	(308,392)	(234,338)
Other		(88,092)	18,824	(226,955)
Total net cash provided by operating activities from continuing operations		1,103,645	1,971,349	1,966,292
Net cash provided by (used in) operating activities from discontinued operations		269,568	350,326	(20,675)
Net cash provided by operating activities		1,373,213	2,321,675	1,945,617

(Continued on the following page.)

SONY GROUP CORPORATION AND CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Cash Flows (Continued)

	Note	Yen in millions Fiscal year ended March 31 2024	2025	2026
Cash flows from investing activities:				
Payments for property, plant and equipment and other intangible assets		(605,779)	(620,985)	(457,681)
Proceeds from sales of property, plant and equipment and other intangible assets		11,571	15,484	19,720
Payments for investments and advances		(95,506)	(98,536)	(179,650)
Proceeds from sales or return of investments and collections of advances		92,679	46,540	13,028
Payments for purchases of businesses and other	27	(199,255)	(294,417)	(185,355)
Proceeds from sales of businesses		-	-	11,198
Other		3,131	48,718	(5,453)
Total net cash used in investing activities from continuing operations		(793,159)	(903,196)	(784,193)
Net cash used in investing activities from discontinued operations	27	(25,727)	(26,924)	(1,186,349)
Net cash used in investing activities		(818,886)	(930,120)	(1,970,542)
Cash flows from financing activities:				
Increase (decrease) in short-term borrowings, net	14, 27	(18,047)	(28,547)	2,950
Proceeds from issuance of long-term debt	14, 27	225,176	139,298	28,774
Payments of long-term debt	14, 27	(25,991)	(60,629)	(135,362)
Payments of lease liabilities	2, 27	(90,849)	(98,949)	(85,946)
Dividends paid		(98,620)	(115,253)	(135,028)
Payments for purchases of treasury stock	20	(202,974)	(285,548)	(522,089)
Capital contribution from non-controlling interests	27	-	150,804	18,442
Other		13,922	21,521	(5,249)
Total net cash used in financing activities from continuing operations		(197,383)	(277,303)	(833,508)
Net cash used in financing activities from discontinued operations		(13,326)	(20,940)	(9,253)
Net cash used in financing activities		(210,709)	(298,243)	(842,761)
Effect of exchange rate changes on cash and cash equivalents		82,595	(19,469)	95,609
Net increase (decrease) in cash and cash equivalents		426,213	1,073,843	(772,077)
Cash and cash equivalents at beginning of the fiscal year	27	1,480,900	1,907,113	2,980,956
Cash and cash equivalents at end of the fiscal year	27	1,907,113	2,980,956	2,208,879

The accompanying notes are an integral part of these statements.

SONY GROUP CORPORATION AND CONSOLIDATED SUBSIDIARIES

Index to Notes to Consolidated Financial Statements

Sony Group Corporation and Consolidated Subsidiaries

		Page
Notes to Consolidated Financial Statements		
1.	Reporting entity	F-13
2.	Basis of preparation	F-13
3.	Summary of material accounting policies	F-14
4.	Business segment information	F-29
5.	Financial instruments	F-33
6.	Financial risk management	F-44
7.	Inventories	F-52
8.	Investments in associates and joint ventures	F-52
9.	Property, plant and equipment	F-54
10.	Leases	F-55
11.	Goodwill and intangible assets	F-56
12.	Impairment of non-financial assets	F-60
13.	Insurance contracts in the Financial Services business	F-60
14.	Short-term borrowings and long-term debt	F-70
15.	Derivative instruments and hedging activities	F-71
16.	Offsetting of financial assets and financial liabilities	F-75
17.	Employee benefits	F-75
18.	Participation and residual liabilities in the Pictures segment	F-81
19.	Other assets and other liabilities	F-81
20.	Stockholders' equity	F-82
21.	Stock-based compensation plans	F-88
22.	Revenue	F-91
23.	Supplemental consolidated statements of income information	F-92
24.	Financial income and expense	F-93
25.	Income taxes	F-94
26.	Reconciliation of the differences between basic and diluted EPS	F-98
27.	Supplemental cash flow information	F-98
28.	Structured entities	F-101
29.	Subsidiaries	F-102
30.	Acquisitions	F-102
31.	Related party transactions	F-104
32.	Purchase commitments, contingent liabilities and other	F-105
33.	Discontinued operations	F-106
34.	Subsequent events	F-107

SONY GROUP CORPORATION AND CONSOLIDATED SUBSIDIARIES

Notes to Consolidated Financial Statements

Sony Group Corporation and Consolidated Subsidiaries

1. Reporting entity

Sony Group Corporation is a public company domiciled in Japan. Sony Group Corporation and its consolidated subsidiaries (hereinafter collectively referred to as "Sony" or "Sony Group") are engaged in the development, design, production, manufacture, offer and sale of various kinds of electronic equipment, instruments, and devices for consumer, professional and industrial markets such as network services, home gaming consoles and software, televisions, audio and video recorders and players, still and video cameras, smartphones, and image sensors. Sony's primary manufacturing facilities are located in Asia including Japan. Sony also utilizes third-party contract manufacturers for certain products. Sony's products and services are marketed throughout the world by sales subsidiaries and unaffiliated distributors as well as direct sales and offers via the internet. Sony is engaged in the development, production, manufacture, and distribution of recorded music, artists' live performance and merchandising, the management and licensing of the words and music of songs, and the production and distribution of animation titles and game applications. Sony is also engaged in the production, acquisition and distribution of motion pictures and television programming and the operation of television networks and direct-to-consumer ("DTC") streaming services.

Sony was also engaged in various financial services businesses, including life and non-life insurance businesses through its Japanese insurance subsidiaries and banking business through a Japanese internet-based banking subsidiary. At a meeting of Sony Group Corporation's Board of Directors (the "Board") held on May 14, 2025, Sony Group Corporation resolved the plan regarding the execution of a partial spin-off (the "Partial Spin-off of the Financial Services business") of Sony Financial Group Inc. ("SFGI"), a wholly-owned subsidiary which operates the Financial Services business (the "Resolution for the plan regarding the execution of the Partial Spin-off of the Financial Services business"). In connection with the resolution, the Financial Services business was classified as a discontinued operation. For further information on discontinued operations, refer to Note 33. Sony Group Corporation executed the Partial Spin-off of the Financial Services business effective October 1, 2025. Consequently, SFGI, which was a wholly-owned subsidiary of Sony Group Corporation, was deconsolidated and became an affiliate accounted for using the equity method.

2. Basis of preparation

Compliance with International Financial Reporting Standards

The consolidated financial statements of Sony have been prepared in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards"). The term IFRS Accounting Standards also includes IAS® Standards, SIC® Interpretations and IFRIC® Interpretations.

Approval of consolidated financial statements

The consolidated financial statements were approved by Hiroki Totoki, President and Chief Executive Officer and Representative Corporate Executive Officer, and Lin Tao, Chief Financial Officer and Corporate Executive Officer, on June 18, 2026.

Functional currency and presentation currency

The consolidated financial statements have been presented in Japanese yen, which is the functional currency of Sony Group Corporation. All financial information presented in Japanese yen has been rounded to the nearest million Japanese yen.

Use of estimates and judgments

The preparation of the consolidated financial statements in accordance with IFRS Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies, the reported amounts of assets, liabilities, revenues and expenses, and disclosure of contingent assets and liabilities. Actual results could differ from these estimates and assumptions. These estimates and assumptions are reviewed on a continuous basis. Changes in these accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about judgments that have been made in the process of applying accounting policies that have significant effects on the amounts reported in the consolidated financial statements is as follows:

- Measurement of insurance contract liabilities (Note 3 I. Material accounting policies (11) and Note 13)

Information about accounting estimates and assumptions that have significant effects on the amounts reported in the consolidated financial statements is as follows:

- Impairment of non-financial assets (Note 3 I. Material accounting policies (10) and Note 12)
- Measurement of film costs and participation and residual liabilities in the Pictures segment (Note 3 I. Material accounting policies (9) and (12), Note 11, and Note 18)
- Recoverability of deferred tax assets (Note 3 I. Material accounting policies (24) and Note 25)
- Measurement of fair value of assets acquired and liabilities assumed in business combinations (Note 3 I. Material accounting policies (2) and Note 30)

SONY GROUP CORPORATION AND CONSOLIDATED SUBSIDIARIES

Change in presentation

In connection with the Resolution for the plan regarding the execution of the Partial Spin-off of the Financial Services business, the Financial Services business was classified as a discontinued operation. Income and loss related to a business classified as a discontinued operation are separately presented, net of income taxes, following net income from continuing operations, in the consolidated statements of income. In accordance with the classification of the Financial Services business as a discontinued operation, the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of cash flows, and related notes to the consolidated financial statements for comparative periods have been re-presented separately for continuing operations and discontinued operations. In the consolidated statements of cash flows, cash flows from operating, investing and financing activities are presented separately for continuing operations and discontinued operations. For further information on discontinued operations, refer to Note 33.

As a result of the execution of the Partial Spin-off of the Financial Services business, "Lease liabilities," which had previously been included within "Current portion of long-term debt" and "Long-term debt," have increased in materiality and are presented as a separate caption in the consolidated statements of financial position as of March 31, 2026. In addition, due to this change, "Payments of lease liabilities," which had been included within "Payments of long-term debt," are presented separately in the consolidated statements of cash flows for the fiscal year ended March 31, 2026. Furthermore, "Contract liabilities," which had previously been included within "Other current liabilities," have also increased in materiality and are presented separately in the consolidated statements of financial position as of March 31, 2026. Corresponding reclassifications have been made to the consolidated statements of financial position as of the end of the fiscal year ended March 31, 2025 and to the consolidated statements of cash flows for the fiscal years ended March 31, 2025 and 2024 to conform to these changes in presentation.

3. Summary of material accounting policies

I. Material accounting policies

(1) Basis of consolidation -

i) Subsidiaries

A subsidiary is an entity controlled by Sony Group Corporation. Control is obtained when Sony Group Corporation is exposed, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements of Sony from the date on which control is obtained until the date on which control is lost.

All intercompany transactions and balances are eliminated in the preparation of the consolidated financial statements.

If any accounting policies applied by a subsidiary differ from those applied by Sony, adjustments are made to the financial statements of the subsidiary as necessary.

Any changes in ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration is directly recognized in equity and attributed to the owners of Sony. When control over a subsidiary is lost, the investment retained in the former subsidiary is remeasured at fair value as of the date when control is lost, and any gain or loss resulting from the loss of control is recognized in profit or loss.

ii) Associates and joint ventures

An associate is an entity over which Sony has significant influence, but does not have control or joint control, in terms of financial and operating policies.

A joint venture is an investee whereby two or more parties including Sony have the rights to the net assets of the investee in accordance with the terms of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

Investments in associates and joint ventures are accounted for using the equity method from the date on which significant influence or joint control is obtained until the date on which significant influence or joint control is lost. Under the equity method, investments in associates and joint ventures are recognized at cost, adjusted for Sony's share of the profit or loss and other comprehensive income of the associates and joint ventures from the date on which Sony obtains significant influence or joint control to the date on which Sony loses such significant influence or joint control. Sony recognizes its share of profit or loss of the investees, net of income taxes after the elimination of unrealized intercompany profits, in the consolidated operating income (loss) to the extent of Sony's interest in these entities.

For investments accounted for using the equity method, the carrying amount of each investment is tested for impairment as a single asset, when there is objective evidence that the investments may be impaired.

If any accounting policies applied by an associate or a joint venture differ from those applied by Sony, adjustments are made to the financial statements of the associate or the joint venture as necessary.

When an investment ceases to be an associate or a joint venture and the use of the equity method is discontinued, any gain or loss arising from discontinuation of the equity method is recognized in profit or loss.

iii) Joint operations

A joint operation is a joint arrangement whereby two or more parties including Sony have the rights to the assets, and obligations for the liabilities, relating to the investee in accordance with the terms of the joint arrangement.

Sony recognizes its share of the assets, liabilities, revenue and expenses related to joint operations.

iv) Structured entities

A structured entity is an entity designed so that voting or similar rights are not the dominant factor in deciding who controls the entity.

Sony has control and, therefore, consolidates a structured entity when Sony has exposure or rights to variable returns and has the ability to use its power over the structured entity to affect returns.

(2) Business combinations -

Sony recognizes identifiable assets acquired and the liabilities assumed of an acquiree at their fair values at the acquisition date with limited exceptions.

Sony recognizes goodwill when the aggregate of the consideration transferred in a business combination, the amount of any non-controlling interests in the acquiree and the fair value of Sony's previously held equity interest in the acquiree exceeds the net amount of the identifiable assets and liabilities of the acquiree at the acquisition date. If the aggregate above is less than the net amount of identifiable assets and liabilities, the difference is recognized as a gain. The consideration transferred is calculated as the sum of the fair values of the assets transferred, liabilities assumed and equity interest issued. Non-controlling interests are measured either at fair value or based on the non-controlling interests' proportionate share of the acquiree's net identifiable assets for each business combination transaction.

Acquisition-related costs are recognized as expenses in the period they are incurred.

(3) Foreign currency translation -

i) Foreign currency transactions

Foreign currency transactions are translated at the exchange rates prevailing at the transaction date or rates that approximate such rates. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency using the exchange rate at the end of the period. Foreign exchange gains and losses resulting from translation and settlement are generally recognized in profit or loss. They are deferred in other comprehensive income if they relate to qualifying cash flow hedges.

ii) Foreign operations

Assets and liabilities of foreign operations such as overseas subsidiaries and associates are translated using the exchange rates at the end of the period, and revenue and expense items are translated using the average exchange rates for the period unless the exchange rates fluctuate significantly. Exchange differences arising from the translation are recognized in other comprehensive income.

On the disposal of a foreign operation, the cumulative amount of exchange differences relating to that foreign operation is reclassified to profit or loss.

(4) Cash and cash equivalents -

Cash and cash equivalents include all highly liquid investments, with original maturities of three months or less, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(5) Financial instruments -

Sony recognizes a financial instrument as a financial asset or a financial liability when Sony becomes party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Except for financial assets and financial liabilities measured at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issuance of the financial asset or financial liability are added to the fair value of financial assets or subtracted from the fair value of financial liabilities at initial recognition.

i) Non-derivative financial assets

a. Classification and measurement

Non-derivative financial assets held by Sony are classified as either financial assets measured at amortized cost, debt instruments measured at fair value through other comprehensive income, equity instruments measured at fair value through other comprehensive income or financial assets measured at fair value through profit or loss.

Financial assets measured at amortized cost

Sony classifies a financial asset as measured at amortized cost if the financial asset is held within a business model whose objective is to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial asset is measured at amortized cost by using the effective interest method after initial recognition. On derecognition of a financial asset measured at amortized cost, the difference between the carrying amount and the consideration received or receivable is recognized in profit or loss.

Debt instruments measured at fair value through other comprehensive income

A debt instrument is classified as a financial asset measured at fair value through other comprehensive income if the debt instrument is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial asset and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Changes in the fair value of the financial asset after initial recognition, except for impairment gains or losses and foreign exchange gains or losses, are recognized in other comprehensive income. Interest income from these financial assets is recognized in profit or loss using the effective interest method. On derecognition of a debt instrument measured at fair value through other comprehensive income, the cumulative amount previously recognized in other comprehensive income is reclassified to profit or loss.

In the life insurance business, the financial assets are held mainly from the perspective of asset-liability management ("ALM"). The objective of holding financial assets in the life insurance business is to match the interest rate sensitivity (duration) of financial assets and insurance contract liabilities as much as possible, in order to ensure sufficient cash flows are available to settle insurance claims when they come due.

Sony manages these assets as one portfolio, based on the overall objective of managing duration and liquidity needs in a capital-efficient manner. While some assets within the portfolio may be held for a longer period of time, Sony considers, because of its overall objective for these assets, that all the financial assets are held within one business model whose objective is achieved by both collecting cash flows and selling financial assets.

Equity instruments measured at fair value through other comprehensive income

For investments in equity instruments which are not held for trading, Sony may make an irrevocable election at initial recognition to present subsequent changes in fair value of the investments in other comprehensive income.

These financial assets are measured at fair value and subsequent changes in the fair value are recognized in other comprehensive income. Dividends from financial assets are recognized in profit or loss, and the cumulative amount recognized in other comprehensive income is transferred to retained earnings upon derecognition.

Financial assets measured at fair value through profit or loss

Financial assets other than those measured at amortized cost or fair value through other comprehensive income are classified as financial assets measured at fair value through profit or loss. Financial assets measured at fair value through profit or loss include financial assets held for trading.

In the life insurance business, investments held for variable life insurance and individual variable annuity contracts mainly consist of equity securities, debt securities and investment funds, which are measured at fair value through profit or loss.

For certain financial assets that would not normally be measured at fair value through profit or loss, Sony may, at initial recognition, choose the irrevocable option to measure such financial assets at fair value through profit or loss in order to eliminate or significantly reduce an accounting mismatch.

In the life insurance business, Sony mitigates accounting mismatches by designating certain debt securities to be measured at fair value through profit or loss, consistent with insurance finance income or expenses incurred from certain variable life insurance and individual variable annuity contracts after applying IFRS 17 "Insurance Contracts" ("IFRS 17").

In the banking business, in relation to some fixed-rate debt securities, Sony utilizes derivatives to hedge the risk arising from the changes in the fair value of the debt securities due to unfavorable fluctuations of interest rates, and mitigates accounting mismatches by designating the debt securities to be measured at fair value through profit or loss.

b. Derecognition

Sony derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or when Sony transfers the contractual rights to receive the cash flows of the financial asset and transfers substantially all of the risks and rewards of the financial asset.

c. Impairment

Sony estimates expected credit losses and recognizes loss allowances for financial assets measured at amortized cost and debt instruments measured at fair value through other comprehensive income. At each reporting date, Sony measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If, at the reporting date, the credit risk on a financial instrument has not increased significantly since initial recognition, Sony measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. In assessing whether the credit risk has increased significantly or not, Sony uses the change in the risk of a default occurring over the expected life of the financial instrument and estimates expected credit losses by using the method which reflects the past loss rate and other reasonable and supportable forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Sony measures the expected credit losses of a financial asset in a way that reflects an unbiased and probability-weighted amount incorporating the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

However, for trade and other receivables, and contract assets including non-current other receivables in the Pictures segment, the loss allowance is measured at an amount equal to lifetime expected credit losses irrespective of the change of credit risk on a collective basis or an individual basis incorporating factors such as the past-due status and the attributes of the counterparties.

Sony determines a financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. The criteria that Sony uses to determine that a financial asset is credit-impaired include a default or delinquency of more than 90 days past due in interest or principal payments.

Sony writes off the gross carrying amount of a financial asset when it cannot reasonably expect to recover all or part of the asset.

Debt securities and housing loans in the Financial Services business

The expected credit losses for debt securities and housing loans in the Financial Services business are the product of the probability of default (“PD”), loss given default (“LGD”) and exposure at default (“EAD”), by leveraging the Basel III regulatory framework or based on the external information published by major credit rating agencies. Forward-looking economic information is also included in determining the PD.

Assessments on significant increases in credit risk are performed at the reporting date by comparing the risk of default occurring with that at initial recognition. Sony recognizes and measures the expected credit losses on a collective basis or an individual basis using reasonable and supportable information that is available without undue cost or effort, such as asset type, credit ratings, collateral collectability, past-due status and other relevant characteristics of financial instruments.

In addition, Sony has applied the low credit risk exemption for certain debt securities rated “investment grade” by major credit rating agencies at the reporting date. For such instruments, Sony assumes that the credit risk has not increased significantly since initial recognition.

If contractual terms of a loan have been modified, it is necessary to recalculate the gross carrying amount of that loan by using the original effective interest rate and recognize a modification gain or loss in profit or loss.

ii) Non-derivative financial liabilities

Sony classifies non-derivative financial liabilities as either financial liabilities subsequently measured at amortized cost by using the effective interest method or financial liabilities subsequently measured at fair value through profit or loss.

Sony derecognizes a financial liability when it is extinguished, meaning when the obligation specified in the contract is discharged, cancelled or expired.

iii) Derivative financial instruments and hedge accounting

All derivatives are recognized as either assets or liabilities in the consolidated statements of financial position at fair value. Changes in the fair value of derivative financial instruments are either recognized periodically through profit or loss or other comprehensive income, depending on whether the derivative financial instrument qualifies as a hedge and the derivative is being used to hedge changes in fair value or cash flows.

Derivative financial instruments held by Sony are accounted for as described below.

Cash flow hedges

Changes in the fair value of derivatives that are designated and determined to be effective as cash flow hedges for forecasted transactions or exposures associated with recognized assets or liabilities are initially recorded in other comprehensive income and reclassified to profit or loss when the hedged transaction affects profit or loss. Changes in the fair value of the ineffective portion are immediately recognized in profit or loss.

Fair value hedges

Changes in the fair value of derivatives that are designated as hedges of the changes in the fair value risk related to the debt securities are recognized in profit or loss. Changes in the fair value of the hedged item attributable to the hedged risk are recorded in profit or loss.

Derivatives not designated as hedges

Changes in the fair value of derivatives not designated as hedges are immediately recognized in profit or loss.

Assessment of hedge effectiveness

When applying hedge accounting, Sony formally documents all hedging relationships between the derivatives designated as hedges and the hedged items, as well as its risk management objectives and strategies for undertaking various hedging activities. Sony links all hedges that are designated as cash flow hedges or fair value hedges to specific assets or liabilities in the consolidated statements of financial position or to the specific forecasted transactions. Sony also assesses, both at the inception of the hedge and on an ongoing basis, whether the derivatives that are designated as hedges have an economic relationship with the hedged item in offsetting changes in fair value or cash flows of hedged items. The effect of credit risk does not dominate the value changes that result from the underlying economic relationship. In addition, the hedge ratio of the hedging relationship is designed to be the same as that resulting from the quantity of the hedged item that Sony actually hedges and the quantity of the hedging instrument that Sony actually uses to hedge that quantity of the hedged item. When it is determined that a derivative no longer has an economic relationship with the hedged item, Sony discontinues hedge accounting.

iv) Offsetting a financial asset and a financial liability

Sony offsets a financial asset and a financial liability and presents the net amount in the consolidated statements of financial position when Sony currently has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

(6) Inventories -

Inventories are measured at the lower of cost or net realizable value. The cost of inventories is determined on the “weighted average cost” basis. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(7) Property, plant and equipment and depreciation -

Sony has adopted the cost model for the measurement of property, plant and equipment and presents an item of property, plant and equipment at its cost less any accumulated depreciation and any accumulated impairment losses. The cost of an item of property, plant and equipment includes any costs directly attributable to the acquisition of the asset as well as costs of its dismantlement, removal or restoration. Property, plant and equipment are depreciated on a straight-line basis over their useful lives (depreciation period ranging from 2 to 50 years for buildings and from 2 to 10 years for machinery and equipment). Sony reviews the residual values and the useful lives at each fiscal year-end, or sooner if circumstances require.

(8) Leases -

When entering into a contract, Sony determines whether an arrangement contains a lease at its inception. An arrangement contains a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Right-of-use (“ROU”) assets represent Sony’s right to use an underlying asset for the lease term and lease liabilities represent Sony’s obligation to make lease payments arising from the lease. ROU assets and lease liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. ROU assets also include any lease payments and initial direct costs incurred on or before the commencement date and exclude lease incentives. In determining the present value of lease payments, Sony generally uses its incremental borrowing rate, as the implicit rate is not available for most of its leases. Sony determines its incremental borrowing rate based on the estimated rate of interest for collateralized borrowings, taking into account the lease term and the economic conditions of each country or region at commencement date. The lease terms may include options to extend or terminate the lease when it is reasonably certain that Sony will exercise that option. If the lease transfers ownership of the underlying asset to the lessee by the end of the lease term or the purchase option is reasonably certain to be exercised, Sony depreciates the ROU assets from the commencement date to the end of the useful life of the underlying assets. Otherwise, Sony depreciates the ROU assets from the commencement date to the earlier of the end of the useful life of the ROU assets or the end of the lease term. Sony accounts for the lease and non-lease components as a single lease component. Sony has applied the short-term lease exception for leases with a term of one year or less, where ROU assets and lease liabilities are not recognized and the expense is recognized on a straight-line basis.

SONY GROUP CORPORATION AND CONSOLIDATED SUBSIDIARIES

(9) Intangible assets and amortization, including content assets -

Intangible assets are measured using the cost model and stated at cost less accumulated amortization and impairment losses. Intangible assets acquired separately are initially recognized at cost.

Intangible assets with finite useful lives mainly consist of patent rights, know-how, license agreements, customer relationships, trademarks, software, television carriage contracts (broadcasting agreements), film costs, broadcasting rights, music catalogs, artist contracts, music distribution rights and game content. Patent rights, know-how, license agreements, trademarks and software are generally amortized on a straight-line basis over 3 to 10 years. Customer relationships, television carriage contracts (broadcasting agreements), artist contracts, music distribution rights and game content are generally amortized on a straight-line basis, over 2 to 15 years. Music catalogs are generally amortized on a straight-line basis, over 5 to 44 years. Film costs are amortized using an ultimate revenue method based on the ratio of current period actual revenues to the estimated remaining total revenues. Sony considers that amortization pursuant to the ultimate revenue method reflects the rate at which it plans to consume the future economic benefits related to the asset, and there is a high correlation between revenue and the consumption of the economic benefits embodied in the intangible assets. Broadcasting rights are generally amortized based on the estimated consumption of the economic benefits or on a straight-line basis over the useful life.

Amortization of intangible assets is included in cost of sales and selling, general and administrative expenses in the consolidated statements of income. Certain intangible assets are assessed to have indefinite lives because there is no foreseeable limit to the period over which such assets are expected to generate net cash flows for Sony.

Film costs, broadcasting rights, music catalogs, artist contracts, music distribution rights and game content are collectively classified and presented as content assets in the consolidated statements of financial position. Film costs include direct production costs, production overhead, and costs for acquisition and distribution rights for both motion picture and television productions. Broadcasting rights, consisting of acquired programming to be aired on Sony's television networks and DTC streaming services, are recognized when the license period begins and the program is available for use. Music catalogs are exclusive rights to the recorded music master or music copyrights, which consist of melodies and lyrics of songs, that can be exploited and marketed in various markets. Artist contracts are contracts with recorded music artists or songwriters that provide Sony with exclusive rights to musical works. Music distribution rights are agreements to distribute music content owned by third parties. Game content includes internally developed content, content developed through a third-party arrangement where Sony owns the rights to the content, content acquired externally through contracts with third parties, and agreements to distribute game content owned by third parties.

(10) Impairment of non-financial assets -

Sony reviews the recoverability of its non-financial assets, except for inventories, contract costs and deferred tax assets, whenever there is any indication that an asset or a cash-generating unit ("CGU") may be impaired. In addition, an annual impairment test for goodwill, intangible assets with indefinite useful lives or intangible assets not yet available for use is performed during the fourth quarter of the fiscal year for each CGU or group of CGUs to which the carrying amount of these assets is allocated.

A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. Goodwill is allocated to each CGU or group of CGUs that is expected to benefit from the synergies of a business combination. A CGU or group of CGUs to which goodwill is allocated is not larger than an operating segment.

The recoverable amount of an asset, a CGU or group of CGUs is the higher of its value in use and fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the assets. This approach uses significant estimates and assumptions, including estimated future cash flows, the timing of such cash flows, discount rates reflecting the risk inherent in future cash flows, perpetual growth rates, earnings or revenue multiples, the determination of appropriate comparable entities and the determination of whether a premium or discount should be applied to comparables. The assumptions used for estimated future cash flows and the timing of such cash flows for each CGU are generally based on the three-year mid-range plan ("MRP") and take into account such factors as historical experience, market and industry information, and current and forecasted economic conditions. Perpetual growth rates are generally utilized to determine a terminal value and are generally set after the three-year forecasted period for the MRP.

If the recoverable amount is determined to be less than the carrying amount of a CGU or group of CGUs, an impairment loss would be recognized equal to the amount by which the carrying amount exceeds the recoverable amount. Such impairment losses are recognized by first reducing the carrying amount of any allocated goodwill and then are allocated to the other assets of the CGU on a pro rata basis of the carrying amount of each asset in the CGU. Impairment losses except for content assets are included in other operating (income) expense, net, and impairment losses for content assets are included in cost of sales in the consolidated statements of income.

Assets other than goodwill are reviewed to assess whether there is any indication that an impairment loss recognized in prior periods may no longer exist or may have decreased. If any such indication exists, the recoverable amount of the asset is determined and a reversal of an impairment loss is recognized when the recoverable amount of the asset exceeds the carrying amount. Any increase in the carrying amount of an asset attributable to the reversal of an impairment loss does not exceed the carrying amount of the asset, net of depreciation and amortization, which would have been determined if an impairment loss had never been recognized for the asset in prior periods.

SONY GROUP CORPORATION AND CONSOLIDATED SUBSIDIARIES

(11) Insurance contract liabilities -

i) Definition and classification of insurance contracts

Sony defines insurance contracts as the contracts under which Sony accepts significant insurance risk by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder. In making this assessment, all substantive rights and obligations, including those arising from laws and regulations, are considered on a contract-by-contract basis. Sony uses judgment in assessing whether there is a scenario with commercial substance in which there is the possibility of a loss on a present value basis and whether the accepted insurance risk is significant. Contracts that have a legal form of an insurance contract but do not transfer significant insurance risk to Sony are classified as investment contracts and the investment contract liabilities are accounted for as financial liabilities and included in other financial liabilities.

Insurance contracts that Sony underwrites in the life insurance business, which is included in the Financial Services business, mainly consist of whole life, term life, disease and health insurance, variable life insurance, and individual variable annuity contracts. Sony classifies certain variable life insurance and individual variable annuity contracts as insurance contracts with direct participation features, if they meet all of the following conditions on initial recognition:

- the contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items;
- Sony expects to pay to the policyholder an amount equal to a substantial share of the fair value returns on the underlying items; and
- Sony expects a substantial proportion of any change in the amounts to be paid to the policyholder to vary with the change in the fair value of the underlying items.

All other insurance contracts are classified as insurance contracts without direct participation features.

ii) Aggregation of insurance contracts

In measuring insurance contracts, Sony aggregates the insurance contracts into groups. Each group of insurance contracts is determined by identifying portfolios of insurance contracts. Each portfolio is comprised of contracts that are subject to similar risks and are managed together, and Sony mainly divides each portfolio by the quarter to which the issue date of the insurance contracts belongs. The portfolios are then classified into one of the following three groups based on the profitability of contracts:

- any contracts that are onerous on initial recognition;
- any contracts that, on initial recognition, have no significant possibility of becoming onerous subsequently; and
- any remaining contracts.

iii) Recognition and derecognition of insurance contracts

A group of insurance contracts issued by Sony is recognized from the earliest of:

- the beginning of the coverage period of the group of insurance contracts;
- when the first payment from the policyholder in the group of insurance contracts becomes due; and
- when facts and circumstances indicate that the group of insurance contracts is onerous.

If there is no contractual due date, the due date is considered as the day when the first payment is received from the policyholder.

In addition, only contracts that individually meet the recognition criteria by the end of the reporting period are included in the groups. When contracts individually meet the recognition criteria after the end of the reporting period, they are added to the groups in the reporting period in which they meet the recognition criteria. Composition of the groups is not reassessed in subsequent periods.

Insurance acquisition cash flows are allocated to groups of insurance contracts using a systematic and rational method and considering, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort. If insurance acquisition cash flows are directly attributable to a group of insurance contracts, they are allocated to that group. If insurance acquisition cash flows are directly attributable to a portfolio but not to a group of insurance contracts, then they are allocated to the groups in that portfolio using a systematic and rational method.

Sony derecognizes an insurance contract when it is extinguished, i.e., when the obligation specified in the insurance contract expires or is discharged or cancelled. When an insurance contract is derecognized, Sony:

- adjusts the fulfillment cash flows allocated to the group of insurance contracts to eliminate those relating to the derecognized rights and obligations;

- adjusts the contractual service margin ("CSM") of the group of insurance contracts for the change in the fulfillment cash flows; and
- adjusts the number of coverage units expected for the remaining insurance contract services to reflect the number of coverage units derecognized from the group of insurance contracts.

iv) Contract boundaries

In measuring groups of insurance contracts, Sony includes all of the future cash flows within the boundary of each contract in the group. Cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the policyholder is obliged to pay premiums or Sony has a substantive obligation to provide services (including insurance coverage and any investment services).

A substantive obligation to provide services ends when Sony:

(a) has the practical ability to reassess the risks of the particular policyholder and can set a price or level of benefits that fully reflects those reassessed risks; or

(b) has the practical ability to reassess the risks of the portfolio that contains the contract and can set a price or level of benefits that fully reflects the risks of that portfolio, and the pricing of the premiums up to the reassessment date does not take into account risks that relate to periods after the reassessment date.

For cash flows arising during the period after the renewal of the insurance contract with automatic renewal clauses, Sony assesses the contract boundaries and determines that they are within the existing contract boundaries when Sony does not have the above practical ability to reassess the risks.

v) Initial measurement of insurance contracts not measured under the premium allocation approach ("PAA")

On initial recognition, Sony measures a group of insurance contracts as the total of the following:

(a) Fulfillment cash flows

The fulfillment cash flows of the groups of insurance contracts consist of estimates of the future cash flows and risk adjustments for non-financial risk. The estimates of the future cash flows are adjusted to reflect the time value of money and the associated financial risks, and do not reflect Sony's non-performance risk. The discount rates reflect the characteristics of the cash flows arising from the groups of insurance contracts, including timing, currency and liquidity of cash flows. The determination of the discount rate that reflects the characteristics of the cash flows and liquidity characteristics of the insurance contracts involves significant estimation. The risk adjustment for non-financial risk, determined separately from the other estimates, is designed to reflect the compensation required for bearing uncertainty about the amount and timing of the cash flows that arise from non-financial risk.

(b) CSM

The CSM of a group of insurance contracts represents the unearned profit that Sony will recognize as it provides insurance contract services under those contracts.

vi) Subsequent measurement of insurance contracts not measured under the PAA

The carrying amount of a group of insurance contracts at each reporting date is the sum of the liability for incurred claims and the liability for remaining coverage. The liability for incurred claims comprises the fulfillment cash flows for incurred claims and expenses that have not yet been paid, including claims that have been incurred but not yet reported. The liability for remaining coverage comprises the items described below.

(a) Fulfillment cash flows

The fulfillment cash flows of groups of insurance contracts are measured at the reporting date using current estimates of future cash flows, discount rates, and risk adjustment for non-financial risk. The mortality rates, morbidity rates, lapse and surrender rates, and discount rates, which are used to measure the estimates of the present value of future cash flows, are significant assumptions for measuring insurance contract liabilities not measured under the PAA.

(b) CSM

The carrying amount of the CSM of contracts without direct participation features at each reporting date is the carrying amount at the beginning of the fiscal year, adjusted for the following items (items (2), (3)1, (3)2, and (3)4 below are measured using the discount rate determined at initial recognition (locked-in discount rate)):

(1) the effect of any new contracts that are added to the group during the current period;

(2) the interest accreted on the carrying amount of the CSM during the current period;

(3) the changes in fulfillment cash flows relating to future service including the following items:
   1. experience adjustments arising from premiums received in the current period that relate to future services (including those for related cash flows such as insurance acquisition cash flows and premium-based taxes);
   2. changes in estimates of the present value of future cash flows in the liability for remaining coverage (excluding the effect of the time value of money, financial risk and changes therein);
   3. differences between any investment component expected to become payable in the current period and the actual investment component that becomes payable in the current period; and
   4. changes in the risk adjustment for non-financial risk that relate to future services;

(4) the effect of any currency exchange differences; and

(5) the amount recognized as insurance revenue for insurance contract services provided during the current period, which is determined after all other adjustments above.

The carrying amount of the CSM of contracts with direct participation features at each reporting date is the carrying amount at the beginning of the fiscal year, adjusted for the following items (items (3)2, (3)3, (3)4, and (3)5 below are measured using the current discount rate):

(1) the effect of any new contracts that are added to the group during the current period;

(2) the changes in Sony's share of the fair value of the underlying items;

(3) the changes in the fulfillment cash flows that do not vary based on the returns of underlying items including the following items:
   1. changes in the effect of the time value of money and financial risks including the effect of financial guarantees;
   2. experience adjustments arising from premiums received in the current period that relate to future services (including those for related cash flows such as insurance acquisition cash flows and premium-based taxes);
   3. changes in estimates of the present value of future cash flows in the liability for remaining coverage (excluding the effect of the time value of money, financial risk and changes therein);
   4. differences between any investment component expected to become payable in the current period and the actual investment component that becomes payable in the current period; and
   5. changes in the risk adjustment for non-financial risk that relate to future services;

(4) the effect of any currency exchange differences; and

(5) the amount recognized as insurance revenue for insurance contract services provided during the current period, which is determined after all other adjustments above.

Sony has selected an accounting policy to update accounting estimates related to insurance contracts made in the previous interim consolidated financial statements in the subsequent annual and interim consolidated financial statements and to measure the annual results using the year-to-date approach.

Changes in the fulfillment cash flows that relate to current or past services are recognized as profit or loss. Changes in the fulfillment cash flows that relate to future services are adjusted as the CSM or loss component as follows:

- when an increase in the fulfillment cash flows exceeds the carrying amount of the CSM, the CSM is reduced to zero and the excess is recognized as insurance service expenses and such excess is recorded as a loss component of the liability for the remaining coverage;
- when the CSM is zero, changes in the fulfillment cash flows adjust the loss component within the liability for remaining coverage with correspondence to insurance service expenses; and
- the excess of any decrease in the fulfillment cash flows over the loss component reduces the loss component to zero and reinstates the CSM.

When a loss component exists, Sony allocates the following items between the loss component and the remaining component of the liability for the remaining coverage for the respective group of insurance contracts, based on the ratio of the loss component to the fulfillment cash flows relating to the expected future cash outflows:

(1) expected incurred claims and other directly attributable expenses for the period;

(2) changes in the risk adjustment for non-financial risk for the risk expired; and

(3) finance income (expenses) from insurance contracts issued.

The amounts of loss component allocation in (1) and (2) above reduce the respective components of insurance revenue and are reflected in insurance service expenses.

vii) Measurement of insurance contracts measured under the PAA

For certain insurance contracts with a coverage period of one year or less at initial recognition, Sony uses the PAA to simplify the measurement of the group of insurance contracts.

Under the PAA, on initial recognition of each group of insurance contracts, the carrying amount of the liability for remaining coverage is measured at the premiums received on initial recognition, minus any insurance acquisition cash flows allocated to the group at the date of the receipt of the premiums. Sony amortizes insurance acquisition cash flows over the coverage period of the group of insurance contracts.

Subsequently, the carrying amount of the liability for remaining coverage is increased by any premiums received and the amortization of insurance acquisition cash flows recognized as expenses, and decreased by the amount recognized as insurance revenue for services provided and any additional insurance acquisition cash flows allocated after initial recognition.

viii) Presentation

Portfolios of insurance contracts that are assets and those that are liabilities are presented separately in the consolidated statements of financial position. If no insured event has occurred and the surrender option has not been exercised as of the reporting date, the insurance contract liabilities are classified as non-current liabilities. However, if an insured event occurs or the surrender option is exercised, Sony loses its rights to postpone the payment of these liabilities. In this case, the insurance contract liabilities are classified as current liabilities, as they are due to be settled within 12 months after the end of the reporting period.

Sony disaggregated amounts recognized in the consolidated statements of income and the consolidated statements of comprehensive income into insurance revenue and insurance service expenses (collectively referred to as the “insurance service result”), and insurance finance income or expenses. Sony did not disaggregate changes in the risk adjustment for non-financial risk between the insurance service result and insurance finance income or expenses and included them in the insurance service result.

In connection with the Resolution for the plan regarding the execution of the Partial Spin-off of the Financial Services business, the Financial Services business was classified as a discontinued operation. Therefore, income and loss from the Financial Services business is included in net income (loss) from discontinued operations. For further information on discontinued operations, refer to Note 33.

(a) Insurance revenue

Insurance revenue excludes any investment components and is recognized as follows:

(1) Contracts not measured under the PAA

Sony recognizes insurance revenue as it provides insurance contract services. For contracts not measured under the PAA, the insurance revenue relating to services provided for each period represents the total of the changes in the liability for remaining coverage that relate to services for which Sony expects to receive consideration, and primarily comprises the following items:

- a release of the CSM, measured based on coverage units provided during the current period;
- changes in the risk adjustment for non-financial risk relating to current services;
- claims and other insurance service expenses incurred during the current period, measured at the amounts expected at the beginning of the current period; and
- allocation of the amount of insurance acquisition cash flows in a systematic way based on the passage of time.

The release amount of the CSM of a group of insurance contracts that is recognized as insurance revenue in each period is determined by identifying the coverage units in the group and recognizing in profit or loss the amount of the CSM allocated to the coverage units provided during the current period. The number of coverage units is the quantity of services provided based on the insurance contracts in the group, determined by considering the quantity of benefits to be provided by each insurance contract in the group and the expected coverage period.

Services provided based on insurance contracts include insurance coverage and, for all direct participating contracts, investment related services for managing underlying items on behalf of policyholders. Insurance contracts other than direct participating contracts include investment return services for generating an investment return for the policyholder.

(2) Contracts measured under the PAA

For contracts measured under the PAA, the insurance revenue for each period is the amount of expected premium receipts for providing services during the period. Sony allocates the expected premium receipts to each period based mainly on the passage of time.

(b) Insurance service expenses

Insurance service expenses comprise the following items:

(1) incurred claims and benefits excluding investment components and reduced by the loss component allocation;

(2) other incurred and directly attributable insurance service expenses (reduced by the loss component allocation);

(3) amortization of insurance acquisition cash flows;

(4) changes that relate to past services (e.g., changes in the fulfillment cash flows relating to the liability for incurred claims); and

(5) changes that relate to future services (e.g., losses on onerous insurance contracts and reversal of those losses arising from changes in the loss components).

For contracts not measured under the PAA, amortization of insurance acquisition cash flows is reflected in insurance service expenses in the same amount as insurance acquisition cash flows recovery reflected within insurance revenue as described above.

(c) Insurance finance income or expenses

Insurance finance income or expenses comprise changes in the carrying amounts of groups of insurance contracts arising from the effects of the time value of money, financial risk and changes therein. Sony has chosen to disaggregate insurance finance income or expenses between profit or loss and other comprehensive income for contracts without direct participation features, excluding certain variable life insurance and individual variable annuity contracts. The amount included in profit or loss is determined by a systematic allocation of the expected total insurance finance income or expenses over the duration of the group of insurance contracts. The amount of systematic allocation is determined using the discount rates determined on initial recognition of the group of insurance contracts. As a result of this systematic allocation, the total amounts recognized in other comprehensive income is equal to zero over the duration of the group of insurance contracts. In addition, the cumulative amount recognized in other comprehensive income at any point in time is the difference between the carrying amount of the group of insurance contracts and the amount measured by this systematic allocation.

For contracts with direct participation features, the insurance finance income or expenses include changes in the value of underlying items (excluding additional premium payments and withdrawals), all of which are recognized in profit or loss.

(12) Provisions -

Provisions are recognized when Sony has present legal or constructive obligations as a result of past events, it is probable that outflows of resources embodying economic benefits will be required to settle the obligations, and reliable estimates can be made of the amount of obligations.

Provisions mainly consist of participation and residual liabilities in the Pictures segment and product warranties. Product warranties are included in other current liabilities in the consolidated statements of financial position.

i) Participation and residual liabilities in the Pictures segment

Parties involved in the production or exploitation of film and television content may be compensated in part by contingent payments based on the financial results of a film or television show pursuant to contractual formulas (participations) and by contingent amounts due under provisions of collective bargaining agreements (residuals). Such parties are collectively referred to as participants, and such costs are collectively referred to as participation and residual costs. Participation and residual costs may be given to creative talent, such as actors or writers, investors or to entities from whom distribution rights are licensed.

Participation and residual liabilities are accrued based on the ratio of current period actual revenues to the estimated remaining total revenues. The participation and residual liabilities are expected to be relieved when the contingent payments are fixed and paid. The majority of the non-current portion of participation and residual liabilities is expected to be paid within the next 10 years.

Sony also enters into arrangements with other studios to jointly produce and distribute films, under which each partner is responsible for the distribution of the film in specific territories or distribution windows. The partners' shares in the profits and losses of the films under these arrangements are included within participation and residual costs.

ii) Product warranties

Sony guarantees delivered products and rendered services for a certain period or term and records product warranties to prepare for such expenses. Product warranties are calculated based upon product sales, estimated probability of failure and estimated cost per claim. The estimates and forecasts used in the calculation of product warranties are reviewed on a periodic basis.

SONY GROUP CORPORATION AND CONSOLIDATED SUBSIDIARIES

(13) Employee benefits -

i) Post-employment benefits

Sony adopts defined benefit plans and defined contribution plans.

Defined benefit plans

Sony recognizes the net defined benefit liability or asset of defined benefit plans in the consolidated statements of financial position as the amount of the present value of defined benefit obligations less the fair value of plan assets.

The present value of defined benefit obligations is calculated by discounting the expected future benefit, and service costs are determined by using the projected unit credit method. If the fair value of plan assets is in excess of the present value of defined benefit obligations, the amount of any asset to be recognized is limited to the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan. The discount rate is determined by reference to market yields at each fiscal year-end on high-quality corporate bonds which have approximately the same term as the defined benefit obligations and are payable in the same currency as the benefit payments. Net interest on the net defined benefit liability or asset is calculated by multiplying the net defined benefit liability or asset by the discount rate.

Past service cost, which is the change in the present value of the defined benefit obligation resulting from a plan amendment or curtailment, is recognized in profit or loss.

Remeasurements of the net defined benefit liability or asset are recognized in other comprehensive income when they occur and transferred to retained earnings immediately.

Defined contribution plans

Sony recognizes contributions to defined contribution plans as expenses when employees have rendered related services.

ii) Short-term employee benefits

Sony recognizes short-term employee benefits, such as salaries, bonuses and annual paid absences, as expenses at the amount expected to be paid in exchange for services when employees have rendered such services.

(14) Stock-based compensation -

i) Stock option plan

Sony estimates the cost of stock options at their fair value on the grant date and recognizes the expense over the vesting period with a corresponding increase in equity. The fair value of options granted is calculated using the Black-Scholes model with consideration for terms and conditions of the stock options.

ii) Restricted stock unit plan

Sony estimates the cost of restricted stock units by the fair value of the units granted on the grant date and recognizes the expense over the vesting period with a corresponding increase in equity.

(15) Fair value measurement -

Sony measures fair value as an exit price, or the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as of the measurement date.

Sony determines a hierarchy of inputs to valuation techniques based on the extent to which inputs used in measuring fair value are observable in the market. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect assumptions which Sony developed using the information that market participants would use in pricing the asset or liability. Observable market data is used if such data is available without undue cost and effort. Each fair value measurement is reported in one of three levels which is determined by the lowest level input that is significant to the fair value measurement in its entirety.

These levels are:

Level 1	-	Inputs are unadjusted quoted prices for identical assets and liabilities in active markets.
Level 2	-	Inputs are based on observable inputs other than Level 1 prices, such as quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model-derived valuations, in which all significant inputs are observable in active markets.
Level 3	-	One or more significant inputs are unobservable.

When available, Sony uses unadjusted quoted market prices in active markets to measure fair value and classifies such items within Level 1. If quoted market prices are not available, fair value is based upon internally developed valuation techniques that use, where possible, current market-based or independently sourced market parameters, such as interest rates, currency rates and option volatilities. Items valued using internally generated models are classified according to the lowest level input that is significant to the valuation. For certain financial assets and liabilities, Sony determines fair value using third-party information such as indicative quotes from dealers and quantitative input from investment advisors following Sony's established valuation procedures including validation against internally developed prices. Additionally, Sony considers both counterparty credit risk and Sony's own creditworthiness in determining fair value. Sony attempts to mitigate credit risk to third parties by entering into netting agreements and actively monitoring the creditworthiness of counterparties and its exposure to credit risk through the use of credit limits and by selecting major international banks and financial institutions as counterparties.

Transfers between levels are deemed to have occurred at the beginning of each reporting period in which the transfers occur.

(16) Revenue recognition -

Sony recognizes revenue in an amount that reflects the consideration Sony expects in exchange for satisfying performance obligations to transfer the goods or services promised in contracts with customers. This is in accordance with the following steps:

Step 1: Identify the contract(s) with a customer.
Step 2: Identify the performance obligations in the contract.
Step 3: Determine the transaction price.
Step 4: Allocate the transaction price to the performance obligations in the contract.
Step 5: Recognize revenue when (or as) Sony satisfies a performance obligation.

Sony owns a variety of intellectual property throughout its segments and recognizes revenue through the licensing of such intellectual property. Sony licenses rights to use its intellectual property and rights to access its intellectual property. When Sony grants a customer the right to use Sony's intellectual property, Sony satisfies its performance obligation at the point in time when the customer obtains control and is entitled to benefit from the license. When Sony grants a customer the right to access Sony's intellectual property, Sony satisfies its performance obligation over the license period.

Incremental costs of obtaining a contract and costs to fulfill a contract are recognized as assets when Sony expects to recover these costs. The incremental costs of obtaining a contract are those costs that would not have been incurred if the contract had not been obtained. Costs to fulfill a contract are those costs that are directly related to a contract or to an anticipated contract and that generate or enhance resources for Sony to satisfy its performance obligations. Sony applies a practical expedient and recognizes the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that would have been recognized is one year or less.

Performance obligations in contracts for the Entertainment, Technology & Services ("ET&S") and Imaging & Sensing Solutions ("I&SS") segments are primarily to deliver various kinds of electronic equipment, instruments and devices to customers. Revenues from these performance obligations are generally recognized when a promised good is delivered to a customer. However, if the sales contract contains a customer acceptance provision, then revenues are recognized when the customer accepts the promised good or when a deemed acceptance occurs by the lapse of time. Revenues are also recognized over time, primarily from the provision of internet broadband network services to subscribers over the subscription period. Revenues are recognized net of anticipated returns and sales incentives.

Within the Game & Network Services ("G&NS") segment, revenues from hardware, peripherals and software discs are recognized when performance obligations are satisfied by transferring control to the retailer/distributor, net of anticipated returns, sales incentives and cooperative advertising obligations. Revenues from platform licensing to publishers are recognized when physical software discs are delivered. Revenues from digital game content, which is a right to use Sony's intellectual property, are recognized when the digital content is made available for use by the licensee via an online platform, net of anticipated sales incentives and credit card chargebacks. Revenues from digital game content involving multiple performance obligations, such as obligations to make content available on future dates, are allocated to each performance obligation based on the relative standalone selling prices that are observable in the market or Sony's best estimate. Revenues from subscription fees for digital subscription services are recognized over the subscription period.

Within the Music segment, Sony licenses intellectual property that transfer to a customer either a right to use Sony's intellectual property, or a right to access Sony's intellectual property. Revenues are recognized when the customer has the right to use or access the intellectual property and obtains control of the use or access of that license. Digital revenues include revenues from contracts with digital streaming services typically recognized as a single performance obligation, which is ongoing access to intellectual property in an evolving library of content over the contract term, predicated on: (1) the business practice and contractual ability to remove specific content without a requirement to replace the content and without impact to minimum royalty guarantees and (2) the contracts not containing a specific listing of content subject to the license. For these contracts, revenues are recognized based on sales and usage royalties, except where there is a minimum royalty guarantee that

is not expected to be recouped, or a fixed fee, which is recognized on a straight-line basis over the term of the contract. Revenues from the sale of physical products such as CDs, net of anticipated returns and sales incentives, are recognized when delivery has occurred and the product is available for sale to the public.

Within the Pictures segment, revenues from the theatrical exhibition of motion pictures are recognized as the customer exhibits the film. Revenues from the licensing of motion picture and television programming for pay and free television exhibition and other markets are recognized when the product is available for use by the licensee. Revenues for motion picture and television program licensing arrangements involving multiple performance obligations, for example a fee for multiple titles, territories or availability dates, are allocated based on the relative standalone selling price of each performance obligation using Sony's best estimate based on available information such as market conditions and internal pricing guidelines. Each individual motion picture or television programming product delivered generally represents a separate performance obligation. Licensing revenue associated with renewals or extensions of existing agreements for motion pictures and television programming is recognized when the licensee can use and benefit from the content under the renewal or extension. Licensing revenue associated with minimum guarantees for a right to access Sony's intellectual property is recognized ratably over the license term. Revenues from electronic sell-through and video-on-demand are recognized when the product is made available for viewing via digital distribution platforms. Revenues from the sale of broadcast advertising are recognized when the advertisement is aired, and the performance obligation in these arrangements is the delivery of advertising spots and may include a guaranteed amount of impressions. When a guarantee for a number of impressions is not achieved, revenues are not recognized until additional advertising spots are delivered to provide the guaranteed impressions. Revenues from subscription fees received by television networks and DTC streaming services are recognized when the service is provided. The performance obligation under network subscription arrangements is a right to use Sony's intellectual property that is satisfied as programming is provided over the term of the arrangement.

Revenue is generally recognized net of any taxes collected from customers and subsequently remitted to governmental authorities.

(17) Financial services revenue -

Financial services revenue consisted of insurance revenue and other financial services revenue (refer to Note 3 I. Material accounting policies (11) regarding insurance revenue). Other financial services revenue included items such as interest, dividends and the impact of foreign exchange rate fluctuations incurred from financial instruments held in the Financial Services business.

In connection with the Resolution for the plan regarding the execution of the Partial Spin-off of the Financial Services business, the Financial Services business was classified as a discontinued operation. Therefore, income and loss from the Financial Services business, including financial services revenue, is included in net income (loss) from discontinued operations. For further information on discontinued operations, refer to Note 33.

(18) Cost of sales -

Costs classified as cost of sales relate to the producing and manufacturing of products and include items such as material cost, subcontractor cost, depreciation of property, plant and equipment, amortization of intangible assets including content assets, employee benefits expenses and research and development costs.

(19) Research and development expenditures -

Research and development expenditures include items such as employee benefits expenses and other direct and indirect expenses associated with research and product development. Development expenditures are capitalized only when technical feasibility is achieved, Sony has the intention, ability and sufficient resources to use or sell the outcome of the development, it is probable that the outcome will generate a future economic benefit, and the cost can be reliably measured. Capitalized development costs are measured as the sum of total expenditures for development upon achieving the foregoing conditions for capitalization until development is completed. Research expenditures and other development expenditures that do not meet the foregoing conditions are expensed as incurred and included in the cost of sales in the consolidated statements of income.

(20) Selling, general and administrative -

Costs classified as selling expenses relate to promoting and selling products and include items such as advertising, promotion, shipping and warranty expenses. General and administrative expenses include operating items such as employee benefits expenses, depreciation of property, plant and equipment, office rental for sales, marketing and administrative divisions, loss allowance for trade receivables and amortization of intangible assets.

(21) Advertising costs -

Advertising costs are expensed as incurred.

(22) Shipping and handling costs -

The majority of shipping and handling, warehousing and internal transfer costs for finished goods are included in selling, general and administrative expenses. However, in the Pictures segment, certain costs are charged to cost of sales as they are

an integral part of producing and distributing motion pictures and television programming. All other costs related to Sony's distribution network are included in cost of sales, including inbound freight charges, purchasing and receiving costs, inspection costs and warehousing costs for raw materials and in-process inventory. Shipping and handling activities that occur after control of the related good transfers are treated as separate performance obligations. Amounts paid by customers for shipping and handling costs are included in sales.

(23) Financial services expenses -

Financial services expenses consisted of insurance service expenses, insurance finance income or expenses, and other financial services expenses (refer to Note 3 I. Material accounting policies (11) regarding insurance service expenses, and insurance finance income or expenses). Other financial services expenses included items such as interest expenses in the banking business.

In connection with the Resolution for the plan regarding the execution of the Partial Spin-off of the Financial Services business, the Financial Services business was classified as a discontinued operation. Therefore, income and loss from the Financial Services business, including financial services expenses, is included in net income (loss) from discontinued operations. For further information on discontinued operations, refer to Note 33.

(24) Income taxes -

Income taxes consist of current and deferred taxes. Current and deferred taxes are recognized in profit or loss, except to the extent that the tax arises from a business combination, or a transaction or event which is recognized, in the same or a different period, outside profit or loss, either in other comprehensive income or directly in equity.

Current taxes are computed based on taxable profit or loss for the year, using the tax rates enacted or substantively enacted at the end of the reporting period.

Deferred tax assets and liabilities are recognized for temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of the reporting period. Deferred tax liabilities include the liabilities being recognized for undistributed profits of subsidiaries and associates accounted for under the equity method that are expected to be remitted in the foreseeable future. Deferred income taxes are determined using tax rates and laws that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled. Deferred tax assets and liabilities are not recognized in respect of temporary differences that arise from the initial recognition of an asset or liability in a transaction which is not a business combination and which, at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the assets can be utilized. Accordingly, the valuation of the deferred tax assets is assessed periodically with available evidence related to the recoverability of the deferred tax assets. Management's judgment related to this assessment considers the nature, frequency and severity of current and cumulative losses on an individual tax jurisdiction basis, forecasts of future profitability after consideration of uncertain tax positions, excess of appreciated asset value over the tax basis of net assets, the duration of statutory carryforward periods, the past utilization of net operating loss carryforwards prior to expiration, as well as prudent and feasible tax planning strategies which would be employed by Sony to prevent net operating loss and tax credit carryforwards from expiring unutilized.

Sony records assets and liabilities resulting from uncertain tax positions taken or expected to be taken in a tax return. The amount of income taxes Sony pays is subject to ongoing audits by various taxing authorities, which may result in proposed assessments. In addition, several significant items related to intercompany transfer pricing are currently the subject of negotiations between taxing authorities in different jurisdictions as a result of pending advance pricing agreement applications and competent authority requests. Sony's estimate for the potential outcome for any uncertain tax issues is judgmental and requires significant estimates. Sony assesses its income tax positions and records tax benefits and expenses for all years subject to examinations based upon the evaluation of the facts, circumstances and information available at that reporting date.

(25) Net income (loss) attributable to Sony Group Corporation's stockholders per share ("EPS") -

Basic EPS is computed based on the weighted-average number of shares of common stock outstanding during each period. The computation of diluted EPS reflects the maximum possible dilution from conversion, exercise, or contingent issuance of securities. All potentially dilutive securities are excluded from the calculation in a situation where there is a net loss attributable to Sony Group Corporation's stockholders.

II. New accounting standards and interpretations not yet adopted

Major new or amended standards and interpretations that have been issued as of the date of approval of the consolidated financial statements which are not effective and have not yet been adopted by Sony as of March 31, 2026 are as follows:

Amendments to IFRS 9 "Financial Instruments" and IFRS 7 "Financial Instruments: Disclosures"

In May 2024, the IASB issued "Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and 7)." These amendments were issued to improve the disclosure of information such as investments in equity instruments designated at fair value through other comprehensive income, among other items, and are effective for Sony as of April 1, 2026. They will have no impact on Sony's results of operations and financial position.

SONY GROUP CORPORATION AND CONSOLIDATED SUBSIDIARIES

IFRS 18 "Presentation and Disclosure in Financial Statements"

In April 2024, the IASB issued IFRS 18 "Presentation and Disclosure in Financial Statements" ("IFRS 18"). IFRS 18 mainly introduces three sets of requirements to give investors more transparent and comparable information about companies' financial performance: additional subtotals with newly defined categories for classifying income and expenses in the statements of profit or loss, disclosures about management-defined performance measures, and enhanced requirements for more useful grouping of information in the financial statements.

IFRS 18 will be effective for Sony as of April 1, 2027, with early adoption permitted. The impact of IFRS 18 on Sony's consolidated financial statements is being evaluated.

4. Business segment information

The reportable segments presented below are the segments of Sony for which separate financial information is available and for which operating income or loss amounts are evaluated regularly by the chief operating decision maker ("CODM") in deciding how to allocate resources and in assessing performance. The CODM does not evaluate segments using discrete asset information. Sony's CODM is its President and Chief Executive Officer.

The G&NS segment includes the production and sales of digital software and add-on content, the network services businesses and the manufacture and sales of home gaming products. The Music segment includes the Recorded Music, Music Publishing and Visual Media and Platform businesses. The Pictures segment includes the Motion Pictures, Television Productions and Media Networks businesses. The ET&S segment includes the Imaging business, the Sound business, the Network Services business and the Displays business. The I&SS segment includes the image sensors business. All Other consists of various operating activities, including the disc manufacturing and recording media businesses. Sony's products and services are generally unique to a single operating segment.

In connection with the Resolution for the plan regarding the execution of the Partial Spin-off of the Financial Services business, the Financial Services business was classified as a discontinued operation and has been excluded from the reporting segments. Consequently, the figures for comparative periods have been re-presented into continuing operations and discontinued operations. For further information on discontinued operations, refer to Note 33.

Segment sales:

	Yen in millions		
	Fiscal year ended March 31		
	2024	2025	2026
Sales:			
Game & Network Services -			
Customers	4,172,994	4,543,571	4,570,053
Intersegment	94,740	126,473	115,598
Total	4,267,734	4,670,044	4,685,651
Music -			
Customers	1,594,955	1,820,263	2,090,534
Intersegment	24,003	22,341	29,576
Total	1,618,958	1,842,604	2,120,110
Pictures -			
Customers	1,486,717	1,498,534	1,486,296
Intersegment	6,333	7,410	12,994
Total	1,493,050	1,505,944	1,499,290
Entertainment, Technology & Services -			
Customers	2,414,946	2,362,838	2,184,815
Intersegment	38,772	46,437	75,717
Total	2,453,718	2,409,275	2,260,532
Imaging & Sensing Solutions -			
Customers	1,503,906	1,712,534	2,059,020
Intersegment	98,832	86,471	92,513
Total	1,602,738	1,799,005	2,151,533
All Other -			
Customers	75,784	82,477	74,564
Intersegment	13,586	13,856	14,508
Total	89,370	96,333	89,072
Corporate and elimination	(265,531)	(288,288)	(326,568)
Consolidated total	11,260,037	12,034,917	12,479,620

SONY GROUP CORPORATION AND CONSOLIDATED SUBSIDIARIES

Note:
G&NS intersegment amounts primarily consist of transactions with the ET&S segment. ET&S intersegment amounts primarily consist of transactions with the G&NS segment. I&SS intersegment amounts primarily consist of transactions with the G&NS segment and the ET&S segment. Corporate and elimination includes certain brand and patent royalty income.

Intersegment amounts in each segment, as well as Corporate and elimination, include transaction amounts with discontinued operations.

Segment profit (loss):

	Yen in millions		
	Fiscal year ended March 31		
	2024	2025	2026
Operating income (loss):			
Game & Network Services	290,184	414,819	463,258
Music	301,662	357,255	446,986
Pictures	117,702	117,284	104,872
Entertainment, Technology & Services	187,399	190,926	158,584
Imaging & Sensing Solutions	193,541	261,147	357,318
All Other	1,600	(17,996)	(74,646)
Total	1,092,088	1,323,435	1,456,372
Corporate and elimination	(56,833)	(46,800)	(8,865)
Consolidated operating income	1,035,255	1,276,635	1,447,507
Financial income	125,597	139,024	76,041
Financial expenses	(65,766)	(72,461)	(101,174)
Consolidated income before income taxes	1,095,086	1,343,198	1,422,374

Operating income (loss) is sales less costs and expenses, and includes the share of profit (loss) of investments accounted for using the equity method.

Operating income (loss) in each segment, as well as Corporate and elimination, include transaction amounts with discontinued operations. Consolidated operating income and the items below Consolidated operating income do not include income and loss from discontinued operations.

Other significant items:

	Yen in millions		
	Fiscal year ended March 31		
	2024	2025	2026
Share of profit (loss) of investments accounted for using the equity method:			
Game & Network Services	922	823	871
Music	8,550	10,264	12,165
Pictures	(235)	(667)	(180)
Entertainment, Technology & Services	777	1,389	1,310
Imaging & Sensing Solutions	(4,023)	(1,318)	(81)
All Other	7,096	(12,673)	(69,583)
Total	13,087	(2,182)	(55,498)
Elimination	(2,530)	(5,683)	(8,696)
Consolidated total	10,557	(7,865)	(64,194)

Note:
Due to an increase in the materiality of Sony's intersegment transactions, "Elimination" is presented separately beginning from the fiscal year ended March 31, 2026. As a result of this change, results for the fiscal years ended March 31, 2024 and 2025 in the table above have also been reclassified to conform to the current presentation.

SONY GROUP CORPORATION AND CONSOLIDATED SUBSIDIARIES

	Yen in millions		
	Fiscal year ended March 31		
	2024	2025	2026
Depreciation and amortization:			
Game & Network Services	123,065	141,470	147,476
Music	84,576	106,089	130,903
Pictures	541,106	491,713	517,823
Entertainment, Technology & Services	101,676	99,984	103,077
Imaging & Sensing Solutions	247,900	273,026	265,138
All Other	4,830	5,165	3,946
Total	1,103,153	1,117,447	1,168,363
Corporate and elimination	14,139	8,141	12,292
Consolidated total	1,117,292	1,125,588	1,180,655

Sales to customers by product category:

The following table is a breakdown of sales to external customers by product category for each segment. Sony management views each segment as a single operating segment.

	Yen in millions		
	Fiscal year ended March 31		
	2024	2025	2026
Sales:			
Game & Network Services			
Digital Software and Add-on Content	1,934,586	2,290,498	2,415,305
Network Services	545,537	669,873	763,126
Hardware and Others	1,692,871	1,583,200	1,391,622
Total	4,172,994	4,543,571	4,570,053
Music			
Recorded Music – Streaming	709,453	788,772	852,672
Recorded Music – Others	356,646	407,260	492,656
Music Publishing	326,727	379,812	419,864
Visual Media and Platform	202,129	244,419	325,342
Total	1,594,955	1,820,263	2,090,534
Pictures			
Motion Pictures	542,044	610,313	495,655
Television Productions	551,035	459,281	512,372
Media Networks	393,638	428,940	478,269
Total	1,486,717	1,498,534	1,486,296
Entertainment, Technology & Services			
Imaging	714,492	737,639	722,465
Sound	295,592	290,538	278,846
Network Services	179,200	179,704	188,308
Displays	662,179	597,777	476,305
Other	563,483	557,180	518,891
Total	2,414,946	2,362,838	2,184,815
Imaging & Sensing Solutions	1,503,906	1,712,534	2,059,020
All Other	75,784	82,477	74,564
Corporate and elimination	10,735	14,700	14,338
Consolidated total	11,260,037	12,034,917	12,479,620

Note: Sony has realigned its product categories in the ET&S segment due to changes in business categories from the fiscal year ended March 31, 2026. In accordance with this realignment, results for the fiscal years ended March 31, 2024 and 2025 in the table above have been reclassified to conform to the current presentation.

In the G&NS segment, Digital Software and Add-on Content includes distribution of software titles and add-on content through the network; Network Services includes network services relating to game, video and music content; Hardware and Others includes home gaming consoles, packaged software, game software sold bundled with home gaming consoles, peripheral devices and first-party software for third-party platforms. In the Music segment, Recorded Music — Streaming includes the distribution of digital recorded music by streaming; Recorded Music — Others includes the distribution of recorded music by physical media and digital download as well as revenue derived from artists' live performances and

merchandising; Music Publishing includes the management and licensing of the words and music of songs; Visual Media and Platform includes the production and distribution of animation titles and game applications, and various service offerings for music and visual products. In the Pictures segment, Motion Pictures includes the worldwide production, acquisition and distribution of live-action and animated motion pictures; Television Productions includes the production, acquisition and distribution of television programming; Media Networks includes the operation of television networks and DTC streaming services worldwide. In the ET&S segment, Imaging includes image and video content creation products and solutions including interchangeable lens cameras and interchangeable lenses; Sound includes headphones and wireless speakers; Network Service includes internet-related services; Displays includes display products such as LCD and OLED televisions as well as projectors; Other includes smartphones, home audio products and medical equipment, as well as sports officiating support and content production support services.

Geographic Information:

Sales attributed to countries and areas based on location of external customers for the fiscal years ended March 31, 2024, 2025 and 2026 and non-current assets (property, plant and equipment, ROU assets, goodwill, content assets and other intangible assets) as of March 31, 2025 and 2026 are as follows:

	Yen in millions		
	Fiscal year ended March 31		
	2024	2025	2026
Sales:			
Japan	1,266,795	1,322,209	1,333,202
United States	3,751,239	4,127,795	4,064,440
Europe	2,632,963	2,630,934	2,826,805
China	1,000,907	1,244,115	1,428,677
Asia-Pacific	1,659,776	1,640,582	1,694,889
Other Areas	948,357	1,069,282	1,131,607
Total	11,260,037	12,034,917	12,479,620

	Yen in millions	
	March 31	
	2025	2026
Non-current assets (property, plant and equipment, ROU assets, goodwill, content assets and other intangible assets):		
Japan	2,090,652	1,919,158
United States	2,915,183	3,328,940
Europe	989,679	1,119,027
China	27,372	29,899
Asia-Pacific	233,895	243,264
Other Areas	207,545	229,961
Total	6,464,326	6,870,249

Major countries and areas in each geographic segment excluding Japan, United States and China are as follows:

(1) Europe:	United Kingdom, France, Germany, Spain and Italy
(2) Asia-Pacific:	India, South Korea, Oceania, Thailand and Malaysia
(3) Other Areas:	The Middle East/Africa, Brazil, Mexico and Canada

There are no individually material countries with respect to sales or non-current assets (property, plant and equipment, ROU assets, goodwill, content assets and other intangible assets) included in Europe, Asia-Pacific and Other Areas.

Transfers between reportable business segments or geographic areas are made at individually negotiated prices that are intended to reflect a market-based transfer price.

There were no sales with any single major external customer for the fiscal years ended March 31, 2024, 2025 and 2026.

SONY GROUP CORPORATION AND CONSOLIDATED SUBSIDIARIES

5. Financial instruments

(1) Financial instruments by measurement method

The carrying amount of Sony's assets and liabilities by measurement method as of March 31, 2025 and 2026 are as follows:

	Yen in millions	
	March 31	
	2025	2026
Assets:		
Financial assets required to be measured at amortized cost ("AC")		
Investments and advances in the Financial Services segment		
Debt securities	521,054	-
Housing loans in the banking business	3,763,261	-
Other loans	21,950	-
Trade and other receivables*		
Trade receivables	1,923,433	1,806,487
Other receivables	12,364	12,071
Other financial assets		
Time deposit	6,179	4,473
Security deposit	150,950	29,672
Non-current other receivables in the Pictures segment	104,943	90,816
Other	70,514	87,499
Financial assets required to be measured at fair value through profit or loss ("FVPL")		
Investments and advances in the Financial Services segment		
Debt securities	1,394,539	-
Equity securities	3,740,189	-
Other financial assets		
Debt securities	20,555	23,417
Equity securities	487,454	470,508
Derivative assets	86,141	27,954
Financial assets designated to be measured at FVPL		
Investments and advances in the Financial Services segment		
Debt securities	893,972	-
Financial assets required to be measured at fair value through other comprehensive income ("FVOCI")		
Investments and advances in the Financial Services segment		
Debt securities	8,849,130	-
Other financial assets		
Debt securities	139	158
Financial assets designated to be measured at FVOCI		
Investments and advances in the Financial Services segment		
Equity securities	5,880	-
Other financial assets		
Equity securities	382,947	467,489
Total assets	22,435,594	3,020,544
Current assets	2,534,666	1,846,725
Non-current assets	19,900,928	1,173,819

* The amounts of trade and other receivables exclude contract assets within trade and other receivables, and contract assets in the consolidated statements of financial position.

Cash and cash equivalents are excluded from the table above. Refer to Note 27.

	Yen in millions	
	March 31	
	2025	2026
Liabilities:		
Financial liabilities required to be measured at AC		
Short-term borrowings	1,843,959	51,183
Current portion of long-term debt*1	196,950	166,410
Trade and other payables		
Trade payables	1,927,633	2,047,388
Other payables	123,454	139,010
Deposits from customers in the banking business*2	4,243,962	-
Long-term debt*1	1,557,867	824,393
Lease liabilities*1	599,470	627,683
Deferred consideration*3	95,942	59,652
Investment contract liabilities	62,772	-
Other financial liabilities	79,340	50,795
Financial liabilities required to be measured at FVPL		
Other financial liabilities		
Derivative liabilities	154,526	70,216
Contingent consideration	25,785	16,549
Financial liabilities designated to be measured at FVPL		
Other financial liabilities		
Redeemable noncontrolling interests	52,963	78,568
Total liabilities	10,964,623	4,131,847
Current liabilities	8,323,430	2,668,104
Non-current liabilities	2,641,193	1,463,743

*1 As described in Note 2 (5), “Lease liabilities,” which had previously been included within “Current portion of long-term debt” and “Long-term debt,” has increased in materiality and is presented separately from the fiscal year ended March 31, 2026. As a result of this change, “Current portion of long-term debt” of 90,495 million yen and “Long-term debt” of 508,975 million yen as of March 31, 2025 have been reclassified to “Lease liabilities” of 599,470 million yen.

*2 Deposits from customers in the banking business include the non-current portion that is recorded within other financial liabilities in the consolidated statements of financial position.

*3 Deferred consideration is recorded within other financial liabilities or trade and other payables in the consolidated statements of financial position.

(2) Financial instruments measured at fair value on a recurring basis

The following section describes the valuation techniques used by Sony to measure different financial instruments at fair value, including an indication of the level in the fair value hierarchy in which each instrument is generally classified.

Debt instruments and equity instruments

Where quoted prices of financial instruments are available in an active market, these instruments are classified in Level 1 of the fair value hierarchy. Level 1 financial instruments include exchange-traded equity instruments. If quoted market prices are not available for the specific financial instruments or the market is inactive, then fair values are estimated by using pricing models, quoted prices of financial instruments with similar characteristics or discounted cash flow method and mainly classified in Level 2 of the fair value hierarchy. Level 2 financial instruments include debt instruments with quoted prices that are not traded as actively as exchange-traded instruments, such as the majority of government bonds and corporate bonds. In certain cases where there is limited activity or less transparency around inputs to the valuation, these instruments are classified within Level 3 of the fair value hierarchy. Level 3 financial instruments primarily include certain private equity investments, investment funds, securitized products which are not classified within Level 1 or Level 2 and domestic and foreign corporate bonds for which quoted prices are not available in a market and where there is less transparency around inputs. Sony estimates the fair value for private equity investments primarily by using comparable company analysis and discounted cash flow method. The price book-value ratio and price earnings ratio of comparable companies, as well as cost of capital and EBITDA multiples for the terminal value used in discounted cash flow method, are primarily used as significant unobservable inputs in the fair value measurement of equity securities classified as Level 3. The fair value increases (decreases) as the price book-value ratio and price earnings ratio of comparable companies rise (decline). In addition, the fair value increases (decreases), as the cost of capital declines (rises) and EBITDA multiples rise (decline), both of which are used in discounted cash flow method. Sony estimates the fair value for certain investment funds by using the net asset value. Sony estimates the fair value

for securitized products and domestic and foreign corporate bonds for which quoted prices are not available in a market and where there is less transparency around inputs by using third-party information such as indicative quotes from dealers without adjustment or discounted cash flow method. For validating the fair values of Level 3 financial instruments, Sony primarily uses internal models which include management judgment or estimation of assumptions that market participants would use in pricing the asset.

Derivatives

Exchange-traded derivatives valued using quoted prices are classified within Level 1 of the fair value hierarchy. However, few classes of derivative contracts are listed on an exchange; thus, the majority of Sony's derivative positions are valued using internally developed models that use as their basis readily observable market parameters, meaning parameters that are actively quoted and can be validated to external sources, including pricing services. Depending on the types and contractual terms of derivatives, fair value can be modeled using a series of techniques, such as the Black-Scholes model, which are consistently applied. For derivative products that have been established for some time, Sony uses models that are widely accepted in the financial services industry. These models reflect the contractual terms of the derivatives, including the period to maturity, and market-based parameters such as interest rates, volatility, and the credit rating of the counterparty. Further, many of these models do not contain a high level of subjectivity as the techniques used in the models do not require significant judgment, and inputs to the model are readily observable from actively quoted markets. Such instruments are generally classified within Level 2 of the fair value hierarchy. If significant unobservable inputs are used in the models, such instruments are classified within Level 3.

In determining the fair value of Sony's interest rate swap derivatives, Sony uses the present value of expected cash flows based on market observable interest rate yield curves commensurate with the term of each instrument. For foreign currency derivatives, Sony's approach is to use forward contract valuation models employing market observable inputs, such as spot currency rates and time value. These derivatives are classified within Level 2 since Sony primarily uses observable inputs in its valuation of its derivative assets and liabilities.

SONY GROUP CORPORATION AND CONSOLIDATED SUBSIDIARIES

The fair value of Sony's assets and liabilities that are measured at fair value on a recurring basis as of March 31, 2025 and 2026 is as follows:

	Yen in millions							
	March 31, 2025							
					Presentation in the consolidated statements of financial position			
	Level 1	Level 2	Level 3	Total	Investments and advances in the Financial Services segment (Current)	Other financial assets (Current)	Investments and advances in the Financial Services segment (Non-current)	Other financial assets (Non-current)
Assets:								
Financial assets required to be measured at FVPL								
Debt securities								
Japanese national government bonds	-	411,764	-	411,764	-	-	411,764	-
Japanese local government bonds	-	1,225	-	1,225	-	-	1,225	-
Japanese corporate bonds	-	19,828	33	19,861	-	-	19,828	33
Foreign government bonds	41,867	179,346	-	221,213	-	-	221,213	-
Foreign corporate bonds	-	24,657	2,849	27,506	-	-	24,657	2,849
Investment funds	-	666,662	66,863	733,525	-	-	715,852	17,673
Equity securities	4,210,845	7,120	9,678	4,227,643	-	-	3,740,189	487,454
Derivative assets								
Interest rate contracts	-	65,433	-	65,433	-	493	-	64,940
Foreign exchange contracts	-	15,255	-	15,255	-	13,821	-	1,434
Equity contracts	910	911	2,346	4,167	-	4,167	-	-
Bond contracts	1,286	-	-	1,286	-	1,286	-	-
Financial assets designated to be measured at FVPL								
Debt securities								
Japanese national government bonds	-	757,357	-	757,357	3,494	-	753,863	-
Japanese local government bonds	-	8,596	-	8,596	8,596	-	-	-
Foreign government bonds	-	50,569	-	50,569	5,639	-	44,930	-
Foreign corporate bonds	-	71,408	6,042	77,450	25,659	-	51,791	-
Financial assets required to be measured at FVOCI								
Debt securities								
Japanese national government bonds	-	6,134,141	-	6,134,141	35,000	-	6,099,141	-
Japanese local government bonds	-	71,752	-	71,752	11,055	-	60,697	-
Japanese corporate bonds	-	693,016	111,792	804,808	11,087	-	793,721	-
Foreign government bonds	-	1,315,058	-	1,315,058	4,612	-	1,310,307	139
Foreign corporate bonds	-	353,862	61,068	414,930	29,447	-	385,483	-
Securitized products	-	59,702	48,878	108,580	-	-	108,580	-
Financial assets designated to be measured at FVOCI								
Equity securities	86,339	-	302,488	388,827	-	-	5,880	382,947
Total assets	4,341,247	10,907,662	612,037	15,860,946	134,589	19,767	14,749,121	957,469

					Presentation in the consolidated statements of financial position	
	Level 1	Level 2	Level 3	Total	Other financial liabilities (Current)	Other financial liabilities (Non-current)
Liabilities:						
Financial liabilities required to be measured at FVPL						
Derivative liabilities						
Interest rate contracts	-	15,835	-	15,835	1,016	14,819
Foreign exchange contracts	-	15,778	-	15,778	15,778	-
Equity contracts	514	-	118,606	119,120	514	118,606
Bond contracts	3,793	-	-	3,793	3,793	-
Contingent consideration	-	-	25,785	25,785	11,594	14,191
Financial liabilities designated to be measured at FVPL						
Redeemable noncontrolling interests	-	-	52,963	52,963	10,912	42,051
Total liabilities	4,307	31,613	197,354	233,274	43,607	189,667

SONY GROUP CORPORATION AND CONSOLIDATED SUBSIDIARIES

	Yen in millions					
	March 31, 2026					
					Presentation in the consolidated statements of financial position	
	Level 1	Level 2	Level 3	Total	Other financial assets (Current)	Other financial assets (Non-current)
Assets:						
Financial assets required to be measured at FVPL						
Debt securities						
Japanese corporate bonds	-	-	170	170	-	170
Foreign corporate bonds	-	-	6,601	6,601	-	6,601
Investment funds	-	-	16,646	16,646	-	16,646
Equity securities	446,932	8,547	15,029	470,508	-	470,508
Derivative assets						
Interest rate contracts	-	20,982	-	20,982	-	20,982
Foreign exchange contracts	-	6,972	-	6,972	6,972	-
Financial assets required to be measured at FVOCI						
Debt securities						
Foreign government bonds	-	158	-	158	-	158
Financial assets designated to be measured at FVOCI						
Equity securities	148,537	-	318,952	467,489	-	467,489
Total assets	595,469	36,659	357,398	989,526	6,972	982,554

					Presentation in the consolidated statements of financial position	
	Level 1	Level 2	Level 3	Total	Other financial liabilities (Current)	Other financial liabilities (Non-current)
Liabilities:						
Financial liabilities required to be measured at FVPL						
Derivative liabilities						
Foreign exchange contracts	-	14,553	-	14,553	14,553	-
Equity contracts	-	-	55,663	55,663	55,663	-
Contingent consideration	-	-	16,549	16,549	9,906	6,643
Financial liabilities designated to be measured at FVPL						
Redeemable noncontrolling interests	-	-	78,568	78,568	35,663	42,905
Total liabilities	-	14,553	150,780	165,333	115,785	49,548

Cash and cash equivalents are excluded from the tables above. Refer to Note 27.

Transfers of debt securities from Level 2 to Level 1 were 2,557 million yen for the fiscal year ended March 31, 2025, as quoted prices in active markets for certain debt securities became available. There were no transfers of debt securities from Level 2 to Level 1 for the fiscal year ended March 31, 2026. Transfers of debt securities from Level 1 to Level 2 were 2,081 million yen for the fiscal year ended March 31, 2025, as quoted prices in active markets for certain debt securities became unavailable. There were no transfers of debt securities from Level 1 to Level 2 for the fiscal year ended March 31, 2026.

Equity securities which are classified as financial assets required to be measured at FVPL mainly include foreign equity securities, and equity securities which are classified as financial assets designated to be measured at FVOCI mainly consist of Japanese equity securities. Transfers of equity securities from Level 2 to Level 1 were 1,480 million yen for the fiscal year ended March 31, 2025, as quoted prices in active markets for certain equity securities became available. There were no transfers of equity securities from Level 2 to Level 1 for the fiscal year ended March 31, 2026.

The amount of transfers is calculated by assuming that transfers between levels occurred as of April 1 if transfers between levels occur during the period from April 1 through September 30, or as of October 1 if they occur during the period from October 1 through March 31 of the following year.

SONY GROUP CORPORATION AND CONSOLIDATED SUBSIDIARIES

The valuation techniques used to measure the fair value of assets and liabilities classified as Level 3, significant unobservable inputs that have a material impact on fair value measurement, and their respective ranges, are as follows:

	Valuation technique(s)	Significant unobservable inputs	Range	
			March 31, 2025	March 31, 2026
Financial assets required to be measured at FVOCI				
Debt securities				
Japanese corporate bonds	Discounted cash flow	Credit spread	53bp-71bp	-
Securitized products			80bp-140bp	-
Financial liabilities required to be measured at FVPL				
Derivative liabilities				
Equity contracts	Option pricing (Black-Scholes)	Volatility	47.7%-57.0%	51.1%-67.7%

* bp = basis point

For assets classified as Level 3, there are no significant unobservable inputs that have a material impact on fair value measurement as of March 31, 2026.

The decrease (increase) in fair value of the debt securities is the result of a rise (decline) of credit spreads.

For the above assets and liabilities classified as Level 3, the fair value would not change significantly, if one or more of the significant unobservable inputs were changed to reflect reasonably possible alternative assumptions.

SONY GROUP CORPORATION AND CONSOLIDATED SUBSIDIARIES

The changes in fair value of Level 3 assets and liabilities for the fiscal years ended March 31, 2025 and 2026 are as follows:

	Yen in millions								
	Fiscal year ended March 31, 2025								
		Total gains (losses)*1							
	Beginning balance	Net income*2	Other comprehensive income*3	Purchases	Sales and settlements	Transfers to Level 3	Transfers out of Level 3*4	Other*5	Ending balance
Assets:									
Financial assets required to be measured at FVPL									
Debt securities									
Japanese corporate bonds	20	-	-	33	-	-	-	(20)	33
Foreign corporate bonds	2,933	(53)	-	-	(31)	-	-	-	2,849
Investment funds	67,355	2,580	(94)	35,176	(37,968)	-	-	(186)	66,863
Equity securities	9,434	(1,725)	(1)	2,391	(421)	-	-	-	9,678
Derivative assets									
Equity contracts	2,379	-	(33)	-	-	-	-	-	2,346
Financial assets designated to be measured at FVPL									
Debt securities									
Foreign corporate bonds	5,923	119	-	-	-	-	-	-	6,042
Financial assets required to be measured at FVOCI									
Debt securities									
Japanese corporate bonds	138,848	9	(27,065)	-	-	-	-	-	111,792
Foreign corporate bonds	34,757	(939)	(452)	48,023	(17,628)	-	(2,693)	-	61,068
Securitized products	22,008	(1,605)	37	40,906	(12,468)	-	-	-	48,878
Financial assets designated to be measured at FVOCI									
Equity securities	249,181	-	(16,430)	7,200	(2,185)	-	(1,699)	66,421	302,488
Liabilities:									
Financial liabilities required to be measured at FVPL									
Derivative liabilities									
Equity contracts	-	121,082	(2,476)	-	-	-	-	-	118,606
Contingent consideration	50,343	(3,013)	(260)	3,101	(24,221)	-	-	(165)	25,785
Financial liabilities designated to be measured at FVPL									
Redeemable noncontrolling interests	54,028	(610)	(348)	6,199	(6,306)	-	-	-	52,963

SONY GROUP CORPORATION AND CONSOLIDATED SUBSIDIARIES

	Yen in millions								
	Fiscal year ended March 31, 2026								
		Total gains (losses)*1							
	Beginning balance	Net income*2	Other comprehensive income*3	Purchases	Sales and settlements	Transfers to Level 3	Transfers out of Level 3*4	Other*6	Ending balance
Assets:									
Financial assets required to be measured at FVPL									
Debt securities									
Japanese corporate bonds	33	(9)	-	26	-	-	-	120	170
Foreign corporate bonds	2,849	201	-	3,551	-	-	-	-	6,601
Investment funds	66,863	(2,296)	399	3,873	(2,302)	-	-	(49,891)	16,646
Equity securities	9,678	401	1	7,067	(160)	-	-	(1,958)	15,029
Derivative assets									
Equity contracts	2,346	(2,119)	20	-	(247)	-	-	-	-
Financial assets designated to be measured at FVPL									
Debt securities									
Foreign corporate bonds	6,042	74	-	-	-	-	(1,808)	(4,308)	-
Financial assets required to be measured at FVOCI									
Debt securities									
Japanese corporate bonds	111,792	4	(17,509)	-	-	-	-	(94,287)	-
Foreign corporate bonds	61,068	727	70	29,629	(16,921)	-	-	(74,573)	-
Securitized products	48,878	154	19	31,207	(4,816)	-	(12,650)	(62,792)	-
Financial assets designated to be measured at FVOCI									
Equity securities	302,488	-	(11,154)	31,126	(3,005)	-	-	(503)	318,952
Liabilities:									
Financial liabilities required to be measured at FVPL									
Derivative liabilities									
Equity contracts	118,606	(67,174)	4,231	-	-	-	-	-	55,663
Contingent consideration	25,785	(873)	1,480	1,271	(10,933)	-	-	(181)	16,549
Financial liabilities designated to be measured at FVPL									
Redeemable noncontrolling interests	52,963	2,865	3,472	20,360	(1,092)	-	-	-	78,568

*1 For liability items, gains are presented as negative and losses are presented as positive.

*2 Gains (losses) recognized in net income are included in other operating (income) expense, net, financial income, financial expenses and net income (loss) from discontinued operations in the consolidated statements of income. In connection with the Resolution for the plan regarding the execution of the Partial Spin-off of the Financial Services business, the Financial Services business was classified as a discontinued operation. Therefore, income and loss from the Financial Services business is included in net income (loss) from discontinued operations, which was previously included in financial services revenue in the consolidated statements of income.

*3 Gains (losses) recognized in other comprehensive income are included in changes in equity instruments measured at fair value through other comprehensive income, exchange differences on translating foreign operations and other comprehensive income from discontinued operations in the consolidated statements of comprehensive income. In connection with the Resolution for the plan regarding the execution of the Partial Spin-off of the Financial Services business, the Financial Services business was classified as a discontinued operation. Therefore, other comprehensive income from the Financial Services business, which was previously included in changes in equity instruments measured at fair value through other comprehensive income and changes in debt instruments measured at fair value through other comprehensive income in the consolidated statements of comprehensive income, is included in other comprehensive income from discontinued operations.

*4 Certain financial assets were transferred from Level 3 because observable market data became available.

*5 This column primarily includes the amount of equity securities designated to be measured at fair value through other comprehensive income due to a change in the scope of consolidation.

*6 This column primarily includes the amount excluded from consolidation as a result of the execution of the Partial Spin-off of the Financial Services business.

SONY GROUP CORPORATION AND CONSOLIDATED SUBSIDIARIES

The changes in unrealized gains (losses) recognized in net income for Level 3 assets and liabilities held as of March 31, 2025 and 2026 are as follows:

	Yen in millions	
	Fiscal year ended March 31	
	2025	2026
Assets:		
Financial assets required to be measured at FVPL		
Debt securities		
Japanese corporate bonds	-	(9)
Foreign corporate bonds	(39)	201
Investment funds	(1,801)	(2,067)
Equity securities	(840)	319
Financial assets designated to be measured at FVPL		
Debt securities		
Foreign corporate bonds	119	-
Financial assets required to be measured at FVOCI		
Debt securities		
Japanese corporate bonds	9	-
Foreign corporate bonds	(939)	-
Securitized products	(1,610)	-
Liabilities:		
Financial liabilities required to be measured at FVPL		
Derivative liabilities		
Equity contracts	(121,082)	67,174
Contingent consideration	(1,223)	(524)
Financial liabilities designated to be measured at FVPL		
Redeemable noncontrolling interests	600	(2,865)

Unrealized gains (losses) recognized in net income are included in other operating (income) expense, net, financial income, financial expenses and net income (loss) from discontinued operations in the consolidated statements of income. In connection with the Resolution for the plan regarding the execution of the Partial Spin-off of the Financial Services business, the Financial Services business was classified as a discontinued operation. Therefore, income and loss from the Financial Services business is included in net income (loss) from discontinued operations, which was previously included in financial services revenue in the consolidated statements of income.

Sony generally elects to designate investments in equity instruments held to promote its businesses and to maintain and enhance the business relationship as financial assets measured at fair value through other comprehensive income based on the purposes of holding the investments.

Equity instruments measured at fair value through other comprehensive income as of March 31, 2025 and 2026 comprise the following:

	Yen in millions	
	March 31	
	2025	2026
Marketable equity instruments	86,339	148,537
Non-marketable equity instruments	302,488	318,952
Total	388,827	467,489

Significant marketable equity instruments measured at fair value through other comprehensive income as of March 31, 2025 and 2026 are as follows:

	Yen in millions	
	March 31	
	2025	2026
KADOKAWA Corporation	52,951	62,200
ANYCOLOR Inc.	10,815	9,706
Bandai Namco Holdings Inc.	-	61,872

SONY GROUP CORPORATION AND CONSOLIDATED SUBSIDIARIES

The balances of the non-marketable instruments measured at fair value through other comprehensive income by major sector categories as of March 31, 2025 and 2026 are as follows:

	Yen in millions	
	March 31	
	2025	2026
Entertainment*1	181,000	171,267
Manufacturing*2	91,099	114,305
Information technology, Communication and Service*3	27,987	29,810

*1 Major investments included Epic Games, Inc.

*2 Major investments included Japan Advanced Semiconductor Manufacturing, Inc. and Nichia Corporation as of March 31, 2025.
Major investments included Japan Advanced Semiconductor Manufacturing, Inc., Rapidus Corporation and Nichia Corporation as of March 31, 2026.

*3 Major investments included Semiconductor Energy Laboratory Co., Ltd.

In order to enhance the efficiency of using assets held effectively, Sony derecognizes equity instruments measured at fair value through other comprehensive income upon the sale of the investment. Information relating to investments derecognized during the fiscal years ended March 31, 2025 and 2026 is as follows:

	Yen in millions	
	Fiscal year ended March 31	
	2025	2026
Fair value at derecognition	32,275	10,073
Cumulative amount recognized in other comprehensive income, net of tax*	(29,508)	(3,892)
Dividend received	-	-

* The cumulative amount recognized in other comprehensive income, net of tax, was transferred to retained earnings upon derecognition of the equity instruments.

SONY GROUP CORPORATION AND CONSOLIDATED SUBSIDIARIES

(3) Financial instruments measured at amortized cost

The fair values by fair value hierarchy level of certain financial instruments that are measured at amortized cost as of March 31, 2025 and 2026 are summarized as follows:

	Yen in millions				
	March 31, 2025				
	Fair value				Carrying amount
	Level 1	Level 2	Level 3	Total	Total
Assets:					
Debt securities					
Japanese local government bonds	-	11,696	-	11,696	11,626
Japanese corporate bonds	-	24,273	-	24,273	24,916
Foreign corporate bonds	-	937	-	937	935
Securitized products	-	-	439,132	439,132	439,281
Other	-	29,820	14,364	44,184	44,296
Housing loans in the banking business	-	-	3,709,148	3,709,148	3,763,261
Total assets	-	66,726	4,162,644	4,229,370	4,284,315
Liabilities:					
Long-term debt including the current portion	-	1,621,264	101,632	1,722,896	1,754,817
Investment contract liabilities	-	60,558	-	60,558	62,772
Total liabilities	-	1,681,822	101,632	1,783,454	1,817,589

	Yen in millions				
	March 31, 2026				
	Fair value				Carrying amount
	Level 1	Level 2	Level 3	Total	Total
Liabilities:					
Long-term debt including the current portion	-	962,660	1,874	964,534	990,803
Total liabilities	-	962,660	1,874	964,534	990,803

The table above does not include financial instruments measured at amortized cost whose carrying amounts approximate their fair values mainly due to their short-term nature.

As a result of the execution of the Partial Spin-off of the Financial Services business, SFGI, which operates the Financial Services business, has been excluded from consolidation. Therefore, financial assets that are measured at amortized cost are presented only as of March 31, 2025.

The fair values of long-term debt, including the current portion classified as Level 2, are estimated mainly based on discounted future cash flows using Sony's current rates for similar liabilities.

As of March 31, 2025, the fair values of investment contract liabilities classified as Level 2 were determined by using the present value of expected cash flows based on risk-free interest rate yield curves adjusted for items such as credit risk.

As of March 31, 2025, financial instruments classified as Level 3 mainly included housing loans in the banking business, securitized products and certain bonds issued by Sony. In determining the fair value of such financial instruments, Sony used the present value of expected cash flows based on risk-free interest rate yield curves adjusted for items such as credit risk.

SONY GROUP CORPORATION AND CONSOLIDATED SUBSIDIARIES

6. Financial risk management

As a result of the execution of the Partial Spin-off of the Financial Services business, SFGI, which operates the Financial Services business, has been excluded from consolidation. Therefore, each risk related to the Financial Services business is presented only as of March 31, 2025.

(1) Capital risk

Sony refers to Return on Equity ("ROE") as an indicator for capital risk management in the light of ensuring financial soundness.

	March 31	
	2025	2026
ROE*	13.5%	12.6%

* ROE is calculated using equity attributable to Sony Group Corporation's stockholders and net income from continuing operations attributable to Sony Group Corporation's stockholders, and the ROE for the fiscal year ended March 31, 2025 has also been represented accordingly.

(As of March 31, 2025)

Sony manages capital separately for the Financial Services business and the Sony Group without the Financial Services business because certain subsidiaries in the Financial Services business are subject to the below restrictions. Sony also refers to the ratio of stockholders' equity to total assets of the Sony Group without the Financial Services business to ensure financial soundness.

In the Financial Services business, Sony is required to maintain the soundness indicators at a certain level or higher based on the Insurance Business Act and the Banking Act of Japan. Material requirements which Sony is subject to are as follows:

Insurance business: Solvency margin ratio

The life insurance subsidiary and the non-life insurance subsidiary have maintained a solvency margin ratio required by the Japanese domestic criteria.

Banking business: Capital adequacy ratio

The banking subsidiary has maintained a capital adequacy ratio required by the Japanese domestic criteria.

Accordingly, lending and borrowing between subsidiaries in the Financial Services business and the other companies within Sony Group is strictly limited. The carrying amount of total assets of SFGI as of March 31, 2025 is 21,072,828 million yen. The carrying amount of total liabilities of SFGI as of March 31, 2025 is 19,999,916 million yen.

As a result of the execution of the Partial Spin-off of the Financial Services business, SFGI, which operates the Financial Services business, has been excluded from consolidation. Therefore, there are no balances of total assets and liabilities related to the Financial Services business as of March 31, 2026.

(2) Interest rate risk

For interest rate risk inherent in the insurance business, which is included in the Financial Services business, refer to Note 13. For interest rate risk inherent in the banking business, which is included in the Financial Services business, refer to (7) Market risks for the banking business.

Risk management policy and exposure

Interest rate risk is the risk the fair value of a financial instrument or future cash flows of the financial instrument will fluctuate because of changes in market interest rates.

Continuing operations are exposed to interest rate risk that is mainly related to its liabilities such as short-term borrowings and long-term debt as well as bonds. The amount of interest will be affected by changes in market interest rates; therefore, Sony is exposed to the interest rate risk that the future cash outflows for interest payments will fluctuate.

Sony raises funds by issuing fixed-rate bonds in order to avoid an increase in future interest payments that is mainly resulting from an increase in interest rates.

Also, Sony utilizes interest rate swap agreements to reduce funding costs, to diversify sources of funding, and to hedge the downside risk on borrowings and debt securities resulting from unfavorable fluctuations of interest rates and currency exchange rates, and from changes in the fair value of financial instruments. Therefore, the interest rate risk associated with cash flows of continuing operations is not significant.

SONY GROUP CORPORATION AND CONSOLIDATED SUBSIDIARIES

(3) Price risk

For price risk inherent in the insurance business, which is included in the Financial Services business, refer to Note 13. For price risk inherent in the banking business, which is included in the Financial Services business, refer to (7) Market risks for the banking business.

Risk management policy and exposure

Sony is exposed to securities price risk inherent in holding of equities in other entities in Japan and overseas countries. Sony periodically assesses fair values of equity instruments and the financial conditions of the issuers of such equity instruments, and reviews its portfolio on a regular basis.

Price sensitivity analysis

The table below shows the effects on income before income taxes and other comprehensive income (before considering the tax effects) as of March 31, 2025 and 2026 if market prices of marketable equity instruments (e.g., stocks) had decreased by 10%.

	Yen in millions	
	March 31	
	2025	2026
Income before income taxes	(47,269)	(44,693)
Other comprehensive income (before considering the tax effects)	(8,114)	(14,854)

(4) Liquidity risk

For liquidity risk inherent in the insurance business, which is included in the Financial Services business, refer to Note 13. This section does not include information regarding the insurance business other than maturity analysis for financial liabilities.

Risk management policy

The description below covers basic financial policy and figures for Sony's consolidated operations except for the Financial Services business and certain subsidiaries, which secure liquidity on their own. Furthermore, the banking business in the Financial Services business is described separately at the end of this section.

Liquidity Management and Market Access

An important financial objective of Sony is to maintain the strength of its financial condition, while securing adequate liquidity for business activities. Sony defines its liquidity sources as the amount of cash and cash equivalents ("cash balance") (excluding restrictions on capital transfers mainly due to national regulations) and the unused amount of committed lines of credit. Funding requirements that arise from maintaining liquidity are principally covered by cash flow from operating and investing activities (including asset sales) and by the available cash balance; however, Sony also raises funds as needed from financial and capital markets through means such as corporate bonds, commercial paper ("CP") and bank loans. Sony Group Corporation, Sony Global Treasury Services Plc ("SGTS"), a finance subsidiary in the U.K. and Sony Capital Corporation ("SCC"), a finance subsidiary in the U.S., maintain CP programs with access to the Japanese, U.S. and European CP markets. The borrowing limits under these CP programs, translated into yen, were 1,299.3 billion yen in total for Sony Group Corporation, SGTS and SCC as of March 31, 2026. There were no amounts outstanding under the CP programs as of March 31, 2026. If disruption and volatility occur in financial and capital markets and Sony becomes unable to raise sufficient funds from these sources, Sony may also draw down funds from contractually committed lines of credit from various financial institutions. Sony has a total, translated into yen, of 789.6 billion yen in unused committed lines of credit, as of March 31, 2026. Details of those committed lines of credit are: a 350.0 billion yen committed line of credit contracted with a syndicate of Japanese banks, a 1.7 billion U.S. dollar multi-currency committed line of credit also contracted with a syndicate of Japanese banks and a 1.05 billion U.S. dollar multi-currency committed line of credit contracted with a syndicate of foreign banks. Sony currently believes that it can sustain sufficient liquidity through access to committed lines of credit with financial institutions, together with its available cash balance, even in the event that financial and capital markets become illiquid. Sony considers one of management's top priorities to be the maintenance of stable and appropriate credit ratings in order to ensure financial flexibility for liquidity and capital management and continued adequate access to sufficient funding resources in the financial and capital markets. However, in the event of a downgrade in Sony's credit ratings, there are no financial covenants in any of Sony's material financial agreements with financial institutions that would cause an acceleration of the obligation. Even though the cost of borrowing for some committed lines of credit could change according to Sony's credit ratings, there are no financial covenants that would cause any impairment on the ability to draw down on unused facilities.

SONY GROUP CORPORATION AND CONSOLIDATED SUBSIDIARIES

Cash Management

Sony manages its global cash management activities primarily through Sony Group Corporation in Japan, SCC in the U.S. and SGTS in other regions. The excess or shortage of cash at most of Sony's subsidiaries is invested or funded by Sony Group Corporation, SGTS and SCC on a net basis, although Sony recognizes that fund transfers are limited in certain countries and geographic areas due to restrictions on capital transactions. In order to pursue more efficient cash management, cash surpluses among Sony's subsidiaries are deposited with Sony Group Corporation, SGTS and SCC, and cash shortfalls among subsidiaries are covered by loans through Sony Group Corporation, SGTS and SCC, so that Sony can make use of excess cash balances and reduce third-party borrowings. Where local restrictions prevent an efficient intercompany transfer of funds, Sony's intent is that cash balances remain outside of Sony Group Corporation, SGTS and SCC and that Sony meets its liquidity needs through ongoing cash flows, external borrowings, or both. Sony does not expect restrictions of capital transactions on amounts held outside of Japan to have a material effect on Sony's overall liquidity, financial condition or results of operations.

Banking business in the Financial Services business

(As of March 31, 2025)

In the banking business in the Financial Services business, by formulating and conforming with liquidity risk management policies, Sony manages its liquidity risks. Sony defines liquidity risk as cash flow risk and market liquidity risk. Cash flow risk is the risk associated with losses due to Sony's inability to make cash payments because of a failure to maintain sufficient cash reserves at settlement, as well as risks associated with losses if Sony is forced to raise funds under unfavorable conditions in order to fulfill cash payment obligations. The levels of cash flow risks are classified into phases based on the degree of pressure, and methods of risk management and reporting are set out for each phase, while guidelines are formulated and reviewed as necessary. Market liquidity risk is the risk associated with losses due to Sony's inability to conduct market transactions, in particular due to an inability to unwind its market position at a given time, or due to Sony being forced to complete transactions under unfavorable market conditions, due to market turmoil or other factors. To manage market liquidity risk, Sony works to understand market liquidity conditions that pertain to the types of products it handles. Sony formulates and revises guidelines on a product-by-product basis, as necessary. The aforementioned liquidity risk management is carried out by the risk management division. The division periodically reports risk management conditions to the banking subsidiary's Board of Directors and Executive Committee. In addition, the banking subsidiary's internal audit division conducts audits of the risk management conditions.

Maturity analysis

The following table summarizes Sony's financial liabilities as of March 31, 2025 and 2026.

	Yen in millions							
	March 31, 2025							
	Carrying amount	Total	Within 1 year	1 year to 2 years	2 years to 3 years	3 years to 4 years	4 years to 5 years	5+ years
Deposits from customers in the banking business[*1,2]	4,243,962	4,281,915	4,006,600	96,834	11,141	2,692	10,596	154,052
Bonds	664,390	688,245	114,299	128,972	103,488	93,160	162,927	85,399
Borrowings	2,934,386	2,971,250	1,934,886	264,847	233,755	157,629	21,521	358,612
Loan commitments	-	27,564	27,564	-	-	-	-	-
Derivative liabilities[*3]	154,526	155,095	21,479	121,611	3,173	2,693	2,340	3,799
Guarantee deposits received	45,017	45,017	31,866	100	21	7	6	13,017
Redeemable noncontrolling interests	52,963	53,750	10,912	21,588	4,447	3,405	2,287	11,111

	Yen in millions						
	March 31, 2025						
	Carrying amount	Total	Within 1 year	1 year to 2 years	2 years to 3 years	3 years to 4 years	4 years to 5 years
Lease liabilities	599,470	712,098	115,608	107,197	94,233	75,125	67,715
		5 years to 6 years	6 years to 7 years	7 years to 8 years	8 years to 9 years	9 years to 10 years	10+ years
		52,376	42,763	34,114	25,860	21,529	75,578

*1 Demand deposits are included in the "Within 1 year" category.

*2 As a result of the execution of the Partial Spin-off of the Financial Services business, SFGI, which operates the Financial Services business, has been excluded from consolidation. Therefore, there is no balance of deposits from customers in the banking business as of March 31, 2026.

*3 Breakdown of net settlements and gross settlements in the derivative liabilities are presented below.

SONY GROUP CORPORATION AND CONSOLIDATED SUBSIDIARIES

	Yen in millions						
	March 31, 2025						
	Total	Within 1 year	1 year to 2 years	2 years to 3 years	3 years to 4 years	4 years to 5 years	5+ years
Derivative contracts							
-Net settled							
Paid	155,095	21,479	121,611	3,173	2,693	2,340	3,799
Derivative contracts							
-Gross settled							
Received	-	-	-	-	-	-	-
Paid	-	-	-	-	-	-	-

	Yen in millions							
	March 31, 2026							
	Carrying amount	Total	Within 1 year	1 year to 2 years	2 years to 3 years	3 years to 4 years	4 years to 5 years	5+ years
Bonds	474,343	490,794	128,224	92,759	62,450	121,962	1,155	84,244
Borrowings	567,643	638,704	109,081	69,467	160,433	16,977	151,655	131,091
Derivative liabilities*1	70,216	70,216	70,216	-	-	-	-	-
Guarantee deposits received	7,812	7,812	-	309	25	10	10	7,458
Redeemable noncontrolling interests	78,568	81,194	37,485	9,995	1,974	9,344	1,640	20,756

	Yen in millions						
	March 31, 2026						
	Carrying amount	Total	Within 1 year	1 year to 2 years	2 years to 3 years	3 years to 4 years	4 years to 5 years
Lease liabilities	627,683	722,527	115,801	106,678	97,209	84,213	67,155
		5 years to 6 years	6 years to 7 years	7 years to 8 years	8 years to 9 years	9 years to 10 years	10+ years
		55,337	47,266	36,423	31,878	27,073	53,494

*1 Breakdown of net settlements and gross settlements in the derivative liabilities are presented below.

	Yen in millions						
	March 31, 2026						
	Total	Within 1 year	1 year to 2 years	2 years to 3 years	3 years to 4 years	4 years to 5 years	5+ years
Derivative contracts							
-Net settled							
Paid	70,216	70,216	-	-	-	-	-
Derivative contracts							
-Gross settled							
Received	-	-	-	-	-	-	-
Paid	-	-	-	-	-	-	-

Supplier Finance Arrangements

Sony has entered into supplier finance arrangements with third-party financial institutions for certain transactions with suppliers. Under these arrangements, Sony has obligations to make payments to third-party financial institutions for the same amount as payables based on such transactions with suppliers. Suppliers may receive funds from the third-party financial institutions earlier than the payment due dates. There are no supplier finance arrangements that have a significant impact on liquidity risk.

(5) Foreign exchange risk

For foreign exchange risk inherent in the insurance business, which is included in the Financial Services business, refer to Note 13. For foreign exchange risk inherent in the banking business, which is included in the Financial Services business, refer to (7) Market risks for the banking business.

SONY GROUP CORPORATION AND CONSOLIDATED SUBSIDIARIES

Risk management policy and exposure

Costs and prices of products and services in transactions denominated in foreign currencies are affected by currency exchange rate fluctuation, which may have adverse impacts on Sony's business, operating results, and financial condition. Sony seeks to reduce its exposure to foreign exchange risk mainly by using derivatives such as currency forward contracts or investing in securities denominated in the same currency.

The net amount of Sony's exposure to foreign exchange risk mainly includes the following. Foreign exchange risk exposures that are mitigated by the use of derivatives are excluded.

	Yen in millions	
	March 31	
	2025	2026
U.S. dollar	143,720	61,391
Euro	(2,903)	(4,651)

* Net exposures resulting in a liability are presented as negative and net exposures resulting in an asset are presented as positive.

Sensitivity analysis

The table below shows the effects on the income before income taxes regarding the financial instruments denominated in foreign currencies held by Sony as of March 31, 2025 and 2026 if the Japanese yen had strengthened by 10% against the U.S. dollar or euro. If the Japanese yen had weakened by 10% against the U.S. dollar or euro, there would be an opposite impact on income before income taxes in the same amount. This analysis was performed based on the assumption that all other variables stay the same.

	Yen in millions	
	March 31	
	2025	2026
U.S. dollar	(14,372)	(6,139)
Euro	290	465

(6) Credit risk

Risk management policy and exposure

Sony is exposed to credit risk in relation to its customers with outstanding trade receivables and the financial institutions who are the counterparties of derivative instruments that Sony holds to hedge the foreign exchange risk related to such trade receivables.

In order to manage risks inherent in trade receivables, Sony assesses management conditions and creditworthiness of prospective customers and sets credit limits before commencement of business in accordance with Sony's internal rules regarding credit management. After commencement of business, in accordance with Sony's internal rules regarding receivable management, Sony seeks to promptly identify and mitigate the risk of uncollectible receivables due to deterioration in the financial conditions of customers by managing payment due dates and outstanding balances by customer, consistently reviewing the status of transactions, payment history, and trends in the outstanding balance of customers, and actively monitoring their management and business conditions. Sony makes judgments about the creditworthiness of customers based on past collection experience, the current conditions, forecasts of future economic conditions and ongoing credit risk evaluations when calculating the loss allowances for the expected credit losses from trade receivables.

In addition, the credit risk inherent in derivative transactions is considered low since Sony enters into derivative transactions only with financial institutions with high creditworthiness or central clearing house counterparties, and such derivative transactions are collateralized.

(As of March 31, 2025)

The Financial Services business formulates Fundamental Principles for Risk Management and manages risks depending on its subsidiaries' size, characteristics and business. Risk Management Guidelines in the Financial Services business establish a detailed framework for risk management, and each of the subsidiaries in the Financial Services business has developed a framework for risk management on its own depending on the characteristics of financial assets, including issuer credit risk on debt securities, counterparty risks and risks related to loans, including credit screenings, credit limits, the management of credit information, credit ratings, the setting of guarantees or collateral and the handling of problem assets on a case-by-case basis. Relevant departments of subsidiaries in the Financial Services business periodically report risk management conditions to their Boards of Directors.

SONY GROUP CORPORATION AND CONSOLIDATED SUBSIDIARIES

Risk exposure analysis

(a) Changes in the loss allowances

Trade and other receivables, and contract assets including non-current other receivables in the Pictures segment

	Yen in millions	
	Lifetime expected credit losses	
	Fiscal year ended March 31	
	2025	2026
Balance at beginning of the fiscal year	33,066	26,847
Changes due to financial assets recognized at beginning of the fiscal year:		
- Financial assets that have been derecognized	(1,843)	(578)
New financial assets originated or purchased	9,408	8,486
Write-offs	(11,936)	(4,900)
Changes in models/risk parameters	(1,400)	1,801
Foreign exchange and other movements	(448)	1,896
Balance at end of the fiscal year	26,847	33,552

Debt Securities

	Yen in millions	
	12-month expected credit losses*1	
	Fiscal year ended March 31	
	2025	2026
Balance at beginning of the fiscal year	58	61
Changes due to financial assets recognized at beginning of the fiscal year:		
- Financial assets that have been derecognized	(3)	-
New financial assets originated or purchased	9	-
Changes in models/risk parameters	(3)	-
Foreign exchange and other movements*2	-	(61)
Balance at end of the fiscal year	61	-

*1 For all debt securities, Sony considers that the credit risk has not increased significantly since initial recognition, and therefore the loss allowance is measured at an amount equal to 12-months of expected credit losses.

*2 The figures for the fiscal year ended March 31, 2026 include the impact of the deconsolidation of SFGI, which operates the Financial Services business, resulting from the execution of the Partial Spin-off of the Financial Services business.

The loss allowances for debt securities are for debt securities measured at fair value through other comprehensive income as of March 31, 2025.

SONY GROUP CORPORATION AND CONSOLIDATED SUBSIDIARIES

Loans

	Yen in millions		
	12-month expected credit losses	Lifetime expected credit losses	Total
Balance as of April 1, 2024	277	1,502	1,779
Changes due to financial assets recognized as of April 1, 2024:			
- Transfer to lifetime expected credit losses	(2)	2	-
- Transfer to 12-month expected credit losses	166	(166)	-
- Financial assets that have been derecognized	(23)	(156)	(179)
New financial assets originated or purchased	32	16	48
Changes in models/risk parameters	(217)	189	(28)
Foreign exchange and other movements	-	-	-
Balance as of March 31, 2025*1	233	1,387	1,620
Changes due to financial assets recognized as of March 31, 2025:			
- Transfer to lifetime expected credit losses	-	-	-
- Transfer to 12-month expected credit losses	-	-	-
- Financial assets that have been derecognized	(0)	(19)	(19)
New financial assets originated or purchased	0	64	64
Changes in models/risk parameters	-	-	-
Foreign exchange and other movements*2	(233)	(356)	(589)
Balance as of March 31, 2026*1	0	1,076	1,076

*1 Loans that are credit-impaired as of March 31, 2025 and 2026 were not significant.

*2 The figures for the fiscal year ended March 31, 2026 include the impact of the deconsolidation of SFGI, which operates the Financial Services business, resulting from the execution of the Partial Spin-off of the Financial Services business.

(b) Description of collateral held as security and other credit enhancements

Sony assesses creditworthiness of each customer on an individual project basis. When it is determined to extend credit to a customer, the amount of collateral to be obtained will be based on the credit assessment for the customer by management. Collateral held as security includes, but is not limited to the following:

- Floating charges on all assets and businesses of the customer
- Specific or related guarantees
- Debt guarantees from customers and loan agreements with favorable and unfavorable covenant terms

The carrying amount of the financial assets, without taking into account any collateral held or credit enhancements, represents Sony's maximum exposure to credit risk on these assets. For maximum exposure to credit risk of securities to which impairment requirements in IFRS 9 "Financial Instrument" ("IFRS 9") are not applied without taking into account any collateral held or other credit enhancements, refer to Note 5.

As of March 31, 2025, in the Financial Services business, housing loans have sufficient collateral, which results in no significant loss allowance being recognized. As of March 31, 2025, there were no securities received as collateral for short-term lending transactions which were permitted to be sold or repledged.

(c) Credit risk exposure by risk rating grades

Credit risk exposure by risk rating grades as of March 31, 2025 and 2026, is as follows:

Trade and other receivables, and contract assets including non-current other receivables in the Pictures segment

	Yen in millions	
	March 31	
	2025	2026
Outstanding receivables by overview period of overdue (Gross carrying amount)		
Not past due or due within 30 days	1,972,150	1,831,302
Due over 30 to 90 days	46,897	66,618
Due over 90 days	56,512	49,238
Total	2,075,559	1,947,158

SONY GROUP CORPORATION AND CONSOLIDATED SUBSIDIARIES

Debt securities

Debt securities held in the Financial Services business are substantially all composed of investment grade debt securities, and, as a financial instrument subject to IFRS 9 impairment requirements, 12-month expected losses are recorded.

The following table shows an analysis of the gross carrying amount for debt securities measured at amortized cost or at fair value through other comprehensive income based on a credit rating system in the Financial Services business, which is primarily a composite of external credit ratings as of March 31, 2025.

	Yen in millions
	March 31
	2025
Debt securities by credit ratings (Gross carrying amount)	
AAA	895,392
AA	3,245,007
A	7,052,650
BBB	27,660
Other	45,849
Total	11,266,558

As a result of the execution of the Partial Spin-off of the Financial Services business, SFGI, which operates the Financial Services business, has been excluded from consolidation. Therefore, there is no balance of debt securities as of March 31, 2026.

Loans

Loans held in the banking business in the Financial Services business are regularly reassessed by the credit ratings of debtors, and as a financial instrument subject to IFRS 9 impairment requirements, 12-month or lifetime expected credit losses are recorded depending on whether or not the credit risk has increased significantly since initial recognition or not.

The following table shows an analysis of the gross carrying amount for loans measured at amortized cost based on credit ratings by debtors in the banking business in the Financial Services business as of March 31, 2025.

	Yen in millions						
	March 31, 2025						
	Normal*			Other than Normal			
	12-month expected credit losses	Lifetime expected credit losses	Sub total	12-month expected credit losses	Lifetime expected credit losses	Sub total	Total
Loans							
Housing loans	3,758,168	525	3,758,693	2,393	2,661	5,054	3,763,747
Other	20,861	322	21,183	7	84	91	21,274
Total	3,779,029	847	3,779,876	2,400	2,745	5,145	3,785,021

* Normal is defined as borrowers who have strong results and no particular problems with their financial position.

As a result of the execution of the Partial Spin-off of the Financial Services business, SFGI, which operates the Financial Services business, has been excluded from consolidation. Therefore, there is no balance of loans as of March 31, 2026.

(d) Credit risk for debt securities designated to be measured at fair value through profit or loss

The credit risk exposures for debt securities designated to be measured at fair value through profit or loss were 893,972 million yen as of March 31, 2025. As a result of the execution of the Partial Spin-off of the Financial Services business, SFGI, which operates the Financial Services business, has been excluded from consolidation. Therefore, there is no balance of credit risk exposures for debt securities designated to be measured at fair value through profit or loss as of March 31, 2026.

The changes in the fair value attributable to the changes in credit risk were a decrease of 208 million yen and 620 million yen for the fiscal years ended March 31, 2025 and the period from April 1 through September 30, 2025, respectively. The cumulative changes were an increase of 1,357 million yen and 737 million yen as of March 31, 2025 and September 30, 2025, respectively.

SONY GROUP CORPORATION AND CONSOLIDATED SUBSIDIARIES

(7) Market risks for the banking business

(As of March 31, 2025)

In the banking business, by formulating and conforming with market risk management policies, Sony manages the risk of loss for when the value of assets and liabilities (including off-balance-sheet items), and income from assets and liabilities could be adversely affected by changes in various market risk factors, such as interest rates, exchange rates and stock prices. Market risk management policies specify details such as risk management methods and procedures. Based on ALM and risk management policies determined by the banking subsidiary's Board of Directors, an ALM committee and a risk management committee typically meet once each month to understand and confirm actual conditions and deliberate future measures and risk conditions. On a daily basis, the risk management division maintains an overall understanding of interest, exchange rates and durations of financial assets and liabilities, and monitors Value at Risk ("VaR"), which quantifies the maximum expected loss which could occur during a given holding period and at a given probability, and interest rate sensitivity analysis, and confirms regulatory compliance. Sony also conducts interest rate swaps and other derivative transactions to hedge against interest and exchange rate fluctuation risks. VaR is calculated by the historical method (time period: 250 days, confidence level: 99.0%) and is used for quantitative analysis in managing interest and exchange rate fluctuation risks. The total market risk volume as of March 31, 2025 was 32,076 million yen. VaR is based on the assumption that risk parameters other than interest rates and exchange rates are fixed. In the event that fluctuations exceed the rational forecast band for interest and exchange rates, the risk impact may exceed the amount calculated. The aforementioned market risk management is carried out primarily by the risk management division. The division periodically reports risk management conditions to the banking subsidiary's Board of Directors and Executive Committee. In addition, the banking subsidiary's internal audit division conducts audits of the risk management conditions.

7. Inventories

Inventories are comprised of the following:

	Yen in millions	
	March 31	
	2025	2026
Finished products	837,759	791,272
Work in process	314,011	266,712
Raw materials, purchased components and supplies	159,000	169,367
Inventories	1,310,770	1,227,351

For the fiscal years ended March 31, 2024, 2025 and 2026 the write-downs of inventories were 117,633 million yen, 107,164 million yen and 111,993 million yen, respectively.

For the fiscal years ended March 31, 2024, 2025 and 2026 the amounts of inventories expensed and included in cost of sales were 3,635,969 million yen, 3,630,110 million yen and 3,492,356 million yen, respectively. Included within these amounts for the fiscal years ended March 31, 2024, 2025 and 2026 were employee benefits expenses of 307,041 million yen, 309,934 million yen and 324,366 million yen, respectively, and depreciation and amortization expenses of 287,798 million yen, 335,829 million yen and 363,227 million yen, respectively. Other cost of sales mainly consists of material costs, subcontractor costs and other professional service fees.

8. Investments in associates and joint ventures

There are no associates or joint ventures that are individually material to Sony.

The carrying amounts of investments in associates and joint ventures that are not individually material to Sony, as of March 31, 2025 and 2026 are as follows:

	Yen in millions	
	March 31	
	2025	2026
Investments accounted for using the equity method		
Associates	303,321	455,080
Joint ventures*	44,397	28,629
Total	347,718	483,709

SONY GROUP CORPORATION AND CONSOLIDATED SUBSIDIARIES

Sony's share of comprehensive income, profit or loss and other comprehensive income, of associates and joint ventures that are not individually material to Sony for the fiscal years ended March 31, 2024, 2025 and 2026 are as follows:

In connection with the Resolution for the plan regarding the execution of the Partial Spin-off of the Financial Services business, the Financial Services business was classified as a discontinued operation. Therefore, Sony's share of comprehensive income of affiliates held by the Financial Services business is included in comprehensive income (loss) from discontinued operations. Consequently, the figures for comparative periods have been re-presented. Furthermore, as a result of the execution of the Partial Spin-off of the Financial Services business, SFGI became an affiliate of Sony accounted for using the equity method. The table below includes Sony's share of comprehensive income of SFGI accounted for using the equity method after the execution of the Partial Spin-off of the Financial Services business.

	Yen in millions		
	Fiscal year ended March 31		
	2024	2025	2026
Share of profit or loss			
Associates	19,782	19,682	21,026
Joint ventures*	(9,225)	(27,547)	(85,220)
Total	10,557	(7,865)	(64,194)
Share of other comprehensive income			
Associates	5,311	(1,268)	(20,969)
Joint ventures	37	20	(70)
Total	5,348	(1,248)	(21,039)
Share of comprehensive income			
Associates	25,093	18,414	57
Joint ventures*	(9,188)	(27,527)	(85,290)
Total	15,905	(9,113)	(85,233)

* Sony Honda Mobility Inc. ("Sony Honda Mobility"), a joint venture of Sony Group Corporation and Honda Motor Co., Ltd. ("Honda"), decided to discontinue the development and launch of its electric vehicle models and downsize its business as a result of Honda's reassessment of its automobile electrification strategy announced in March 2026. Consequently, an additional 44.9 billion yen loss for the share of profit (loss) of investments accounted for using the equity method was recorded, which is included in the Sony's share of profit or loss and comprehensive income for the fiscal year ended March 31, 2026. In addition, a 25.2 billion yen loss for the share of profit (loss) of investments accounted for using the equity method, which was recognized in excess of the carrying amount of the investment in Sony Honda Mobility, is not included in the carrying amount of investments in joint ventures as of March 31, 2026, and is included in other current liabilities in the consolidated statements of financial position.

SONY GROUP CORPORATION AND CONSOLIDATED SUBSIDIARIES

9. Property, plant and equipment

The changes in property, plant and equipment for the fiscal years ended March 31, 2025 and 2026 are as follows:

	Yen in millions				
	Land	Buildings	Machinery and equipment	Construction in progress	Total
Balance as of April 1, 2024:					
Cost	85,983	1,033,758	2,551,174	185,287	3,856,202
Accumulated depreciation and impairment losses	(37)	(589,975)	(1,742,511)	(1,039)	(2,333,562)
Carrying amount	85,946	443,783	808,663	184,248	1,522,640
Changes in carrying amount:					
Additions	2,815	19,701	76,224	248,163	346,903
Acquisitions through business combinations	258	12,511	3,964	1,221	17,954
Reclassifications	371	56,556	213,401	(273,978)	(3,650)
Disposals or classified as held for sale*1	(657)	(1,957)	(5,762)	(984)	(9,360)
Depreciation*2	-	(45,722)	(301,344)	-	(347,066)
Impairment losses	-	(1,154)	(645)	(203)	(2,002)
Translation adjustment	(162)	(2,051)	901	497	(815)
Other	54	(212)	(10,904)	118	(10,944)
Total changes	2,679	37,672	(24,165)	(25,166)	(8,980)
Balance as of March 31, 2025:					
Cost	88,662	1,093,460	2,719,283	159,963	4,061,368
Accumulated depreciation and impairment losses	(37)	(612,005)	(1,934,785)	(881)	(2,547,708)
Carrying amount	88,625	481,455	784,498	159,082	1,513,660
Changes in carrying amount:					
Additions	495	14,448	73,757	260,571	349,271
Acquisitions through business combinations	-	396	1,068	-	1,464
Reclassifications	9	138,417	136,416	(276,907)	(2,065)
Disposals or classified as held for sale*1	(584)	(19,167)	(14,637)	(3,820)	(38,208)
Classified as held for distribution to owners*3	(6,672)	(24,134)	(1,535)	(62)	(32,403)
Depreciation*2	-	(47,232)	(281,288)	-	(328,520)
Impairment losses*4	-	(9,800)	(13,784)	(13,900)	(37,484)
Translation adjustment	1,440	12,139	10,053	2,179	25,811
Other	-	(463)	3,970	(1,228)	2,279
Total changes	(5,312)	64,604	(85,980)	(33,167)	(59,855)
Balance as of March 31, 2026:					
Cost	83,313	1,175,951	2,831,795	140,944	4,232,003
Accumulated depreciation and impairment losses	-	(629,892)	(2,133,277)	(15,029)	(2,778,198)
Carrying amount	83,313	546,059	698,518	125,915	1,453,805

*1 An asset or disposal group for which the cash flows are expected to arise principally from sale rather than continuing use is classified to current asset as an asset held for sale.

*2 A portion of depreciation expenses is allocated to the cost of inventory and recognized in cost of sales as inventory is sold, or directly recognized in selling, general and administrative expenses and research and development expenditures in the consolidated statements of income, depending on the use of the asset.

*3 In connection with the Resolution for the plan regarding the execution of the Partial Spin-off of the Financial Services business, the Financial Services business was classified as a discontinued operation. Therefore, assets of the Financial Services business have been classified as a disposal group held for distribution to owners. As a result of the execution of the Partial Spin-off of the Financial Services business, SFGI, which operates the Financial Services business, has been excluded from consolidation. Therefore, there are no balances related to the Financial Services business as of March 31, 2026.

*4 Refer to Note 12 for the details of impairment losses.

SONY GROUP CORPORATION AND CONSOLIDATED SUBSIDIARIES

10. Leases

Sony leases communication and commercial equipment, plant, office space, warehouses, employees' residential facilities and other assets.

(1) ROU assets as a lessee

The changes in ROU assets for the fiscal years ended March 31, 2025 and 2026 are as follows:

	Yen in millions			
	Land	Buildings	Machinery and equipment	Total
Balance as of April 1, 2024:				
Carrying amount	14,815	424,508	64,072	503,395
Changes in the carrying amount				
Increase due to new lease agreements and remeasurement of lease liabilities	6,104	102,348	6,366	114,818
Decrease due to termination of lease agreements and remeasurement of lease liabilities	(4)	(13,615)	(1,334)	(14,953)
Depreciation	(1,342)	(87,916)	(12,774)	(102,032)
Other	(288)	20,928	(183)	20,457
Total changes	4,470	21,745	(7,925)	18,290
Balance as of March 31, 2025:				
Carrying amount	19,285	446,253	56,147	521,685
Changes in the carrying amount				
Increase due to new lease agreements and remeasurement of lease liabilities	186	77,859	6,210	84,255
Decrease due to termination of lease agreements and remeasurement of lease liabilities	(38)	(9,973)	(1,777)	(11,788)
Classified as held for distribution to owners*1	(7,536)	(67,291)	(722)	(75,549)
Depreciation	(1,086)	(83,780)	(12,239)	(97,105)
Other*2	1,072	101,634	141	102,847
Total changes	(7,402)	18,449	(8,387)	2,660
Balance as of March 31, 2026:				
Carrying amount	11,883	464,702	47,760	524,345

*1 In connection with the Resolution for the plan regarding the execution of the Partial Spin-off of the Financial Services business, the Financial Services business was classified as a discontinued operation. Therefore, the assets of the Financial Services business have been classified as a disposal group held for distribution to owners. As a result of the execution of the Partial Spin-off of the Financial Services business, SFGI, which operates the Financial Services business, has been excluded from consolidation. Therefore, there are no balances related to the Financial Services business as of March 31, 2026.

*2 The amount includes 95,938 million yen of ROU assets arising from lease agreements with the Financial Services business that were previously eliminated as intercompany transactions. Following the execution of the Partial Spin-off of the Financial Services business, these leases became external transactions and are therefore recognized in the consolidated statements of financial position.

(2) Income, expenses, and cash flows (except for depreciation) arising from lease contracts as a lessee and lessor are as follows:

	Yen in millions		
	Fiscal year ended March 31		
	2024	2025	2026
Interest expenses on lease liabilities	12,833	15,401	17,326
Expenses related to short-term leases accounted for applying an exemption	20,798	35,767	32,655
Income from subleases	(1,589)	(1,202)	(1,283)
Net cash outflows for leases	100,438	109,673	112,534

Note: The above amounts include income or loss and cash flows from the Financial Services business, which are presented in net income (loss) from discontinued operations in the consolidated statements of income and in net cash used in financing activities from discontinued operations in the consolidated statements of cash flows.

Refer to Note 6 for the maturity analysis of Sony's financial liabilities including lease liabilities.

SONY GROUP CORPORATION AND CONSOLIDATED SUBSIDIARIES

Refer to Note 6 for the maturity analysis of Sony's financial liabilities including lease liabilities.

11. Goodwill and intangible assets

(1) Goodwill

The changes in goodwill for the fiscal years ended March 31, 2025 and 2026 are as follows:

	Yen in millions	
	Fiscal year ended March 31	
	2025	2026
Balance at beginning of the fiscal year		
Cost	1,884,627	1,903,617
Accumulated impairments	(397,527)	(394,896)
Carrying amount	1,487,100	1,508,721
Increase (decrease) due to:		
Acquisitions	44,424	88,058
Disposals or classified as held for sale	-	(1,245)
Classified as held for distribution to owners*1	-	(10,834)
Impairment losses*2	-	(17,430)
Translation adjustments	(22,803)	106,636
Total changes	21,621	165,185
Balance at end of the fiscal year		
Cost	1,903,617	2,084,956
Accumulated impairments	(394,896)	(411,050)
Carrying amount	1,508,721	1,673,906

*1 In connection with the Resolution for the plan regarding the execution of the Partial Spin-off of the Financial Services business, the Financial Services business was classified as a discontinued operation. Therefore, the assets of the Financial Services business were classified as a disposal group held for distribution to owners. As a result of the execution of the Partial Spin-off of the Financial Services business, SFGI, which operates the Financial Services business, has been excluded from consolidation. Therefore, there are no balances related to the Financial Services business as of March 31, 2026.

*2 Refer to Note 12 for the details of impairment losses.

The carrying amounts of goodwill by segment as of March 31, 2025 and 2026 are as follows:

	Yen in millions	
	March 31	
	2025	2026
Game & Network Services*1	460,621	487,551
Music*2	729,593	864,910
Pictures*3	283,201	285,417
Entertainment, Technology & Services	20,636	30,731
Imaging & Sensing Solutions	3,836	5,297
Financial Services (Discontinued operation)*4	10,834	-
All Other	-	-
Total	1,508,721	1,673,906

*1 Game & Network Services

All of the goodwill shown in the G&NS line of the table above is allocated to a group of CGUs which comprise the entire G&NS segment.

Intangible assets with indefinite useful lives related to the G&NS business have carrying amounts of 57,434 million yen and 57,451 million yen, as of March 31, 2025 and 2026, respectively, which are included in "Other intangible assets." Intangible assets with indefinite useful lives include the trademark for PlayStation®, which is assessed to have an indefinite useful life as the trademark for PlayStation® is utilized as the core trademark for Sony's products and services throughout the G&NS segment and Sony expects to continue using the trademark in the foreseeable future as well.

The recoverable amount of the group of CGUs is determined by the value in use. The value in use is calculated by discounting the estimated future cash flows including a terminal value. The estimated future cash flows are prepared based on the MRP. A terminal value after the final year of the total forecasted period is determined by utilizing a perpetual growth rate. The growth rate and the pre-tax discount rate were 2.0% and 10.9% as of March 31, 2025, and 2.0% and 9.6% as of March 31, 2026, respectively.

*2 Music

Goodwill shown in the Music line of the table above is primarily allocated to the worldwide recorded music and the worldwide music publishing CGUs excluding operations in Japan.

Goodwill related to the worldwide recorded music CGU has carrying amounts of 355,985 million yen and 417,461 million yen, as of March 31, 2025 and 2026, respectively. The recoverable amount of the CGU is determined by the value in use. The value in use is calculated by discounting the estimated future cash flows including a terminal value. The estimated future cash flows are prepared based on the MRP. A terminal value after the final year of the total forecasted period is determined by utilizing a perpetual growth rate. The growth rate and the pre-tax discount rate were 1.0% and 12.2% as of March 31, 2025, and 1.0% and 13.7% as of March 31, 2026, respectively.

Goodwill related to the music publishing CGU has carrying amounts of 325,590 million yen and 354,856 million yen, as of March 31, 2025 and 2026, respectively. The recoverable amount of the CGU is determined by the value in use. The value in use is calculated by discounting the estimated future cash flows including a terminal value. The estimated future cash flows are prepared based on the MRP. A terminal value after the final year of the total forecasted period is determined by utilizing a perpetual growth rate. The growth rate and the pre-tax discount rate were 3.0% and 11.1% as of March 31, 2025, and 3.4% and 12.1% as of March 31, 2026, respectively.

*3 Pictures

Goodwill shown in the Pictures line of the table above is primarily allocated to the animation distribution CGU.

Goodwill related to the animation distribution CGU has carrying amounts of 139,236 million yen and 148,230 million yen, as of March 31, 2025 and 2026, respectively. The recoverable amount of the CGU is determined by the value in use. The value in use is calculated by discounting the estimated future cash flows including a terminal value. The estimated future cash flows are prepared based on the MRP, with revenues in years beyond the MRP based on declining growth rates. A terminal value is based on a revenue multiple applied to the final year of the total forecasted period. The growth rates beyond the MRP period were 5.0% to 12.0% and 5.0% to 9.0%, and the pre-tax discount rates were 16.4% and 18.4% as of March 31, 2025 and 2026, respectively.

The value in use calculation uses key assumptions such as the pre-tax discount rate, perpetual growth rate, competitive and regulatory environment, and technology trends. For each assumption, historical experience, external information, competitors and industry trends are taken into account. Sony does not expect the recoverable amounts to be lower than the carrying amounts even when the growth rate and pre-tax discount rate that are used in the evaluation of the recoverable amounts change within a reasonably possible range.

*4 Financial Services (Discontinued operation)

In connection with the Resolution for the plan regarding the execution of the Partial Spin-off of the Financial Services business, the Financial Services business was classified as a discontinued operation and has been excluded from the reporting segments. For further information on discontinued operations, refer to Note 33.

SONY GROUP CORPORATION AND CONSOLIDATED SUBSIDIARIES

(2) Content assets

The changes in content assets for the fiscal years ended March 31, 2025 and 2026 are as follows:

	Yen in millions						
	Film costs	Broadcasting rights	Music catalogs	Artist contracts	Music distribution rights	Game content	Content assets Total
Balance as of April 1, 2024:							
Cost	5,216,247	528,970	1,401,970	54,131	52,498	170,058	7,423,874
Accumulated amortization and impairment losses	(4,684,771)	(404,729)	(335,952)	(18,475)	(17,377)	(34,457)	(5,495,761)
Carrying amount	531,476	124,241	1,066,018	35,656	35,121	135,601	1,928,113
Changes in carrying amount:							
Additions*1	425,914	112,579	141,927	4,941	17	56,013	741,391
Acquisitions through business combinations and other*2	1,868	-	202,660	3,273	5,784	-	213,585
Disposals or classified as held for sale	(43,614)	(97)	-	(564)	-	-	(44,275)
Amortization	(328,167)	(110,057)	(51,825)	(2,760)	(3,639)	(39,381)	(535,829)
Impairment losses	(14,449)	(88)	-	-	(13)	(545)	(15,095)
Translation adjustment	(9,886)	(2,894)	(23,970)	(651)	(132)	(1,309)	(38,842)
Total changes	31,666	(557)	268,792	4,239	2,017	14,778	320,935
Balance as of March 31, 2025:							
Cost	5,522,693	555,679	1,716,674	61,012	57,952	221,406	8,135,416
Accumulated amortization and impairment losses	(4,959,551)	(431,995)	(381,864)	(21,117)	(20,814)	(71,027)	(5,886,368)
Carrying amount	563,142	123,684	1,334,810	39,895	37,138	150,379	2,249,048
Changes in carrying amount:							
Additions*1	475,564	104,069	152,768	3,706	171	72,438	808,716
Acquisitions through business combinations and other*2	-	-	39,586	774	-	-	40,360
Disposals or classified as held for sale	(50,119)	(627)	-	(674)	-	-	(51,420)
Amortization	(378,855)	(96,772)	(59,510)	(3,776)	(2,236)	(54,029)	(595,178)
Impairment losses*3	(20,177)	-	(587)	(53)	-	(56,347)	(77,164)
Translation adjustment	44,281	7,018	118,825	3,431	1,499	9,199	184,253
Total changes	70,694	13,688	251,082	3,408	(566)	(28,739)	309,567
Balance as of March 31, 2026:							
Cost	6,356,737	652,384	2,062,201	69,170	61,272	311,394	9,513,158
Accumulated amortization and impairment losses	(5,722,901)	(515,012)	(476,309)	(25,867)	(24,700)	(189,754)	(6,954,543)
Carrying amount	633,836	137,372	1,585,892	43,303	36,572	121,640	2,558,615

*1 The additions in Film costs include the cost of films internally produced and acquired from third party projects. Film costs acquired from third party projects are not a significant portion of Film costs recorded by Sony. The additions in Broadcasting rights, Music catalogs, Artist contracts and Music distribution rights mainly represent acquisitions through contracts with third parties. The additions in Game content include only internally developed game content for the fiscal years ended March 31, 2025 and 2026.

*2 Refer to Notes 27 (7) and 30 (2).

*3 Refer to Note 12 for the details of impairment losses related to the Game content.

SONY GROUP CORPORATION AND CONSOLIDATED SUBSIDIARIES

(3) Other intangible assets

The changes in other intangible assets for the fiscal years ended March 31, 2025 and 2026 are as follows:

	Yen in millions						
	Patent rights, know-how and license agreements	Customer relationships	Trademarks	Software	Television carriage contracts	Other	Total
Balance as of April 1, 2024:							
Cost	212,000	70,560	59,377	1,196,266	75,716	211,848	1,825,767
Accumulated amortization and impairment losses	(192,082)	(55,627)	(19,757)	(786,276)	(50,269)	(106,154)	(1,210,165)
Carrying amount	19,918	14,933	39,620	409,990	25,447	105,694	615,602
Changes in carrying amount:							
Additions	4,121	230	825	169,476	-	5,356	180,008
Acquisitions through business combinations	8,433	4,338	6,288	4,698	-	18,031	41,788
Internal development	-	-	-	23,128	-	-	23,128
Disposals or classified as held for sale	(8)	(414)	(1)	(3,897)	-	(397)	(4,717)
Amortization	(6,734)	(6,485)	(5,547)	(127,401)	(4,324)	(15,556)	(166,047)
Impairment losses	(10)	-	-	(10,337)	-	(3)	(10,350)
Translation adjustment	(406)	(74)	(478)	(1,567)	(358)	(703)	(3,586)
Other	56	-	23	(6,372)	26	1,653	(4,614)
Total changes	5,452	(2,405)	1,110	47,728	(4,656)	8,381	55,610
Balance as of March 31, 2025:							
Cost	216,960	73,654	65,643	1,353,946	73,958	233,542	2,017,703
Accumulated amortization and impairment losses	(191,590)	(61,126)	(24,913)	(896,228)	(53,167)	(119,467)	(1,346,491)
Carrying amount	25,370	12,528	40,730	457,718	20,791	114,075	671,212
Changes in carrying amount:							
Additions	3,718	-	8	118,603	-	1,275	123,604
Acquisitions through business combinations*1	7,415	6,350	123,058	88	-	2,637	139,548
Internal development	-	-	-	22,814	-	-	22,814
Disposals or classified as held for sale	(485)	-	(386)	(10,161)	(28)	(169)	(11,229)
Classified as held for distribution to owners*2	-	-	(5)	(75,895)	-	(19)	(75,919)
Amortization	(8,029)	(3,512)	(6,057)	(122,884)	(4,223)	(15,925)	(160,630)
Impairment losses*3	(39)	(2,078)	(14,073)	(19,652)	-	(9,940)	(45,782)
Translation adjustment	903	752	2,154	7,110	1,099	2,307	14,325
Other	3,494	-	1	(19,133)	(1)	(2,726)	(18,365)
Total changes	6,977	1,512	104,700	(99,110)	(3,153)	(22,560)	(11,634)
Balance as of March 31, 2026:							
Cost	223,692	83,877	192,613	1,240,309	77,479	229,027	2,046,997
Accumulated amortization and impairment losses	(191,345)	(69,837)	(47,183)	(881,701)	(59,841)	(137,512)	(1,387,419)
Carrying amount*1	32,347	14,040	145,430	358,608	17,638	91,515	659,578

*1 Acquisitions through business combinations of trademarks for the fiscal year ended March 31, 2026 mainly consist of the acquisition of trademarks recognized in connection with the acquisition of an additional equity interest in Peanuts Holdings LLC (“Peanuts Holdings”). For further details of the acquisition of an additional equity interest, refer to Note 30 (1). As a result of the additional acquisition, the carrying amounts in Trademarks include trademarks related to the “PEANUTS” IP as intangible assets with indefinite useful lives, and the carrying amounts of such trademarks as of March 31, 2026 were 115,799 million yen. The trademarks related to the “PEANUTS” IP are classified as intangible assets with indefinite useful lives because their legal protection period is indefinite, and Sony has assessed that there is no foreseeable limit to the period over which such trademarks are expected to generate net cash inflows for Sony. Such trademarks are allocated to the CGU of the anime-related business operated by Sony Music Entertainment (Japan) Inc. (“SMEJ”) and its consolidated subsidiaries. The recoverable amount of the CGU is determined by the value in use. The

value in use is calculated by discounting the estimated future cash flows including a terminal value. The estimated future cash flows are prepared based on the MRP. A terminal value after the final fiscal year of the total forecasted period is determined by utilizing a perpetual growth rate.

*2 In connection with the Resolution for the plan regarding the execution of the Partial Spin-off of the Financial Services business, the Financial Services business was classified as a discontinued operation. Therefore, the assets of the Financial Services business have been classified as a disposal group held for distribution to owners. As a result of the execution of the Partial Spin-off of the Financial Services business, SFGI, which operates the Financial Services business, has been excluded from consolidation. Therefore, there are no balances related to the Financial Services business as of March 31, 2026.

*3 Refer to Note 12 for the details of impairment losses.

12. Impairment of non-financial assets

For the fiscal year ended March 31, 2026, considering the business environment, as a result of reviewing the future projections for the business operated by Bungie, Inc. ("Bungie"), a wholly-owned subsidiary of Sony within the G&NS segment, Sony determined that sufficient future cash flows were not expected to be generated to recover the carrying amount of the assets. As a result, Sony recognized impairment losses for the entire carrying amount of Bungie's non-financial assets, excluding goodwill, resulting in impairment losses of 65,312 million yen in other operating (income) expenses, net, related to property, plant and equipment of 11,309 million yen, ROU assets of 14,266 million yen and other intangible assets of 39,737 million yen, and also recorded impairment losses of 54,750 million yen in cost of sales related to content assets. The recoverable amount of the assets was measured using value in use with a pre-tax discount rate of 13.0%.

For the fiscal year ended March 31, 2026, considering the business environment, Sony decided to wind down the businesses operated by Pixo Holdings, Inc., a wholly-owned subsidiary of Sony within the Pictures segment, and its consolidated subsidiaries (collectively, "Pixomondo"), while completing any outstanding contractual obligations. As a result, Sony determined that there was no recoverable amount for Pixomondo's non-financial assets, including property, plant and equipment of 5,171 million yen, ROU assets of 640 million yen, goodwill of 14,355 million yen and other intangible assets of 1,944 million yen, and accordingly recognized impairment losses of 22,110 million yen in other operating (income) expenses, net.

There were no material impairment losses for the fiscal years ended March 31, 2024 and 2025.

13. Insurance contracts in the Financial Services business

(1) Significant judgments and estimates for insurance contracts

As a result of the execution of the Partial Spin-off of the Financial Services business, SFGI, which operates the Financial Services business, has been excluded from consolidation. Therefore, figures in this section are presented only as of March 31, 2025, September 30, 2025 or for the fiscal year ended March 31, 2025.

i) Measurement methods and inputs for insurance contracts

The methods and main inputs used to measure insurance contracts are as follows:

	Weighted average (%)
	March 31
	2025
Mortality rates	1.03%
Lapse and surrender rates	3.80%

Sony estimates the mortality and morbidity rates based on the historical and most recent actual outcomes and analyzes the historical experience and trends in data using statistical methods. When estimating the mortality and morbidity rates for each group of insurance contracts, Sony takes into account the characteristics of policyholders including gender, health conditions and smoking habits and the characteristics of the group of insurance contracts such as the selective effects over time. The estimates are revised in a timely manner to reflect changes in lifestyle, as well as changes in social conditions such as improvement of mortality and morbidity rates in the future.

Sony estimates the lapse and surrender rates based on the historical and most recent actual outcomes and determines the probability-weighted lapse and surrender rates for each group of insurance contracts by analyzing historical experience and trends in data using statistical methods. Lapse and surrender rates are estimated, taking into account both ordinary and dynamic lapses, and reflect the tendency to higher surrender rates when the yield on contracts increases or exceeds the guaranteed minimum for certain insurance contracts. In determining the lapse and surrender rates, historical actual data is considered. If there is no or little historical actual data, the actual results of similar products as well as domestic and overseas practical trends are used as reference.

Sony projects estimates of future expenses based on the current expense levels. The expenses comprise expenses directly attributable to the group of insurance contracts, including the allocation of fixed and variable overhead expenses. In addition, Sony applies inflation adjustments to the estimated expenses in future.

ii) Discretionary participation features of future cash flows

For certain participating insurance contracts other than direct participating contracts, the effect of discretionary changes on the fulfillment cash flows is adjusted in the CSM. Although Sony has discretionary participation features related to the investment policy for these contracts, the investment policy is established based on the market conditions. Therefore, the effect of changes in assumptions that relate to financial risk on the investment policy is included in insurance finance income or expenses. In addition, since the dividend policy can be changed at Sony's discretion, the effect of changes in the dividend policy on the fulfillment cash flows is adjusted in the CSM.

iii) Risk adjustments for non-financial risk

Risk adjustments for non-financial risk are determined to reflect the compensation that each insurance subsidiary would require for bearing non-financial risk, and are allocated to groups of insurance contracts based on an analysis of the risk profiles of the groups. Risk adjustments for non-financial risk reflect the diversification benefits, in a way that is consistent with the compensation that the insurance company would require and that reflects its degree of risk aversion.

The risk adjustments for non-financial risk are determined mainly using a cost of capital technique. In applying a cost of capital technique, Sony determines the risk adjustment for non-financial risk by applying a cost-of-capital rate to the amount of capital required for each future reporting date and discounting the result using risk-free rates adjusted for illiquidity. The required capital is determined by estimating the probability distribution of the present value of future cash flows from insurance contracts at each future reporting date and calculating the capital that Sony would require to meet its contractual obligations to pay claims and expenses at a 99.5% confidence level for one year. The cost-of-capital rate represents the additional reward that investors require for exposure to the non-financial risk. The weighted average cost-of-capital rates of Sony for the fiscal year ended March 31, 2025 was 3.0%.

In addition, the risk adjustments determined by applying a cost of capital technique for the fiscal year ended March 31, 2025 correspond to the confidence level of 81.3% (time horizon: the life of the insurance contracts).

iv) Discount rates

All cash flows are discounted using risk-free yield curves adjusted to reflect the characteristics of the cash flows and the liquidity of the insurance contracts. Sony determines the risk-free yield curves using the yields on government bonds. The yield curve is determined by incorporating long-term real interest rate and inflation expectations. Regarding extrapolation for the periods in which market data is not available, a method using an ultimate forward rate is applied. Specifically, Sony uses an ultimate forward rate of 3.5% and starts extrapolation in the 40th year (or the 30th year for U.S. dollar). The forward rates for the 41st year (or the 31st year for U.S. dollar) and onwards are extrapolated so that they will converge to the level of the ultimate forward rate in 30 years, using the Smith-Wilson method. To reflect the liquidity characteristics of the insurance contracts, the risk-free yield curves are adjusted by an illiquidity premium. Illiquidity premiums are determined by setting up a reference portfolio of Sony's assets.

The table below sets out the yield curves used to discount the cash flows of insurance contracts for major currencies (converted at the spot rate). As a result of the execution of the Partial Spin-off of the Financial Services business, accumulated other comprehensive income related to insurance finance income (expenses) at the time of the execution was transferred to net income (loss) from discontinued operations as a loss in the consolidated statements of income. Therefore, yield curves are presented as of September 30, 2025.

	Yield curve (%)			
	March 31 2025		September 30 2025	
Term	JPY	USD	JPY	USD
1 year	0.65%	4.09%	0.81%	3.68%
5 years	1.13%	4.01%	1.26%	3.81%
10 years	1.54%	4.31%	1.70%	4.27%
20 years	2.34%	4.83%	2.82%	5.00%
30 years	2.69%	4.68%	3.47%	4.92%
40 years	3.02%	4.29%	3.91%	4.50%

v) Investment components

Sony identifies the investment component of an insurance contract by determining the amount that it is required to repay to the policyholder in all circumstances, regardless of whether an insured event occurs or not. These include circumstances in which an insured event occurs, or the contract matures or is terminated without an insured event occurring. Investment components are excluded from insurance revenue and insurance service expenses.

vi) Determination of coverage units

The amount of the CSM of a group of insurance contracts that is recognized as insurance revenue in each period is determined by identifying the coverage units in the group and recognizing in profit or loss the amount of the CSM allocated to

the coverage units provided during the current period. The number of coverage units is determined by considering for each contract the quantity of benefits provided and its expected coverage period. Specifically, Sony determines the quantity of benefits based on:

- the death benefit amount in the case of contracts for which the death benefit amount increases or decreases based on the period (e.g., whole life, term life and variable life insurance contracts);
- the premium amount proportionate to the insurance period in the case of contracts whose host contract and riders have different coverage types (e.g., disease and health insurance contracts); and
- the cash surrender value (or the premium reserve during the annuity payment period) in the case of annuity contracts with investment-related services (e.g., individual variable annuity contracts).

Sony considers the characteristics of insurance contracts and aggregates the quantities of benefits related to insurance coverage, investment-return services and investment-related services when determining the relative weighting of the benefits provided to the policyholder by these services.

vii) Claim development

Given that the actual amounts of claims do not materially differ from the undiscounted amounts of the claims previously estimated, information about claim development has not been disclosed for the fiscal year ended March 31, 2025.

SONY GROUP CORPORATION AND CONSOLIDATED SUBSIDIARIES

(2) Reconciliation of insurance contract liabilities

The tables below show the changes in insurance contract liabilities for the fiscal years ended March 31, 2025 and 2026.

(a) Changes in liabilities for remaining coverage and liabilities for incurred claims

	Yen in millions			
	Liability for remaining coverage			
	Excluding loss component	Loss component	Liability for incurred claims*5	Total
Balance as of April 1, 2024				
Insurance contract assets*1	(90,377)	-	33,402	(56,975)
Insurance contract liabilities*2*3	12,900,023	55,333	138,983	13,094,339
Net amounts	12,809,646	55,333	172,385	13,037,364
Insurance revenue	(622,959)	-	-	(622,959)
Insurance service expenses				
Incurred claims and other insurance service expenses	-	(5,882)	304,059	298,177
Amortization of insurance acquisition cash flows	134,818	-	-	134,818
Changes in liabilities for incurred claims	-	-	5,661	5,661
Losses and reversals of losses on onerous contracts	-	14,276	-	14,276
Total insurance service expenses	134,818	8,394	309,720	452,932
Insurance service result	(488,141)	8,394	309,720	(170,027)
Insurance finance expenses (income)	(631,892)	(498)	(2,415)	(634,805)
Total amounts recognized in comprehensive income	(1,120,033)	7,896	307,305	(804,832)
Investment component excluded from insurance revenue and insurance service expenses	(992,966)	-	992,966	-
Cash flows				
Premiums received	2,056,493	-	-	2,056,493
Insurance acquisition cash flows	(167,299)	-	-	(167,299)
Claims and other insurance service expenses paid	-	-	(1,298,150)	(1,298,150)
Total cash flows	1,889,194	-	(1,298,150)	591,044
Other	(68)	(46)	(539)	(653)
Balance as of March 31, 2025				
Insurance contract assets*1	(81,537)	2	33,820	(47,715)
Insurance contract liabilities*2*3	12,667,310	63,181	140,147	12,870,638
Net amounts	12,585,773	63,183	173,967	12,822,923
Insurance revenue	(332,024)	-	-	(332,024)
Insurance service expenses				
Incurred claims and other insurance service expenses	-	(3,215)	152,470	149,255
Amortization of insurance acquisition cash flows	70,418	-	-	70,418
Changes in liabilities for incurred claims	-	-	1,327	1,327
Losses and reversals of losses on onerous contracts	-	10,950	-	10,950
Total insurance service expenses	70,418	7,735	153,797	231,950
Insurance service result	(261,606)	7,735	153,797	(100,074)
Insurance finance expenses (income)	(141,098)	(300)	(118)	(141,516)
Total amounts recognized in comprehensive income	(402,704)	7,435	153,679	(241,590)
Investment component excluded from insurance revenue and insurance service expenses	(444,430)	-	444,430	-
Cash flows				
Premiums received	976,117	-	-	976,117
Insurance acquisition cash flows	(85,130)	-	-	(85,130)
Claims and other insurance service expenses paid	-	-	(596,808)	(596,808)
Total cash flows	890,987	-	(596,808)	294,179
Other	(2,186)	1,159	(81)	(1,108)
Impact from loss of control of the Financial Services business*4	(12,627,440)	(71,777)	(175,187)	(12,874,404)
Balance as of March 31, 2026				
Insurance contract assets	-	-	-	-
Insurance contract liabilities	-	-	-	-
Net amounts	-	-	-	-

*1 Insurance contract assets are included in other current assets or other non-current assets in the consolidated statements of financial position.

*2 The current portion of insurance contract liabilities is included in other current liabilities in the consolidated statements of financial position.

*3 As of April 1, 2024 and March 31, 2025, the carrying amounts of the current portion of insurance contract liabilities were 162,344 million yen and 181,332 million yen, respectively, and the carrying amounts of the non-current portion of insurance contract liabilities were 12,931,995 million yen and 12,689,306 million yen, respectively.

*4 Amount as of the date of deconsolidation of SFGI, which operates the Financial Services business, resulting from the execution of the Partial Spin-off of the Financial Services business.

*5 Risk adjustment for non-financial risk of insurance contracts measured under the PAA is not presented separately from the estimates of the present value of future cash flows but included in liabilities for incurred claims, since the amount is not considered material.

SONY GROUP CORPORATION AND CONSOLIDATED SUBSIDIARIES

(b) Changes in insurance contract liabilities from insurance contracts not measured under the PAA by measurement component

	Yen in millions			
	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	CSM	Total
Balance as of April 1, 2024				
Insurance contract assets	(291,878)	27,824	207,079	(56,975)
Insurance contract liabilities	10,697,166	388,658	1,901,009	12,986,833
Net amounts	10,405,288	416,482	2,108,088	12,929,858
Changes that relate to future service				
Changes in estimates that adjust the CSM	276,707	10,662	(287,369)	-
Changes in estimates that do not adjust the CSM	11,762	746	-	12,508
Effect of contracts initially recognized during the period	(431,801)	44,335	389,234	1,768
Total changes that relate to future service	(143,332)	55,743	101,865	14,276
Changes that relate to current service				
CSM recognized in profit or loss for the services provided	-	-	(151,025)	(151,025)
Change in risk adjustment for non-financial risk due to release of risk	-	(28,681)	-	(28,681)
Experience adjustments	656	-	-	656
Total changes that relate to current service	656	(28,681)	(151,025)	(179,050)
Changes that relate to past service	6	(6)	-	-
Insurance service result	(142,670)	27,056	(49,160)	(164,774)
Insurance finance expenses (income)	(661,734)	(2,250)	30,155	(633,829)
Total amounts recognized in comprehensive income	(804,404)	24,806	(19,005)	(798,603)
Cash flows				
Premiums received	1,894,792	-	-	1,894,792
Insurance acquisition cash flows	(151,614)	-	-	(151,614)
Claims and other insurance service expenses paid	(1,179,036)	-	-	(1,179,036)
Total cash flows	564,142	-	-	564,142
Other	2,883	643	(1,334)	2,192
Balance as of March 31, 2025				
Insurance contract assets	(245,602)	24,501	173,386	(47,715)
Insurance contract liabilities	10,413,511	417,430	1,914,363	12,745,304
Net amounts	10,167,909	441,931	2,087,749	12,697,589
Changes that relate to future service				
Changes in estimates that adjust the CSM	14,984	47,569	(62,553)	-
Changes in estimates that do not adjust the CSM	6,908	2,569	-	9,477
Effect of contracts initially recognized during the period	(177,699)	21,537	157,636	1,474
Total changes that relate to future service	(155,807)	71,675	95,083	10,951
Changes that relate to current service				
CSM recognized in profit or loss for the services provided	-	-	(79,908)	(79,908)
Change in risk adjustment for non-financial risk due to release of risk	-	(16,164)	-	(16,164)
Experience adjustments	(7,549)	-	-	(7,549)
Total changes that relate to current service	(7,549)	(16,164)	(79,908)	(103,621)
Changes that relate to past service	324	(5)	-	319
Insurance service result	(163,032)	55,506	15,175	(92,351)
Insurance finance expenses (income)	(152,695)	(1,373)	12,465	(141,603)
Total amounts recognized in comprehensive income	(315,727)	54,133	27,640	(233,954)
Cash flows				
Premiums received	893,895	-	-	893,895
Insurance acquisition cash flows	(77,407)	-	-	(77,407)
Claims and other insurance service expenses paid	(520,614)	-	-	(520,614)
Total cash flows	295,874	-	-	295,874
Other	(12,883)	-	(1,207)	(14,090)
Impact from loss of control of the Financial Services business*1	(10,135,173)	(496,064)	(2,114,182)	(12,745,419)
Balance as of March 31, 2026				
Insurance contract assets	-	-	-	-
Insurance contract liabilities	-	-	-	-
Net amounts	-	-	-	-

*1 Amount as of the date of deconsolidation of SFGI, which operates the Financial Services business, resulting from the execution of the Partial Spin-off of the Financial Services business.

SONY GROUP CORPORATION AND CONSOLIDATED SUBSIDIARIES

(3) Effect of contracts initially recognized in the year

The table below shows the effect of contracts initially recognized during the fiscal year ended March 31, 2025 on measurement components of insurance contracts not measured under the PAA. As a result of the execution of the Partial Spin-off of the Financial Services business, SFGI, which operates the Financial Services business, has been excluded from consolidation. Therefore, figures are presented only for the fiscal year ended March 31, 2025.

	Yen in millions		
	Fiscal year ended March 31		
	2025		
	Profitable contracts issued	Onerous contracts issued	Total
Estimates of the present value of future cash outflows			
Claims and other insurance service expenses	2,227,649	6,376	2,234,025
Insurance acquisition cash flows	155,135	2,735	157,870
Total estimates of the present value of future cash outflows	2,382,784	9,111	2,391,895
Estimates of the present value of future cash inflows	(2,816,078)	(7,618)	(2,823,696)
Total estimates of the present value of future cash flows	(433,294)	1,493	(431,801)
Risk adjustment for non-financial risk	44,060	275	44,335
CSM	389,234	-	389,234
Total effect on measurement components	-	1,768	1,768

(4) Timing of when the CSM is expected to be recognized in profit or loss

The table below shows when Sony expects to recognize the CSM in profit or loss for insurance contracts not measured under the PAA as of March 31, 2025. As a result of the execution of the Partial Spin-off of the Financial Services business, SFGI, which operates the Financial Services business, has been excluded from consolidation. Therefore, figures are presented only as of March 31, 2025.

	CSM							
	Yen in millions							
	Within 1 year	1 year to 2 years	2 years to 3 years	3 years to 4 years	4 years to 5 years	5 years to 10 years	More than 10 years	Total
As of March 31, 2025	122,591	114,961	107,412	97,307	89,960	362,794	1,192,724	2,087,749

(5) Underlying items of insurance contracts measured under the variable fee approach

The table below shows the underlying items of insurance contracts measured under the variable fee approach and their fair values as of March 31, 2025. As a result of the execution of the Partial Spin-off of the Financial Services business, SFGI, which operates the Financial Services business, has been excluded from consolidation. Therefore, figures are presented only as of March 31, 2025.

	Yen in millions
	March 31
	2025
Cash and cash equivalents	35,235
Debt securities	
Japanese national/local government bonds and corporate bonds	34,936
Foreign national/local government bonds and corporate bonds	478,751
Equity securities	2,375,201
Other	2,057
Total fair values of the underlying items of insurance contracts measured under the variable fee approach	2,926,180

(6) Disclosure of transition to IFRS 17

IFRS 17 was effective for Sony as of April 1, 2023. Upon transition to IFRS 17 as of April 1, 2022, Sony determined that it would be impracticable to apply the full retrospective approach to certain groups of insurance contracts, as the necessary information was unavailable due to restrictions of contract data and systems in the past or it was impossible to recreate past estimation without the use of hindsight. Sony has applied alternative transition methods (the modified retrospective approach

or the fair value approach) to groups of insurance contracts for which the full retrospective approach is impracticable as of the date of the transition.

Sony has applied the following approaches on transition to IFRS 17:

Year of issue (fiscal year)	Transition approach
2015 and thereafter	For all groups of insurance contracts: Full retrospective approach
1993 – 2014	For groups of insurance contracts with direct participation features and certain groups of insurance contracts without direct participation features: Fair value approach
	For other groups of insurance contracts: Modified retrospective approach
In and before 1992	For all groups of insurance contracts: Fair value approach

Modified retrospective approach

The objective of the modified retrospective approach was to achieve the closest outcome to retrospective application possible using reasonable and supportable information available without undue cost or effort. Sony has applied each of the following modifications only to the extent that it did not have reasonable and supportable information to apply IFRS 17 retrospectively.

Sony has applied the following modifications to certain groups of insurance contracts:

- for groups of contracts issued, initiated or acquired from April 1, 1993 to March 31, 2015, the future cash flows on initial recognition were estimated by adjusting the amount as of April 1, 2015, which can be determined retrospectively, for the cash flows that were known to have occurred before that date;
- for groups of contracts issued, initiated or acquired from April 1, 1993 to March 31, 2013, the illiquidity premiums applied to the observable risk-free yield curves on initial recognition were estimated by determining an average spread between the observable risk-free yield curves and the discount rates, which can be determined retrospectively, for the period from April 1, 2013 to March 31, 2022. The amount of insurance finance income or expenses recognized in accumulated other comprehensive income as of April 1, 2022 was calculated by using this discount rate; and
- the risk adjustment for non-financial risk on initial recognition was determined by adjusting the amount as of April 1, 2022 for the expected release of risk before that date.

After applying such modifications to fulfillment cash flows, the CSM (or the loss component) on initial recognition was determined as follows:

- the amount of the CSM recognized as profit or loss before April 1, 2022 was determined by comparing the remaining coverage units as of April 1, 2022 and the coverage units provided based on groups of insurance contracts before that date; and
- the amount allocated to the loss component before April 1, 2022 was determined using the proportion of the loss component relative to the total estimate of the present value of the future cash outflows plus the risk adjustment for non-financial risk on initial recognition.

Fair value approach

Under the fair value approach, the CSM (or the loss component) as of April 1, 2022 was determined as the difference between the fair value of a group of insurance contracts and the fulfillment cash flows at that date.

For all insurance contracts measured under the fair value approach, Sony used reasonable and supportable information available as of April 1, 2022 to determine the following matters:

- how to identify groups of contracts;
- whether a contract meets the definition of an insurance contract with direct participation features; and
- how to identify discretionary cash flows for contracts without direct participation features.

For groups of contracts measured under the fair value approach, the discount rates on initial recognition were determined as of April 1, 2022 rather than at the date of initial recognition.

For all insurance contracts measured under the fair value approach, the amount of insurance finance income or expenses recognized in accumulated in other comprehensive income as of April 1, 2022 was determined to be zero.

The effects of transition to IFRS 17 on Sony’s consolidated financial statements are as follows. As a result of the execution of the Partial Spin-off of the Financial Services business, SFGI, which operates the Financial Services business, has been excluded from consolidation. Therefore, figures are presented only for the fiscal year ended March 31, 2025.

SONY GROUP CORPORATION AND CONSOLIDATED SUBSIDIARIES

i) The CSM by transition approach

Upon transition to IFRS 17, Sony applied either the modified retrospective approach or the fair value approach for groups of insurance contracts where it was impracticable to fully apply IFRS 17 retrospectively. The table below shows the balances of the CSM by transition approach as of March 31, 2025.

	Yen in millions			
	Fiscal year ended March 31			
	2025			
	Contracts measured under the modified retrospective approach at transition	Contracts measured under the fair value approach at transition	New contracts and contracts measured under the full retrospective approach at transition	Total
CSM				
Beginning balance of the fiscal year	763,669	86,271	1,258,148	2,108,088
Changes that relate to future service	(89,828)	556	191,137	101,865
Changes that relate to current service	(55,642)	(7,020)	(88,363)	(151,025)
Insurance finance expense (income)	23,501	781	5,873	30,155
Other	(1,090)	-	(244)	(1,334)
Ending balance of the fiscal year	640,610	80,588	1,366,551	2,087,749

ii) Changes in accumulated other comprehensive income for financial assets measured at fair value through other comprehensive income due to the application of IFRS 17

The table below shows the changes in accumulated other comprehensive income during the fiscal year ended March 31, 2025 for financial assets measured at fair value through other comprehensive income, among investment assets related to groups of insurance contracts to which Sony applied the modified retrospective approach or the fair value approach as of the date of the transition.

	Yen in millions
	Fiscal year ended March 31
	2025
Beginning balance of the fiscal year	9,445
Net change in fair value	778,509
Net amount reclassified to profit or loss	1,142
Related income tax	(225,613)
Ending balance of the fiscal year	563,483

(7) Insurance and market risks

As a result of the execution of the Partial Spin-off of the Financial Services business, SFGI, which operates the Financial Services business, has been excluded from consolidation. Therefore, each risk related to the Financial Services business is presented only as of March 31, 2025.

Risk management policy and exposure

In the life insurance business, Sony manages various market-related risks in the following manner:

(a) Insurance risk management

Insurance risk

With respect to insurance underwriting risk, based on the level of policy reserves and capital levels, the life insurance subsidiary manages the insurance portfolio appropriately, such as setting policy limits for each type of insurance as necessary. In addition, underwriting standards for each product and standards for revision and abolishment are clearly defined as internal rules and are regularly reviewed.

Concentration of insurance risk

The insurance contract portfolio does not have an excessively concentrated insurance risk.

SONY GROUP CORPORATION AND CONSOLIDATED SUBSIDIARIES

(b) Market risk management

Interest rate risk management

Interest rate risk is managed by the risk management division of the life insurance subsidiary based on the policies for interest rate risk management that specify details such as risk management methods and procedures. Based on ALM policies that are determined through such methods as deliberation by the life insurance subsidiary's Executive Committee, the subsidiary understands and confirms actual risk conditions with its Board of Directors. The division maintains an overall understanding of the interest rates and durations of financial instruments, monitors them based on the analysis of the quantity of risk using VaR, and periodically reports the status of each risk to the life insurance subsidiary's Board of Directors and Executive Committee.

As part of the ALM management, the life insurance subsidiary invests in financial assets that match the characteristics of the insurance contract obligations, and thereby reduces interest rate risk as much as possible. Through the purchase and sale of financial assets included in their portfolio, the interest rate sensitivity (duration) of financial assets and insurance contract obligations is matched as much as possible so that they ensure sufficient cash flow to settle insurance claims as they come due.

Exchange rate risk management

Exchange rate risk is managed by the risk management division of the life insurance subsidiary based on the policies for exchange rate risk management that specify details such as risk management methods and procedures. The division periodically reports the status of each risk to the life insurance subsidiary's Board of Directors and Executive Committee.

Equity market price fluctuation risk management

Equity market price fluctuation risk is managed by the risk management division of the life insurance subsidiary based on the policies for equity market price fluctuation risk management that specify details such as risk management methods and procedures. The division periodically reports the status of each risk to the life insurance subsidiary's Board of Directors and Executive Committee.

Derivative transactions risk management

Derivative transactions are managed by the risk management division of the life insurance subsidiary based on the policies for derivative transactions that specify details such as risk management methods and procedures. The division periodically reports the status of each risk to the life insurance subsidiary's Board of Directors and Executive Committee.

SONY GROUP CORPORATION AND CONSOLIDATED SUBSIDIARIES

Sensitivity analysis

Market risk

The table below shows the effects on net income before income taxes from discontinued operations and equity as of March 31, 2025 if the underlying assumptions of the insurance contracts and financial instruments which Sony has in the life insurance business had changed.

		March 31, 2025					
		Yen in millions					
		Insurance contracts		Financial instruments		Total	
Assumption	Changes in assumptions, etc.	Income before income taxes from discontinued operations	Equity	Income before income taxes from discontinued operations	Equity	Income before income taxes from discontinued operations	Equity
Interest rates	50bp decrease	(96,388)	(489,064)	98,806	620,061	2,418	130,997
	50bp increase	69,393	413,835	(87,517)	(546,554)	(18,124)	(132,719)
Fair value of stocks	10% decrease	404,020	290,894	(412,232)	(297,160)	(8,212)	(6,266)
	10% increase	(407,812)	(293,625)	412,232	297,160	4,420	3,535
Foreign exchange rates	10% appreciation of the Yen	539,518	366,832	(546,899)	(339,178)	(7,381)	27,654
	10% depreciation of the Yen	(543,155)	(369,450)	546,899	339,178	3,744	(30,272)
Maintenance expenses rates	10% increase	(4,313)	(5,390)	-	-	(4,313)	(5,390)
Lapse and surrender rates	10% increase	(23,254)	(34,971)	-	-	(23,254)	(34,971)
Mortality rates (death protection)	5% increase	(4,838)	(4,710)	-	-	(4,838)	(4,710)
Mortality rates (third sector / annuity products)	5% increase	960	(467)	-	-	960	(467)
Morbidity rates	5% increase	(7,191)	(4,639)	-	-	(7,191)	(4,639)

* bp = basis point

Liquidity risk

(a) Risk management policy and exposure

In line with liquidity risk management policies, the accounting division of each insurance subsidiary prepares and updates cash flow plans in a timely manner based on the reports from departments and manages cash flows, and the risk management division of each insurance subsidiary manages the liquidity risk. The accounting division and risk management division periodically or as needed report such information to each insurance subsidiary's Board of Directors and Executive Committee.

(b) Maturity analysis

The following table summarizes the estimated timing of the remaining undiscounted net cash outflows from insurance contract liabilities and investment contract liabilities and the contractual timing of the remaining undiscounted cash inflows arising from securities held in the insurance business as of March 31, 2025. The cash flows of insurance contract liabilities are based on assumptions regarding morbidity rates, mortality rates, and lapse rates, which are consistent with the estimates used for the carrying amounts.

	Yen in millions							
	March 31, 2025							
	Total	Indefinite Terms	Within 1 year	1 year to 2 years	2 years to 3 years	3 years to 4 years	4 years to 5 years	More than 5 years
Insurance contract liabilities and investment contract liabilities	22,740,658	-	64,000	95,151	157,008	246,745	288,630	21,889,124
Securities held in the insurance business	20,876,179	4,372,358	699,185	358,761	398,222	314,310	283,300	14,450,043

Since the total of the above estimated amounts is the amount before discounting, it exceeds the amount of insurance contract liabilities and securities which is included in investments and advances in the Financial Services business shown in the consolidated statements of financial position.

SONY GROUP CORPORATION AND CONSOLIDATED SUBSIDIARIES

(c) Amounts payable on demand

The table below shows the amounts payable on demand from insurance contracts issued by Sony and the carrying amount of the related insurance contract portfolios. The amounts payable on demand represent the amount of the cash surrender value to be paid if the insurance contracts are surrendered as of March 31, 2025.

	Yen in millions
	March 31
	2025
Amounts payable on demand	13,214,887
Carrying amount	12,642,981

14. Short-term borrowings and long-term debt

Short-term borrowings and long-term debt are comprised of the following:

	March 31, 2025		
	Book value (Yen in millions)	Weighted average interest rate	Due
Short-term borrowings	1,843,959	2.13%	
Long-term debt			
Long-term loans	1,090,427	1.81%	2025-2058
Unsecured bonds	664,390	0.66%	2025-2035
	1,754,817		
Less - Portion due within one year	196,950		
	1,557,867		

	March 31, 2026		
	Book value (Yen in millions)	Weighted average interest rate	Due
Short-term borrowings	51,183	1.86%	
Long-term debt			
Long-term loans	516,460	3.21%	2026-2040
Unsecured bonds	474,343	0.70%	2026-2035
	990,803		
Less - Portion due within one year	166,410		
	824,393		

As described in Note 2 (5), “Lease liabilities” which had previously been included within “Current portion of long-term debt” and “Long-term debt,” are presented as a separate caption in the consolidated statements of financial position as of March 31, 2026. In connection with this change, “Lease liabilities” are excluded from the table above.

In the Financial Services business, Sony pledged assets as collateral for short-term borrowings and long-term debt and the pledged assets are comprised of the following:

	Yen in millions
	March 31
	2025
Securities	1,595,016
Housing loans in the banking business	961,286

As a result of the execution of the Partial Spin-off of the Financial Services business, SFGI, which operates the Financial Services business, has been excluded from consolidation. Therefore, there is no balance of assets pledged as collateral as of March 31, 2026.

In addition to the above, in the Financial Services business, Sony pledged securities for securities-for-securities lending transactions and the pledged securities are as follows:

	Yen in millions
	March 31
	2025
Securities	332,867

As a result of the execution of the Partial Spin-off of the Financial Services business, SFGI, which operates the Financial Services business, has been excluded from consolidation. Therefore, there is no balance of securities pledged for securities-for-securities lending transactions as of March 31, 2026.

Furthermore, in the Financial Services business, Sony pledged securities as collateral for cash settlements, variation margins of futures markets and certain other purposes and the pledged securities are as follows:

	Yen in millions
	March 31
	2025
Securities	140,212

As a result of the execution of the Partial Spin-off of the Financial Services business, SFGI, which operates the Financial Services business, has been excluded from consolidation. Therefore, there is no balance of securities pledged as collateral as of March 31, 2026.

There are no significant adverse debt covenants or cross-default provisions related to the other short-term borrowings and long-term debt.

15. Derivative instruments and hedging activities

As a result of the execution of the Partial Spin-off of the Financial Services business, SFGI, which operates the Financial Services business, has been excluded from consolidation. Therefore, each description of derivative instruments and hedging activities related to the Financial Services business are presented only as of March 31, 2025.

Sony has certain financial instruments including financial assets and liabilities acquired in the normal course of business. Such financial instruments are exposed to market risk arising from the changes in foreign currency exchange rates, interest rates and stock prices. In applying a consistent risk management strategy for the purpose of reducing such risk, Sony uses derivative financial instruments, which include foreign exchange forward contracts, swap agreements, option contracts, and interest rate swap agreements (including interest rate and currency swap agreements). Certain other derivative financial instruments are entered into in the Financial Services business for ALM purposes. These instruments are executed with creditworthy financial institutions, and virtually all foreign currency contracts are denominated in U.S. dollars, euros and other currencies of major countries. Other than derivatives utilized in the Financial Services business for ALM, Sony does not use derivative financial instruments for trading or speculative purposes. These derivative transactions utilized for ALM in the Financial Services business are executed within certain limits in accordance with an internal risk management policy.

A description of the purpose and classification of the derivative financial instruments held by Sony is as follows:

Foreign exchange forward contracts, swap agreements and currency option contracts

Foreign exchange forward contracts, swap agreements and purchased and written foreign currency option contracts are utilized primarily to limit the exposure affected by changes in foreign currency exchange rates on cash flows generated or anticipated by Sony's transactions and accounts receivable and payable denominated in foreign currencies. The majority of written foreign currency option contracts expire in the same month as the corresponding purchased foreign currency option contracts.

Sony also entered into foreign exchange forward contracts and foreign currency option contracts which effectively fixed the cash flows from certain forecasted purchase and sale transactions denominated in foreign currencies for the fiscal years ended March 31, 2024, 2025 and 2026. The ineffective portions of the hedging relationships were not significant. Accordingly, these derivatives have been designated as cash flow hedges.

Foreign exchange forward contracts and foreign currency option contracts that do not qualify as hedges are measured at fair value with changes in value recognized in financial income and financial expenses.

In connection with the Resolution for the plan regarding the execution of the Partial Spin-off of the Financial Services business, the Financial Services business was classified as a discontinued operation. Therefore, the changes in fair value of foreign exchange forward contracts, foreign currency option contracts and swap agreements held by certain subsidiaries in the Financial Services business previously recorded under financial services revenue have been reclassified and are included in net income (loss) from discontinued operations.

SONY GROUP CORPORATION AND CONSOLIDATED SUBSIDIARIES

Interest rate swap agreements (including interest rate and currency swap agreements)

Interest rate swap agreements are utilized primarily to lower funding costs, to diversify sources of funding and to limit Sony's exposure associated with underlying borrowings and debt securities resulting from adverse fluctuations in interest rates, foreign currency exchange rates and changes in fair values. Interest rate swap agreements entered into in the Financial Services business are used for reducing the risk arising from the changes in the fair value of fixed rate bonds. In addition, these interest rate swap agreements are used as hedging instruments such as cash flow hedges and fair value hedges. The ineffectiveness of the hedging relationship was not significant for the fiscal years ended March 31, 2024, 2025 and 2026.

In connection with the Resolution for the plan regarding the execution of the Partial Spin-off of the Financial Services business, the Financial Services business was classified as a discontinued operation. Therefore, the changes in fair value of interest rate swap agreements held by certain subsidiaries in the Financial Services business as part of their ALM previously recorded under financial services revenue have been reclassified and are included in net income (loss) from discontinued operations.

Any other interest rate swap agreements that do not qualify as hedges, which are used for reducing the risk arising from changes of variable rate debt, are measured at fair value with changes in value recognized in net profit or loss as financial income/expenses.

Option contracts (equity contracts)

Option contracts related to equity contracts are used to hedge the market price fluctuation risk of the shares held, and changes in fair value are immediately recognized in net profit or loss as finance income/expenses.

Other agreements

In connection with the Resolution for the plan regarding the execution of the Partial Spin-off of the Financial Services business, the Financial Services business was classified as a discontinued operation. Therefore, the changes in fair value of equity future contracts, equity swap agreements, bond future contracts, interest rate swaption agreements and other currency contracts held by certain subsidiaries in the Financial Services business as part of their ALM previously recorded under financial services revenue have been reclassified and are included in net income (loss) from discontinued operations. Certain bond futures contracts are used as hedging instruments in fair value hedges to reduce the risk of fluctuations in the fair value of fixed rate bonds due to changes in market interest rates. The ineffectiveness of the hedging relationship was not significant for the fiscal years ended March 31, 2025 and 2026. In addition, the hybrid financial instruments, disclosed in Note 5 as debt securities, contained embedded derivatives that are not required to be bifurcated because the entire instruments are measured at fair value.

The estimated fair values of Sony's outstanding derivative instruments are summarized as follows:

	Yen in millions			
	March 31, 2025		March 31, 2026	
	Asset derivatives	Liability derivatives	Asset derivatives	Liability derivatives
Interest rate contracts				
Interest rate swap agreements	65,075	12,674	20,982	-
Interest rate swaptions agreements	358	3,161	-	-
Foreign exchange contracts				
Foreign exchange forward contracts	4,173	10,542	4,619	10,238
Swap agreements	5,743	3,117	2,199	3,976
Currency option contracts purchased	782	671	76	-
Currency option contracts written	-	3	-	339
Other currency contracts	4,557	1,445	78	-
Equity contracts				
Equity future contracts	910	514	-	-
Equity swap agreements	911	-	-	-
Option contracts	2,346	118,606	-	55,663
Bond contracts				
Bond forward contracts written	1,286	3,793	-	-
Total derivatives	86,141	154,526	27,954	70,216

SONY GROUP CORPORATION AND CONSOLIDATED SUBSIDIARIES

The estimated fair values and maturity analysis for notional amounts of Sony's outstanding derivative instruments which are designated as hedging instruments are summarized as follows:

	Yen in millions					
	March 31, 2025					
	Notional amounts			Fair Value		
	Within 1 Year	Over 1 Year	Total	Asset derivatives	Liability derivatives	Presentation in the consolidated statements of financial position
Cash flow hedging relationships						
Foreign exchange forward contracts	14,292	-	14,292	178	-	Current assets: Other financial assets
Average rate (JPY/USD)	150.4	-				
Currency option bought contracts	43,144	-	43,144	777	-	Current assets: Other financial assets
Average rate (JPY/USD)	145.8	-				
Currency option sold contracts	44,365	-	44,365	-	671	Current liabilities: Other financial liabilities
Average rate (JPY/USD)	149.9	-				
Interest rate swap agreements	-	179,232	179,232	25,139	-	Non-current assets: Other financial assets
Average rate	-	1.5%				

	Yen in millions					
	March 31, 2026					
	Notional amounts			Fair Value		
	Within 1 Year	Over 1 Year	Total	Asset derivatives	Liability derivatives	Presentation in the consolidated statements of financial position
Cash flow hedging relationships						
Foreign exchange forward contracts	2,723	-	2,723	-	134	Current liabilities: Other financial liabilities
Average rate (JPY/USD)	151.3	-				
Currency option bought contracts	17,918	-	17,918	76	-	Current assets: Other financial assets
Average rate (JPY/USD)	153.1	-				
Currency option sold contracts	18,331	-	18,331	-	339	Current liabilities: Other financial liabilities
Average rate (JPY/USD)	156.7	-				
Interest rate swap agreements	-	191,820	191,820	20,982	-	Non-current assets: Other financial assets
Average rate	-	1.5%				

	Yen in millions					
	March 31, 2025					
	Notional amounts			Fair Value		
	Within 1 Year	Over 1 Year	Total	Asset derivatives	Liability derivatives	Presentation in the consolidated statements of financial position
Fair value hedging relationships						
Bond futures contracts written	124,401	-	124,401	-	2,509	Current liabilities: Other financial liabilities
Average unit price	119.8	-				
Interest rate swap agreements	-	411,204	411,204	15,029	1,567	Non-current assets: Other financial assets / Non-current liabilities: Other financial liabilities
Average rate	-	3.0%				

SONY GROUP CORPORATION AND CONSOLIDATED SUBSIDIARIES

As a result of the execution of the Partial Spin-off of the Financial Services business, SFGI, which operates the Financial Services business, has been excluded from consolidation. Therefore, there is no balance of derivative instruments which are designated as hedging instruments of fair value hedges as of March 31, 2026.

Changes in the fair value of hedging instruments related to cash flow hedges recorded in accumulated other comprehensive income for the fiscal years ended March 31, 2025 and 2026 are summarized as follows:

	Yen in millions		
	Foreign exchange contracts	Interest rate contracts	Total
Balance as of April 1, 2024	(1,720)	21,485	19,765
Changes in fair value of hedging instruments recognized in other comprehensive income	(6,238)	854	(5,384)
Reclassification adjustments to profit (loss) for the year*1*2	8,824	(8,391)	433
Deferred tax	(791)	1,447	656
Balance as of March 31, 2025	75	15,395	15,470
Changes in fair value of hedging instruments recognized in other comprehensive income	(10,377)	2,961	(7,416)
Reclassification adjustments to profit (loss) for the year*1*2	9,695	(6,866)	2,829
Deferred tax	331	872	1,203
Balance as of March 31, 2026	(276)	12,362	12,086

*1 In the consolidated statements of income, the amount reclassified to profit (loss) is included in sales for hedges of foreign exchange contracts and in financial expenses for hedges of interest rate contracts.

*2 For the fiscal years ended March 31, 2025 and 2026, hedge ineffectiveness recognized in profit or loss was not material.

The carrying amount of hedged items classified as fair value hedges and the accumulative fair value hedge adjustments during the fiscal year ended March 31, 2025 are as follows:

	Yen in millions				
	March 31, 2025				
	Carrying amount of hedged items		Accumulative fair value hedge adjustments		Presentation in the consolidated statements of financial position
	Asset	Liability	Asset	Liability	
Fixed rate bonds	485,960	-	(3,330)	-	Investments and advances in the Financial Services segment (Non-current)

As a result of the execution of the Partial Spin-off of the Financial Services business, SFGI, which operates the Financial Services business, has been excluded from consolidation. Therefore, there is no balance of the carrying amount of hedged items classified as fair value hedges or of the accumulative fair value hedge adjustments as of March 31, 2026.

SONY GROUP CORPORATION AND CONSOLIDATED SUBSIDIARIES

16. Offsetting of financial assets and financial liabilities

Tables below show the gross amounts of financial assets and liabilities, amounts offset, and net amounts presented in the consolidated statements of financial position, as well as the financial assets and liabilities that are subject to enforceable master netting agreements or similar agreements, as of March 31, 2025 and 2026.

	Yen in millions					
	March 31, 2025					
				Gross amounts not offset in the consolidated statements of financial position		
	Gross amounts recognized financial assets and financial liabilities	Amounts offset in the consolidated statements of financial position	Net amounts presented in the consolidated statements of financial position	Financial instruments	Cash collateral	Net amounts
Derivative assets*1	52,388	-	52,388	22,228	12,402	17,758
Trade receivables*2	62,525	61,367	1,158	-	-	1,158
Total assets	114,913	61,367	53,546	22,228	12,402	18,916
Derivative liabilities*1	35,554	-	35,554	22,228	3,547	9,779
Trade payables*2	122,408	61,367	61,041	-	-	61,041
Short-term borrowings*3	1,521,040	-	1,521,040	1,514,271	-	6,769
Total liabilities	1,679,002	61,367	1,617,635	1,536,499	3,547	77,589

	Yen in millions					
	March 31, 2026					
				Gross amounts not offset in the consolidated statements of financial position		
	Gross amounts recognized financial assets and financial liabilities	Amounts offset in the consolidated statements of financial position	Net amounts presented in the consolidated statements of financial position	Financial instruments	Cash collateral	Net amounts
Derivative assets*1	6,817	-	6,817	5,877	-	940
Trade receivables*2	70,833	66,260	4,573	-	-	4,573
Total assets	77,650	66,260	11,390	5,877	-	5,513
Derivative liabilities*1	12,903	-	12,903	5,877	-	7,026
Trade payables*2	94,832	66,260	28,572	-	-	28,572
Total liabilities	107,735	66,260	41,475	5,877	-	35,598

*1 Certain subsidiaries have entered into master netting agreements or other similar agreements, which are mainly International Swaps and Derivatives Association ("ISDA") Master Agreements. An ISDA Master Agreement is an agreement between two counterparties that may have multiple derivative contracts with each other, and such ISDA Master Agreement may provide for the net settlement of all or a specified group of these derivative contracts, through a single payment, in a single currency, in the event of a default on or affecting any one derivative contract, or a termination event affecting all or a specified group of derivative contracts. Master netting agreements create a right of set off, but the master netting agreements do not automatically provide for such set off.

*2 Amounts offset in the consolidated statements of financial position are related to repurchase agreements of products.

*3 Short-term borrowings relate to bond lending transactions and repurchase agreements (repos). As a result of the execution of the Partial Spin-off of the Financial Services business, SFGI, which operates the Financial Services business, has been excluded from consolidation. Therefore, there is no balance of short-term borrowings as of March 31, 2026.

17. Employee benefits

(1) Defined benefit and severance plans

Upon terminating employment, employees of Sony Group Corporation and its subsidiaries in Japan are entitled, under most circumstances, to lump-sum indemnities or pension payments as described below. Sony Group Corporation and certain of its subsidiaries' pension plans utilize a point-based plan under which a point is added every year reflecting the individual employee's performance over that year. Under the point-based plan, the amount of payment is determined based on the sum of cumulative points from past services and interest points earned on the cumulative points regardless of whether or not the employee is voluntarily retiring.

Under the plans, the defined benefits cover approximately 70% of the indemnities under existing regulations to employees. The remaining indemnities are covered by severance payments by the companies. The pension benefits are payable at the option of the retiring employee either in a lump-sum amount or monthly pension payments. Contributions to the plans are funded through several financial institutions in accordance with the applicable laws and regulations.

SONY GROUP CORPORATION AND CONSOLIDATED SUBSIDIARIES

From April 1, 2012, Sony Group Corporation and substantially all of its subsidiaries in Japan have modified existing defined benefit pension plans such that life annuities will no longer accrue additional service benefits, with those participants instead accruing fixed-term annuities. The defined benefit pension plans were closed to new participants and a defined contribution plan was also introduced.

From October 1, 2019, Sony Group Corporation and substantially all of its subsidiaries in Japan have amended their defined benefit pension plans and have implemented defined contribution plans for all employees other than those employees that had retired before the amendments.

In addition, several of Sony's foreign subsidiaries have defined benefit pension plans or severance indemnity plans, which cover substantially all of their employees. Under such plans, the related cost of benefits is currently funded or accrued. Benefits awarded under these plans are based primarily on the current rate of pay and length of service.

Net defined benefit liability (asset) recognized in the consolidated statements of financial position

Amounts recognized in the consolidated statements of financial position are as follows:

	Yen in millions			
	Japanese plans		Foreign plans	
	March 31		March 31	
	2025	2026	2025	2026
Present value of defined benefit obligations	488,818	387,432	130,259	139,768
Fair value of plan assets	(439,943)	(418,453)	(49,648)	(81,261)
The impact of minimum funding requirement and asset ceiling	10,147	-	3,225	3,319
Net amount	59,022	(31,021)	83,836	61,826
Amount recognized in the consolidated statements of financial position				
Net defined benefit asset	(84,009)	(127,452)	(2,905)	(2,314)
Net defined benefit liability	143,031	96,431	86,741	64,140
Net amount	59,022	(31,021)	83,836	61,826

Present value of defined benefit obligations

The changes in the defined benefit obligations for the fiscal years ended March 31, 2025 and 2026 are as follows:

	Yen in millions			
	Japanese plans		Foreign plans	
	Fiscal year ended March 31		Fiscal year ended March 31	
	2025	2026	2025	2026
Beginning balance of the fiscal year	543,292	488,818	126,987	130,259
Current service cost	11,561	6,565	2,049	1,995
Past service cost	-	-	216	980
Interest cost	7,861	9,373	5,155	5,477
Remeasurements:				
Change in demographic assumptions	2,005	1,509	14	489
Change in financial assumptions	(32,255)	(33,628)	(3,707)	(5,272)
Other	1,514	(294)	8,894	639
Translation adjustments	-	-	(1,382)	14,217
Plan participants' contributions	-	-	231	276
Benefits paid	(45,135)	(32,318)	(8,198)	(8,741)
Curtailments and settlements	-	-	-	(551)
Other	(25)	-	-	-
Impact from loss of control of the Financial Services business*	-	(52,593)	-	-
Ending balance of the fiscal year	488,818	387,432	130,259	139,768

* The figures for the fiscal year ended March 31, 2026 include the impact of the deconsolidation of SFGI, which operates the Financial Services business, resulting from the execution of the Partial Spin-off of the Financial Services business.

The weighted average duration of defined benefit obligations as of March 31, 2025 and 2026 is as follows:

	Japanese plans		Foreign plans	
	March 31		March 31	
	2025	2026	2025	2026
Weighted average duration of defined benefit obligations	10.6 years	10.7 years	11.9 years	11.3 years

The significant actuarial assumptions used to determine the present value of defined benefit obligations as of March 31, 2025 and 2026 are as follows:

	Japanese plans		Foreign plans	
	March 31		March 31	
	2025	2026	2025	2026
Discount rate	2.1%	3.1%	4.1%	4.5%

The sensitivities of the defined benefit obligations to changes in the significant weighted-average actuarial assumptions are as follows:

	Yen in millions			
	Japanese plans		Foreign plans	
	March 31		March 31	
Change in assumptions	2025	2026	2025	2026
Discount rate				
0.25% decrease	11,336	8,434	3,628	6,616
0.25% increase	(10,878)	(8,113)	(3,437)	(6,274)

The sensitivity analyses are calculated using the same method used to determine the defined benefit liability recognized in the consolidated statements of financial position while holding all other assumptions consistent.

Fair value of plan assets

Sony's pension investment policy recognizes the expected growth and the variability risk associated with the long-term nature of pension liabilities, the returns and risks of diversification across asset classes, and the correlation among assets. The asset allocations are designed to maximize returns consistent with levels of liquidity and investment risk that are considered prudent and reasonable. While the pension investment policy gives appropriate consideration to recent market performance and historical returns, the investment assumptions utilized by Sony are designed to achieve a long-term return consistent with the long-term nature of the corresponding pension liabilities.

The investment objectives of Sony's plan assets are designed to generate returns that will enable the plans to meet their future obligations. The precise amount for which these obligations will be settled depends on future events, including the retirement dates and life expectancy of the plans' participants. The obligations are estimated using actuarial assumptions, based on current economic conditions and other pertinent factors. Sony's investment strategy balances the requirement to generate returns, using potentially higher yielding assets such as equity securities, with the need to control risk in the portfolio with less volatile assets, such as fixed-income securities. Risks include, among others, inflation, volatility in equity values and changes in interest rates that could negatively impact the funding level of the plans, thereby increasing their dependence on contributions from Sony. To mitigate any potential concentration risk of plan assets, thorough consideration is given to balancing the portfolio among industry sectors and geographies, taking into account interest rate sensitivity, dependence on economic growth, currency and other factors that affect investment returns. The target allocations as of March 31, 2026, are, as a result of Sony's asset liability management, 14% (as of March 31, 2025: 14%) of equity securities, 57% (as of March 31, 2025: 57%) of fixed income securities and 29% (as of March 31, 2025: 29%) of other investments for the pension plans of Sony Group Corporation and most of its subsidiaries in Japan, and, on a weighted average basis, 1% (as of March 31, 2025: 2%) of equity securities, 6% (as of March 31, 2025: 10%) of fixed income securities and 93% (as of March 31, 2025: 88%) of other investments for the pension plans of foreign subsidiaries.

SONY GROUP CORPORATION AND CONSOLIDATED SUBSIDIARIES

The changes in the plan assets for the fiscal years ended March 31, 2025 and 2026 are as follows:

	Yen in millions			
	Japanese plans		Foreign plans	
	Fiscal year ended March 31		Fiscal year ended March 31	
	2025	2026	2025	2026
Beginning balance of the fiscal year	464,376	439,943	47,893	49,648
Interest income	7,047	9,139	2,202	2,418
Remeasurements:				
Return on plan assets excluding interest income	(9,997)	15,806	1,330	(1,515)
Translation adjustments	-	-	(462)	6,233
Employer contribution	2,362	858	5,645	3,900
Plan participants' contributions	-	-	359	291
Benefits paid	(23,845)	(22,571)	(7,319)	(7,949)
Curtailments and settlements	-	-	-	(349)
Impact from loss of control of the Financial Services business*1	-	(24,722)	-	-
Other*2	-	-	-	28,584
Ending balance of the fiscal year	439,943	418,453	49,648	81,261

*1 The figures for the fiscal year ended March 31, 2026 include the impact of the deconsolidation of SFGI, which operates the Financial Services business, resulting from the execution of the Partial Spin-off of the Financial Services business.

*2 The increase for the fiscal year ended March 31, 2026 is primarily attributable to contributions to plan assets associated with the establishment of new trust agreements at certain overseas subsidiaries.

Sony makes contributions to its defined benefit pension plans as deemed appropriate by management after considering the fair value of plan assets, expected return on plan assets and the present value of defined benefit obligations. Sony expects to contribute approximately 1 billion yen to the Japanese plans and approximately 6 billion yen to the foreign plans during the fiscal year ending March 31, 2027.

The fair values of the assets held by Japanese and foreign plans are as follows:

	Yen in millions		
	Japanese plans		
		Market price in active market	
Asset class	March 31 2025	Quoted	Unquoted
Cash and cash equivalents	12,192	12,192	-
Equity securities*1	54,103	48,624	5,479
Fixed income:			
Government bonds*2	11,565	382	11,183
Corporate bonds*3	5,241	18	5,223
Commingled funds*4	278,892	-	278,892
Private equity	35,115	-	35,115
Hedge funds	42,835	-	42,835
Total	439,943	61,216	378,727

SONY GROUP CORPORATION AND CONSOLIDATED SUBSIDIARIES

	Yen in millions		
	Japanese plans		
		Market price in active market	
Asset class	March 31 2026	Quoted	Unquoted
Cash and cash equivalents	4,755	4,755	-
Equity securities*1	51,815	43,662	8,153
Fixed income:			
Government bonds	3,773	3,773	-
Commingled funds*4	274,752	-	274,752
Private equity	36,814	-	36,814
Hedge funds	46,544	-	46,544
Total	418,453	52,190	366,263

*1 Represents primarily Japanese equity securities.
*2 Includes approximately 84% of debt securities issued by Japanese national and local governments, and 16% of debt securities issued by foreign national and local governments.
*3 Includes debt securities issued by Japanese and foreign corporations and government related agencies.
*4 Commingled funds represent pooled institutional investments, including primarily investment trusts.

	Yen in millions		
	Foreign plans		
		Market price in active market	
Asset class	March 31 2025	Quoted	Unquoted
Cash and cash equivalents	4,599	4,599	-
Equity securities*1	101	101	-
Fixed income:			
Government bonds*2	1,207	-	1,207
Corporate bonds*3	175	-	175
Asset-backed securities	43	-	43
Insurance contracts*4	23,057	334	22,723
Commingled funds*5	16,929	-	16,929
Real estate and other	3,537	-	3,537
Total	49,648	5,034	44,614

	Yen in millions		
	Foreign plans		
		Market price in active market	
Asset class	March 31 2026	Quoted	Unquoted
Cash and cash equivalents	4,695	4,695	-
Equity securities*1	119	59	60
Fixed income:			
Government bonds*2	1,070	-	1,070
Corporate bonds*3	194	-	194
Asset-backed securities	196	-	196
Insurance contracts*4	24,125	-	24,125
Commingled funds*5	45,909	-	45,909
Real estate and other	4,953	13	4,940
Total	81,261	4,767	76,494

*1 Represents primarily foreign equity securities.
*2 Includes primarily foreign government debt securities.
*3 Includes primarily foreign corporate debt securities.
*4 Represents annuity contracts with or without profit sharing and bulk insurance contracts.
*5 Commingled funds represent pooled institutional investments, including primarily investment trusts.

SONY GROUP CORPORATION AND CONSOLIDATED SUBSIDIARIES

The impact of minimum funding requirement and asset ceiling

The impact of minimum funding requirement and asset ceiling for the fiscal years ended March 31, 2025 and 2026 is as follows:

	Yen in millions			
	Japanese plans		Foreign plans	
	Fiscal year ended March 31		Fiscal year ended March 31	
	2025	2026	2025	2026
Beginning balance of the fiscal year	9,837	10,147	3,457	3,225
Interest income	139	-	174	178
Remeasurements:				
Change in asset ceiling excluding interest income	171	-	(436)	(387)
Translation adjustments	-	-	30	303
Impact from loss of control of the Financial Services business*	-	(10,147)	-	-
Ending balance of the fiscal year	10,147	-	3,225	3,319

* The figures for the fiscal year ended March 31, 2026 include the impact of the deconsolidation of SFGI, which operates the Financial Services business, resulting from the execution of the Partial Spin-off of the Financial Services business.

(2) Defined contribution plans

Total defined contribution expenses for the fiscal years ended March 31, 2024, 2025 and 2026 are as follows:

	Yen in millions		
	Fiscal year ended March 31		
	2024	2025	2026
Japanese plans	11,662	11,849	11,125
Foreign plans	16,137	17,209	19,112

The above amounts for Japanese plans include expenses related to the Financial Services business. In connection with the Resolution for the plan regarding the execution of the Partial Spin-off of the Financial Services business, the Financial Services business was classified as a discontinued operation. Therefore, expenses related to the Financial Services business are included in net income (loss) from discontinued operations in the consolidated statements of income.

(3) Employee benefits expenses

Employee benefits expenses included in cost of sales, selling, general and administrative, and net income (loss) from discontinued operations in the consolidated statements of income for the fiscal years ended March 31, 2024, 2025 and 2026 are as follows:

	Yen in millions		
	Fiscal year ended March 31		
	2024	2025	2026
Total employee benefits expenses	1,743,936	1,840,803	1,784,569

In connection with the Resolution for the plan regarding the execution of the Partial Spin-off of the Financial Services business, the Financial Services business was classified as a discontinued operation. Therefore, expenses related to the Financial Services business in the above amounts are included in net income (loss) from discontinued operations in the consolidated statements of income.

Employee benefits expenses include salaries, bonuses, stock-based compensation, social security, welfare and expenses relating to post-employment benefits.

SONY GROUP CORPORATION AND CONSOLIDATED SUBSIDIARIES

18. Participation and residual liabilities in the Pictures segment

The changes in participation and residual liabilities for the fiscal year ended March 31, 2026 are as follows:

	Yen in millions
	Fiscal year ended March 31
	2026
Balance at beginning of the fiscal year	425,671
Current portion	236,752
Non-current portion	188,919
Additional participation and residual liabilities	159,039
Impact due to passage of time	5,049
Amounts paid during the year	(247,278)
Unpaid amounts reversed during the year	(3,383)
Translation adjustment	25,028
Balance at end of the fiscal year	364,126
Current portion	223,233
Non-current portion	140,893

19. Other assets and other liabilities

(1) Other assets

Components of other assets as of March 31, 2025 and 2026 are as follows:

	Yen in millions	
	March 31	
	2025	2026
Advance payments and prepaid expenses	668,544	778,982
Income taxes receivable and other taxes receivable	203,310	236,961
Net defined benefit assets	86,914	129,765
Insurance contract assets*	47,715	-
Other	180,655	162,892
Total	1,187,138	1,308,600
Current assets	621,209	663,678
Non-current assets	565,929	644,922

* As a result of the execution of the Partial Spin-off of the Financial Services business, SFGI, which operates the Financial Services business, has been excluded from consolidation. Therefore, there is no balance as of March 31, 2026.

SONY GROUP CORPORATION AND CONSOLIDATED SUBSIDIARIES

(2) Other liabilities

Components of other liabilities as of March 31, 2025 and 2026 are as follows:

	Yen in millions	
	March 31	
	2025	2026
Accrued short-term employee benefits	486,678	497,520
Refund liabilities	193,103	205,182
Taxes payable other than income taxes	165,150	157,714
Accrued expenses	255,697	273,255
Insurance contract liabilities*	181,332	-
Other long-term employee benefit obligations	73,622	61,454
Product warranties	21,376	21,709
Other	234,091	290,350
Total	1,611,049	1,507,184
Current liabilities	1,448,402	1,350,951
Non-current liabilities	162,647	156,233

As described in Note 2 (5), “Contract liabilities,” which had previously been included within “Other current liabilities,” have increased in materiality and are presented separately in the consolidated statements of financial position from the fiscal year ended March 31, 2026. As a result of this change, “Contract liabilities” are excluded from the current liabilities presented in the table above.

* As a result of the execution of the Partial Spin-off of the Financial Services business, SFGI, which operates the Financial Services business, has been excluded from consolidation. Therefore, there is no balance as of March 31, 2026.

The changes in product warranties for the fiscal year ended March 31, 2026 are as follows:

	Yen in millions
	Fiscal year ended March 31
	2026
Balance at beginning of the fiscal year	21,376
Additional product warranties	17,661
Amounts used during the year	(18,923)
Unused amounts reversed during the year	(574)
Translation adjustment	2,169
Balance at end of the fiscal year	21,709

20. Stockholders’ equity

(1) Common stock

The number of shares of common stock authorized as of March 31, 2024 was 3,600,000,000 and as of March 31, 2025 and 2026 was 18,000,000,000.

The following table shows the changes in the number of shares of common stock issued and outstanding during the fiscal years ended March 31, 2024, 2025 and 2026. All of the shares of common stock of Sony Group Corporation are issued with no par value, and the issued stock was fully paid.

	Number of shares		
	Fiscal year ended March 31		
	2024	2025*1	2026
Balance at beginning of the fiscal year	1,261,081,781	1,261,231,889	6,149,810,645
Issuance of new shares	150,108	-	-
Decrease by cancellation of treasury stock*2	-	(105,899,600)	-
Increase by stock split	-	4,994,478,356	-
Balance at end of the fiscal year	1,261,231,889	6,149,810,645	6,149,810,645

*1 As of October 1, 2024, Sony Group Corporation conducted a five-for-one stock split of its common stock.

*2 Included in the number of shares that were decreased by cancellation of treasury stock for the fiscal year ended March 31, 2025 were 12,612,300 shares (before the stock split) cancelled on April 10, 2024 and 93,287,300 shares (after the stock split) cancelled on December 3, 2024.

SONY GROUP CORPORATION AND CONSOLIDATED SUBSIDIARIES

As of March 31, 2024, 2025 and 2026, the number of shares of treasury stock, which was included in the balance of common stock shares issued above, were 39,783,003 shares, 124,806,850 shares and 242,143,391 shares, respectively.

Sony Group Corporation may purchase its own shares at any time by a resolution of the Board up to the retained earnings available for dividends to shareholders, in accordance with the Companies Act of Japan.

The Board resolved and approved the establishment of a facility for the repurchase of shares of its own common stock pursuant to the Companies Act of Japan and Sony Group Corporation's Articles of Incorporation as of May 10, 2022. Under the above resolution, Sony Group Corporation repurchased 798,000 shares of its common stock for an amount of 10,000 million yen during the fiscal year ended March 31, 2024. In addition, the Board resolved and approved the establishment of a facility for the repurchase of shares of its own common stock pursuant to the Companies Act of Japan and Sony Group Corporation's Articles of Incorporation as of May 17, 2023. Under the above resolution, Sony Group Corporation repurchased 14,869,300 shares of its common stock for an amount of 192,532 million yen during the fiscal year ended March 31, 2024, and repurchased 572,400 shares (before the stock split) of its common stock for an amount of 7,468 million yen during the fiscal year ended March 31, 2025.

The Board resolved and approved the establishment of a facility for the repurchase of shares of its own common stock pursuant to the Companies Act of Japan and Sony Group Corporation's Articles of Incorporation as of May 14, 2024. Under the above resolution, Sony Group Corporation repurchased 93,287,300 shares (after the stock split) of its common stock for an amount of 250,000 million yen during the fiscal year ended March 31, 2025. In addition, the Board resolved and approved the establishment of a facility for the repurchase of shares of its own common stock pursuant to the Companies Act of Japan and Sony Group Corporation's Articles of Incorporation as of February 13, 2025. Under the above resolution, Sony Group Corporation repurchased 7,715,800 shares of its common stock for an amount of 27,930 million yen during the fiscal year ended March 31, 2025, and repurchased 6,921,900 shares of its common stock for an amount of 22,069 million yen during the fiscal year ended March 31, 2026.

The Board resolved and approved the establishment of a facility for the repurchase of shares of its own common stock pursuant to the Companies Act of Japan and Sony Group Corporation's Articles of Incorporation as of May 14, 2025. Under the above resolution, Sony Group Corporation repurchased 63,156,800 shares of its common stock for an amount of 250,000 million yen during the fiscal year ended March 31, 2026. In addition, the Board resolved and approved the establishment of a facility for the repurchase of shares of its own common stock pursuant to the Companies Act of Japan and Sony Group Corporation's Articles of Incorporation as of November 11, 2025 (as subsequently amended in part by resolutions of the Board as of February 5, 2026 and February 26, 2026). Under the above resolution, Sony Group Corporation repurchased 70,793,900 shares of its common stock for an amount of 250,000 million yen during the fiscal year ended March 31, 2026.

(2) Additional paid-in capital

Additional paid-in capital consists of surplus that is derived from equity transactions not recorded in common stock, and its components are capital reserves and capital surplus. The Companies Act of Japan provides that no less than 50% of the paid-in amount or proceeds of issuance of shares shall be incorporated in common stock, and that the remaining shall be incorporated in capital reserves. Capital reserves may be incorporated in common stock upon approval of the General Meeting of Shareholders.

(3) Retained earnings

Retained earnings consist of legal reserves and accumulated earnings. The Companies Act of Japan provides that earnings in an amount equal to 10% of cash dividends from retained earnings shall be appropriated as a capital reserve or a legal reserve on the date of distribution of retained earnings until an aggregated amount of capital reserve and legal reserve equals 25% of common stock. Legal reserves may be used upon approval of the General Meeting of Shareholders.

(4) Dividends

Dividends paid for the fiscal years ended March 31, 2025 and 2026 are as follows:

For the fiscal year ended March 31, 2025

(Resolution)	Type of shares	Total amount of dividends (Yen in millions)	Source of dividends	Dividends per share (Yen)	Record date	Effective date
Board of Directors May 14, 2024	Common stock	54,965	Retained earnings	45.00*	March 31, 2024	June 10, 2024
Board of Directors November 7, 2024	Common stock	60,347	Retained earnings	50.00*	September 30, 2024	December 5, 2024

* As of October 1, 2024, Sony Group Corporation conducted a five-for-one stock split of its common stock. The dividend per share amount is the amount prior to the stock split.

SONY GROUP CORPORATION AND CONSOLIDATED SUBSIDIARIES

For the fiscal year ended March 31, 2026

(Resolution)	Type of shares	Total amount of dividends (Yen in millions)	Source of dividends	Dividends per share (Yen)	Record date	Effective date
Board of Directors May 14, 2025	Common stock	60,250	Retained earnings	10.00	March 31, 2025	June 2, 2025
Board of Directors November 11, 2025	Common stock	74,714	Retained earnings	12.50	September 30, 2025	December 5, 2025

Dividends whose record date falls in the fiscal year ended March 31, 2026, and whose effective date falls in the subsequent period are as follows:

(Resolution)	Type of shares	Total amount of dividends (Yen in millions)	Source of dividends	Dividends per share (Yen)	Record date	Effective date
Board of Directors May 8, 2026	Common stock	73,846	Retained earnings	12.50	March 31, 2026	June 1, 2026

(5) Dividends in kind

Upon execution of the Partial Spin-off of the Financial Services business, Sony Group Corporation distributed dividends in kind to shareholders appearing in Sony Group Corporation's register of shareholders as of the record date, September 30, 2025, at the rate of one share of common stock of SFGI ("SFGI share(s)") to one share of common stock of Sony Group Corporation held by each shareholder, effective October 1, 2025. The dividend was paid out of retained earnings, and the amount equal to the fair value of the SFGI shares distributed as dividends in kind based on IFRS Accounting Standards was 955,700 million yen, with a dividend amount per share of 159.89 yen.

SONY GROUP CORPORATION AND CONSOLIDATED SUBSIDIARIES

(6) Other comprehensive income

Changes in accumulated other comprehensive income, net of tax, by component for the fiscal years ended March 31, 2024, 2025 and 2026 are as follows:

	Yen in millions			
	Balance at April 1, 2023	Other comprehensive income attributable to Sony Group Corporation's stockholders	Transfer to retained earnings	Balance at March 31, 2024
Changes in equity instruments measured at fair value through other comprehensive income*	(9,152)	(53,814)	(12,326)	(75,292)
Changes in debt instruments measured at fair value through other comprehensive income*	39,845	(704,636)	-	(664,791)
Cash flow hedges	18,413	1,352	-	19,765
Remeasurement of defined benefit pension plans*	-	25,875	(25,875)	-
Exchange differences on translating foreign operations	513,203	439,490	-	952,693
Insurance finance income (expenses)*	(1,183,634)	563,396	-	(620,238)
Share of other comprehensive income of investments accounted for using the equity method	6,563	5,348	(20)	11,891
Other*	192	(283)	-	(91)
Total	(614,570)	276,728	(38,221)	(376,063)

	Yen in millions			
	Balance at April 1, 2024	Other comprehensive income attributable to Sony Group Corporation's stockholders	Transfer to retained earnings	Balance at March 31, 2025
Changes in equity instruments measured at fair value through other comprehensive income*	(75,292)	(12,531)	29,508	(58,315)
Changes in debt instruments measured at fair value through other comprehensive income*	(664,791)	(681,515)	-	(1,346,306)
Cash flow hedges	19,765	(4,295)	-	15,470
Remeasurement of defined benefit pension plans*	-	10,583	(10,583)	-
Exchange differences on translating foreign operations	952,693	(79,179)	-	873,514
Insurance finance income (expenses)*	(620,238)	568,291	(8,738)	(60,685)
Share of other comprehensive income of investments accounted for using the equity method	11,891	(1,248)	(1)	10,642
Other*	(91)	(676)	-	(767)
Total	(376,063)	(200,570)	10,186	(566,447)

SONY GROUP CORPORATION AND CONSOLIDATED SUBSIDIARIES

	Yen in millions					
	Balance at April 1, 2025	Other comprehensive income attributable to Sony Group Corporation's stockholders	Transfer to retained earnings	Transactions with noncontrolling interests shareholders and other	Transfer to held for distribution to owners	Balance at March 31, 2026
Changes in equity instruments measured at fair value through other comprehensive income*	(58,315)	(21,201)	(91)	-	4,747	(74,860)
Changes in debt instruments measured at fair value through other comprehensive income*	(1,346,306)	(262,844)	-	-	1,609,300	150
Cash flow hedges	15,470	(3,384)	-	-	-	12,086
Remeasurement of defined benefit pension plans*	-	38,184	(38,184)	-	-	-
Exchange differences on translating foreign operations	873,514	423,701	-	5,207	-	1,302,422
Insurance finance income (expenses)*	(60,685)	228,593	-	-	(167,908)	-
Share of other comprehensive income of investments accounted for using the equity method	10,642	(21,039)	(30)	-	-	(10,427)
Other*	(767)	(206)	-	-	973	-
Total	(566,447)	381,804	(38,305)	5,207	1,447,112	1,229,371

* Some or all of the amounts are included in other comprehensive income from discontinued operations. For further information on discontinued operations, refer to Note 33.

SONY GROUP CORPORATION AND CONSOLIDATED SUBSIDIARIES

Each component of other comprehensive income and the related tax effect including noncontrolling interests for the fiscal years ended March 31, 2024, 2025 and 2026 are as follows:

	Yen in millions		
	Fiscal year ended March 31		
Comprehensive income components	2024	2025	2026
Items that will not be reclassified to profit or loss			
Changes in equity instruments measured at fair value through other comprehensive income			
Amount incurred during the year	(72,245)	(15,131)	(27,915)
Total before tax	(72,245)	(15,131)	(27,915)
Tax expense or (benefit)	17,418	3,598	6,514
Net of tax	(54,827)	(11,533)	(21,401)
Remeasurement of defined benefit pension plans			
Amount incurred during the year	38,875	15,865	51,235
Total before tax	38,875	15,865	51,235
Tax expense or (benefit)	(11,831)	(4,838)	(13,014)
Net of tax	27,044	11,027	38,221
Share of other comprehensive income of investments accounted for using the equity method			
Amount incurred during the year	704	(1,287)	297
Total before tax	704	(1,287)	297
Tax expense or (benefit)	(91)	376	(54)
Net of tax	613	(911)	243
Other comprehensive income from discontinued operations			
Amount incurred during the year	(243)	(2,208)	1,239
Total before tax	(243)	(2,208)	1,239
Tax expense or (benefit)	87	766	(382)
Net of tax	(156)	(1,442)	857
Total	(27,326)	(2,859)	17,920
Items that may be reclassified subsequently to profit or loss			
Cash flow hedges			
Amount incurred during the year	(15,032)	(5,384)	(7,416)
Reclassification to profit or loss	16,982	433	2,829
Total before tax	1,950	(4,951)	(4,587)
Tax expense or (benefit)	(598)	656	1,203
Net of tax	1,352	(4,295)	(3,384)
Exchange differences on translating foreign operations			
Amount incurred during the year	441,943	(78,193)	415,503
Reclassification to profit or loss	463	(1,073)	8,857
Total before tax	442,406	(79,266)	424,360
Tax expense or (benefit)	-	-	-
Net of tax	442,406	(79,266)	424,360

SONY GROUP CORPORATION AND CONSOLIDATED SUBSIDIARIES

Comprehensive income components	Yen in millions Fiscal year ended March 31 2024	2025	2026
Share of other comprehensive income of investments accounted for using the equity method			
Amount incurred during the year	4,735	(337)	(23,378)
Reclassification to profit or loss	-	-	358
Total before tax	4,735	(337)	(23,020)
Tax expense or (benefit)	-	-	1,738
Net of tax	4,735	(337)	(21,282)
Other comprehensive income from discontinued operations			
Amount incurred during the year	(191,775)	(188,264)	(59,771)
Reclassification to profit or loss	(4,713)	4,537	1,451,335
Total before tax	(196,488)	(183,727)	1,391,564
Tax expense or (benefit)	54,965	69,827	16,343
Net of tax	(141,523)	(113,900)	1,407,907
Total	306,970	(197,798)	1,807,601
Total other comprehensive income	279,644	(200,657)	1,825,521

21. Stock-based compensation plans

The stock-based compensation expense for the fiscal years ended March 31, 2024, 2025 and 2026 was 21,657 million yen, 29,416 million yen and 39,102 million yen, respectively.

The above amounts include expenses related to the Financial Services business. In connection with the Resolution for the plan regarding the execution of the Partial Spin-off of the Financial Services business, the Financial Services business was classified as a discontinued operation. Therefore, expenses related to the Financial Services business are included in net income (loss) from discontinued operations in the consolidated statements of income.

Sony Group Corporation has stock-based compensation plans primarily in the form of a stock option plan for Corporate Executive Officers and employees of Sony Group Corporation, and the directors, other officers and employees of its subsidiaries, and a restricted stock unit plan (the “RSU Plan”) for Directors, Senior Executives, other officers and employees of Sony Group Corporation, and the directors, other officers and employees of its subsidiaries.

(1) Stock option plan

The stock acquisition rights granted under the stock option plan primarily have a three-year vesting schedule and are exercisable up to 10 years from the date of grant. Sony Group Corporation either issues new shares of common stock or reissues existing treasury stock upon the exercise of these rights.

As of October 1, 2024, Sony Group Corporation conducted a five-for-one stock split of its common stock. The following weighted-average fair value per share at the date of grant of stock acquisition rights, the number of shares, the weighted-average exercise price, the weighted-average stock price at the time when the stock acquisition rights were exercised, the exercise price and the balance of unexercised stock acquisition rights at the end of the fiscal year are calculated assuming that the stock split was implemented at the beginning of the fiscal year ended March 31, 2024.

As a result of the execution of the Partial Spin-off of the Financial Services business, Sony Group Corporation adjusted the exercise prices of its stock acquisition rights. The adjustment did not result in a material increase in the fair value per share.

SONY GROUP CORPORATION AND CONSOLIDATED SUBSIDIARIES

The fair value of stock acquisition rights on the date of grant and used to recognize compensation expense for the fiscal years ended March 31, 2024, 2025 and 2026 was estimated using the Black-Scholes model, and the weighted-average fair value per share right at the date of grant of stock acquisition rights granted during the fiscal years ended March 31, 2024, 2025 and 2026 was 733 yen, 875 yen and 1,386 yen, respectively. A summary of the activities regarding the stock option plan during the fiscal years ended March 31, 2024, 2025 and 2026 is as follows:

	Fiscal year ended March 31					
	2024		2025		2026	
	Number of shares	Weighted-average exercise price	Number of shares	Weighted-average exercise price	Number of shares	Weighted-average exercise price
		Yen		Yen		Yen
Outstanding at beginning of the fiscal year	98,457,500	2,062	97,809,500	2,330	81,169,300	2,442
Granted	12,190,500	2,533	4,302,800	2,927	2,977,000	4,461
Exercised	(10,608,500)	1,359	(18,930,500)	1,843	(18,290,600)	2,291
Forfeited or expired	(2,230,000)	2,660	(2,012,500)	2,796	(840,800)	2,631
Outstanding at end of the fiscal year	97,809,500	2,330	81,169,300	2,442	65,014,900	2,595
Exercisable at end of the fiscal year	59,409,500	2,166	59,515,500	2,403	54,224,900	2,465

The weighted-average stock price at the time when the stock acquisition rights were exercised during the fiscal years ended March 31, 2024, 2025 and 2026 was 2,629 yen, 3,238 yen and 4,017 yen, respectively.

SONY GROUP CORPORATION AND CONSOLIDATED SUBSIDIARIES

A summary of unexercised stock acquisition rights as of March 31, 2024, 2025 and 2026 is as follows:

Series	Date of grant	Exercise term	Exercise price	Outstanding at end of the fiscal year (shares)		
				2024	2025	2026
28th	November 20, 2014	November 20, 2015 to November 19, 2024	¥ 483	417,500	-	-
29th	November 20, 2014	November 20, 2015 to November 19, 2024	$ 4.14	613,500	-	-
30th	November 19, 2015	November 19, 2016 to November 18, 2025	¥ 681	445,000	230,500	-
31st	November 19, 2015	November 19, 2016 to November 18, 2025	$ 4.68	656,500	337,000	-
32nd	November 22, 2016	November 22, 2017 to November 21, 2026	¥ 673	1,157,000	755,500	404,500
33rd	November 22, 2016	November 22, 2017 to November 21, 2026	$ 5.39	1,430,500	983,000	476,500
34th	November 21, 2017	November 21, 2018 to November 20, 2027	¥ 1,047	1,401,000	944,500	629,000
35th	November 21, 2017	November 21, 2018 to November 20, 2027	$ 8.32	2,528,500	1,486,500	1,005,000
36th	February 28, 2018	February 28, 2019 to February 27, 2028	¥ 1,089	7,500	4,500	3,000
38th	November 20, 2018	November 20, 2019 to November 19, 2028	¥ 1,288	2,983,500	2,308,500	1,681,000
39th	November 20, 2018	November 20, 2019 to November 19, 2028	$ 10.42	3,271,500	1,926,500	1,326,500
40th	November 20, 2019	November 20, 2020 to November 19, 2029	¥ 1,341	4,373,000	2,799,000	1,706,000
41st	November 20, 2019	November 20, 2020 to November 19, 2029	$ 11.37	4,582,000	2,736,000	2,356,000
43rd	November 18, 2020	November 18, 2021 to November 17, 2030	¥ 1,848	8,270,000	6,386,000	4,247,000
44th	November 18, 2020	November 18, 2021 to November 17, 2030	$ 16.67	8,573,000	5,641,000	4,117,500
45th	November 18, 2021	November 18, 2022 to November 17, 2031	¥ 2,870	11,656,000	10,635,000	7,535,500
46th	November 18, 2021	November 18, 2022 to November 17, 2031	$ 24.15	10,689,000	10,119,500	7,206,000
47th	November 16, 2022	November 16, 2023 to November 15, 2032	¥ 2,278	12,006,000	10,686,500	8,823,000
48th	November 16, 2022	November 16, 2023 to November 15, 2032	$ 14.75	10,620,000	7,836,500	6,079,500
49th	November 27, 2023	November 27, 2024 to November 26, 2033	¥ 2,589	6,471,000	6,392,000	5,950,500
50th	November 27, 2023	November 27, 2024 to November 26, 2033	$ 16.27	5,657,500	4,658,500	4,292,500
51st	November 25, 2024	November 25, 2025 to November 24, 2034	¥ 2,948	-	2,867,000	2,844,800
52nd	November 25, 2024	November 25, 2025 to November 24, 2034	$ 18.10	-	1,435,800	1,362,100
53rd	November 25, 2025	November 25, 2026 to November 24, 2035	¥ 4,512	-	-	2,030,700
54th	November 25, 2025	November 25, 2026 to November 24, 2035	$ 28.88	-	-	938,300

As a result of the execution of the Partial Spin-off of the Financial Services business, the exercise prices of certain stock acquisition rights that were previously issued for the purpose of granting stock options have been adjusted, and the above exercise prices are presented as the adjusted amounts.

SONY GROUP CORPORATION AND CONSOLIDATED SUBSIDIARIES

(2) Restricted stock unit plan

The restricted stock units granted under the RSU Plan primarily have a three-year vesting schedule. Upon vesting, Sony Group Corporation promptly delivers shares of common stock corresponding to the number of units vested. Sony Group Corporation either issues new shares of common stock or reissues existing treasury stock upon delivering shares of common stock.

As of October 1, 2024, Sony Group Corporation conducted a five-for-one stock split of its common stock. The following number of rights and the weighted-average fair value per share on the grant date are calculated assuming that the stock split was implemented at the beginning of the fiscal year ended March 31, 2024.

In connection with the execution of the Partial Spin-off of the Financial Services business, Sony Group Corporation adjusted the number of shares to be delivered upon the vesting of restricted stock units previously granted. The adjustment did not result in a material increase in the fair value per unit.

A summary of the activities regarding the restricted stock unit plan during the fiscal years ended March 31, 2024, 2025 and 2026 is as follows:

	Fiscal year ended March 31		
	2024	2025	2026
	Number of rights (share)*	Number of rights (share)*	Number of rights (share)*
Outstanding at beginning of the fiscal year	2,443,150	8,255,925	15,089,851
Units granted	6,913,640	10,215,944	8,885,104
Adjustment of the number of shares to be delivered	-	-	493,816
Vesting	(757,040)	(2,746,775)	(5,250,576)
Forfeited	(343,825)	(635,243)	(1,370,809)
Outstanding at end of the fiscal year	8,255,925	15,089,851	17,847,386

* The outstanding number of rights (shares) at the beginning and end of the fiscal year represents the number of shares of Sony Group Corporation's common stock to be delivered upon vesting of the restricted stock units.

The fair value of restricted stock units on the date of grant and used to recognize compensation expense for the fiscal years ended March 31, 2024, 2025 and 2026 was based on the closing price per share of common stock on the grant date, adjusted to reflect the expected dividends not received during the vesting period. The weighted-average fair value per share on the grant date of the restricted stock units during the fiscal years ended March 31, 2024, 2025 and 2026 is as follows:

	Fiscal year ended March 31					
	2024		2025		2026	
Date of grant	July 25, 2023	November 27, 2023	July 25, 2024	November 25, 2024	July 25, 2025	November 25, 2025
The weighted-average fair value (Yen)	2,587	2,532	2,644	2,944	3,663	4,351

22. Revenue

(1) Contract balances

Receivables from contracts with customers, contract assets and contract liabilities are comprised of the following:

	Yen in millions		
	April 1	March 31	
	2024	2025	2026
Receivables from contracts with customers*1	1,931,631	1,736,079	1,783,627
Contract assets*2	17,820	7,973	4,233
Contract liabilities*3	534,432	632,912	639,022

*1 Receivables from contracts with customers are included in the consolidated statements of financial position as "Trade and other receivables, and contract assets" and "Other financial assets," non-current.

*2 Contract assets are included in the consolidated statements of financial position as "Trade and other receivables, and contract assets" and "Other non-current assets."

*3 Contract liabilities are included in the consolidated statements of financial position as "Contract liabilities" and "Other non-current liabilities."

Contract liabilities principally relate to customer advances received prior to performance. Revenues of 444,964 million yen, 461,340 million yen and 561,184 million yen were recognized during the fiscal years ended March 31, 2024, 2025 and 2026, respectively, which were included in the balance of contract liabilities as of April 1, 2023, 2024 and 2025, respectively. The amount of revenue recognized from performance obligations satisfied or partially satisfied in the previous periods is not significant.

SONY GROUP CORPORATION AND CONSOLIDATED SUBSIDIARIES

(2) Performance obligations

Remaining (unsatisfied or partially unsatisfied) performance obligations represent future revenues not yet recorded for firm orders that have not yet been performed. Sony applies practical expedients to exclude contracts with an expected original duration of one year or less. The following table shows the summary of the transaction prices allocated to remaining performance obligations that are unsatisfied as of March 31, 2025 and 2026, respectively, of which approximately half are expected to be recognized within one year and substantially all within three years. The amount of the transaction price related to variable consideration is included only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue to be recognized will not occur.

	Yen in millions	
	March 31	
	2025	2026
Pictures - Motion Pictures and Television Productions*1	748,517	1,150,679
Pictures - Media Networks	9,094	18,656
Music*2	116,184	150,361
Others	69,587	80,405

*1 For Motion Pictures and Television Productions in the Pictures segment, Sony has included all contracts regardless of duration.

*2 The amount included in the Music segment primarily consists of minimum royalty guarantees or fixed fees in contracts related to license revenue for ongoing access to an evolving library of content.

(3) Contract costs

Contract costs are comprised as follows:

	Yen in millions	
	March 31	
	2025	2026
Incremental costs of obtaining a contract	12,901	27,338

Sony applies practical expedients to recognize the incremental costs of obtaining a contract as an expense if the amortization period of the asset that otherwise would have been recognized is one year or less. The amortization of 4,562 million yen, 2,380 million yen and 3,919 million yen was recognized during the fiscal years ended March 31, 2024, 2025 and 2026, respectively. The incremental costs of obtaining a contract are primarily recognized in the ET&S segment for the internet-related service business and amortized to expense over the customer's usage period for such service.

(4) Disaggregation of revenue

For the breakdown of sales by segments, product categories and geographies, refer to Note 4.

23. Supplemental consolidated statements of income information

(1) Other operating (income) expense, net

Sony records transactions in other operating (income) expense, net due to either the nature of the transaction or in consideration of factors including the relationship to Sony's core operations.

Other operating (income) expense, net is comprised of the following:

	Yen in millions		
	Fiscal year ended March 31		
	2024	2025	2026
Realization of unrealized gains on land transferred by Sony Group Corporation to Sony Life Insurance Co., Ltd. in past fiscal years, in connection with the execution of the Partial Spin-off of the Financial Services business	-	-	(43,899)
Gain on remeasurement of previously existing equity interest in Peanuts Holdings*1	-	-	(34,662)
(Gain) loss on purchase/sale of interests in subsidiaries and associates, net	(6,905)	(18,426)	1,860
(Gain) loss on sale, disposal or impairment of assets, net*2	(4,977)	14,265	118,690
Other	1,748	(7,061)	(7,933)
	(10,134)	(11,222)	34,056

*1 For further details, refer to Note 30 (1).

*2 The figures for the fiscal year ended March 31, 2026 mainly include impairment losses recognized on the non-financial assets of Bungie and Pixomondo. For further details, refer to Note 12.

SONY GROUP CORPORATION AND CONSOLIDATED SUBSIDIARIES

In connection with the Resolution for the plan regarding the execution of the Partial Spin-off of the Financial Services business, the Financial Services business was classified as a discontinued operation. Therefore, income and loss from the Financial Services business is included in net income (loss) from discontinued operations in the consolidated statements of income. Consequently, the figures for comparative periods have been re-presented into continuing operations and discontinued operations.

(2) Research and development expenditures

Research and development expenditures from continuing operations in the consolidated statements of income recognized as an expense for the fiscal years ended March 31, 2024, 2025 and 2026 were 742,772 million yen, 734,578 million yen and 762,027 million yen, respectively.

(3) Advertising costs

Advertising costs included in selling, general and administrative expenses from continuing operations in the consolidated statements of income for the fiscal years ended March 31, 2024, 2025 and 2026 were 422,655 million yen, 413,795 million yen and 440,073 million yen, respectively.

(4) Shipping and handling costs

Shipping and handling costs for finished goods included in selling, general and administrative expenses from continuing operations in the consolidated statements of income for the fiscal years ended March 31, 2024, 2025 and 2026 were 85,108 million yen, 86,762 million yen and 79,462 million yen, respectively, which included the internal transportation costs of finished goods.

24. Financial income and expenses

The breakdown of financial income and expenses from continuing operations in the consolidated statements of income is as follows:

Financial income

	Yen in millions		
	Fiscal year ended March 31		
	2024	2025	2026
Interest income			
Financial assets measured at AC	37,580	50,925	62,872
Dividends			
Financial assets measured at FVOCI	1,138	1,390	2,995
Gain on revaluation of equity instruments			
Financial assets measured at FVPL*2	71,385	77,755	2,636
Other	15,494	8,954	7,538
Total	125,597	139,024	76,041

Financial expenses

	Yen in millions		
	Fiscal year ended March 31		
	2024	2025	2026
Interest expenses			
Financial liabilities measured at AC	28,163	25,476	18,249
Other	12,833	15,400	17,326
Foreign exchange loss, net*1	6,989	1,902	30,181
Other	17,781	29,683	35,418
Total	65,766	72,461	101,174

*1 Foreign exchange loss, net includes gains or losses from foreign exchange contracts.

*2 Shares of Spotify Technology S.A. (“Spotify”) held by Sony are classified as equity securities required to be measured at fair value through profit or loss. The revaluation of the Spotify shares, which reflects costs to be paid to Sony’s artists and distributed labels as well as the changes in the fair value of derivatives utilized to hedge exposure to market fluctuation risk, owned as of March 31, 2024, 2025 and 2026 resulted in an unrealized gain of 64,764 million yen (440 million U.S. dollars), 69,019 million yen (443 million U.S. dollars) and 9,919 million yen (74 million U.S. dollars), respectively.

SONY GROUP CORPORATION AND CONSOLIDATED SUBSIDIARIES

25. Income taxes

Income (loss) before income taxes and the provision for current and deferred income taxes attributable to such income are as follows. In connection with the Resolution for the plan regarding the execution of the Partial Spin-off of the Financial Services business, the Financial Services business was classified as a discontinued operation. Therefore, the income (loss) before income taxes and income tax expenses of the Financial Services business are included in net income(loss) from discontinued operations. Accordingly, comparative periods have been re-presented to reflect this change.

	Yen in millions		
	Fiscal year ended March 31		
	2024	2025	2026
Income (loss) before income taxes:	1,095,086	1,343,198	1,422,374
Income tax expenses			
Current	255,375	275,376	326,555
Deferred	(16,270)	(17,896)	40,553
Total income tax expense	239,105	257,480	367,108

For the fiscal year ended March 31, 2024, 2025 and 2026 the domestic components of the amount of income tax expenses were 120,758 million yen, 64,219 million yen and 171,666 million yen, respectively, and the foreign components of the amount of income tax expenses were 118,347 million yen, 193,261 million yen and 195,442 million yen, respectively.

Income tax expenses for the fiscal year ended March 31, 2025 included the impact of decreases in tax expense from the repayment of capital from a subsidiary and the dissolution of a subsidiary. The amounts of decreases were 48,373 million yen and 35,278 million yen, respectively.

A reconciliation of the differences between the Japanese statutory tax rate and the effective tax rate for continuing operations is as follows:

	Fiscal year ended March 31		
	2024	2025	2026
Statutory tax rate	31.5%	31.5%	31.5%
Non-deductible expenses	0.3	0.4	0.6
Income tax credits	(3.8)	(1.5)	(2.2)
Change in statutory tax rate	0.1	0.0	0.0
Change in unrecognized deferred tax assets	(2.5)	(5.7)	0.2
Change in deferred tax liabilities on undistributed earnings of foreign subsidiaries and affiliates	1.0	0.4	0.6
Foreign income tax differential	(5.6)	(6.5)	(4.6)
Recording or reversal of liabilities for uncertain tax positions	0.2	0.1	(0.5)
Controlled Foreign Company taxation in Japan	0.1	0.1	0.1
Other	0.5	0.4	0.1
Effective income tax rate	21.8%	19.2%	25.8%

Sony recognizes deferred tax assets, which include temporary differences, net operating losses and tax credits, to the extent that it is probable that taxable profit will be available against which the assets can be utilized. The realization of deferred tax assets is dependent upon the generation of future taxable income in the relevant tax jurisdiction.

In Japan, the Act for Partial Amendment of Income Tax Act, etc. (Act No. 13 of 2025) was promulgated on March 31, 2025, according to which the corporate tax rate will increase from the fiscal year beginning on or after April 1, 2026. As a result, the statutory tax rate from the fiscal year ending March 31, 2027 and thereafter will be approximately 32.3%.

SONY GROUP CORPORATION AND CONSOLIDATED SUBSIDIARIES

The schedules of deferred tax assets and liabilities by major cause of their occurrence are as follows:

	Yen in millions						
	Fiscal year ended March 31, 2025						
	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Changes accompanying business combination	Recognized directly in equity	Other*1	Ending balance
Deferred tax assets:							
Operating loss carryforwards for tax purposes	77,541	2,270	(2)	567	-	1,015	81,391
Defined benefit liabilities	75,547	(475)	(4,550)	-	-	(7,549)	62,973
Amortization including content assets	19,619	8,903	-	-	-	(450)	28,072
Lease liabilities	135,730	10,457	-	-	-	(10,913)	135,274
Warranty reserves and accrued expenses	167,402	11,737	-	3	-	(4,370)	174,772
Inventories	48,807	(3,504)	-	-	-	1,174	46,477
Depreciation	41,603	(477)	-	-	-	(2,232)	38,894
Equity securities measured at FVPL	19,240	(9,781)	4,076	-	-	(669)	12,866
Debt securities measured at FVOCI	382,527	4,309	289,625	-	-	(100,198)	576,263
Tax credit carryforwards	57,646	4,219	-	57	-	(325)	61,597
Loss allowances	10,741	152	-	-	-	1,110	12,003
Impairment of investments	7,780	51,863	-	-	-	(5,435)	54,208
Deferred revenue	48,454	24,147	-	-	-	(1)	72,600
Research and development expenditures*2	75,323	26,992	-	-	-	(1,371)	100,944
Other*2	236,976	38,527	656	523	3,125	115,467	395,274
Total deferred tax assets	1,404,936	169,339	289,805	1,150	3,125	(14,747)	1,853,608
Deferred tax liabilities:							
Insurance contract liabilities	(499,709)	(67,854)	(219,798)	-	-	67,524	(719,837)
Right-of-use assets	(113,240)	(8,529)	-	-	-	1,239	(120,530)
Equity securities measured at FVPL	(52,334)	(48,477)	-	-	-	660	(100,151)
Intangible assets acquired through stock exchange offerings	(23,949)	-	-	-	-	-	(23,949)
Intangible assets acquired through business combinations*3	(193,054)	15,287	-	(6,842)	-	2,322	(182,287)
Undistributed earnings of foreign subsidiaries and affiliates	(84,951)	(16,303)	19	-	-	2,009	(99,226)
Investment in M3, Inc.	(52,625)	(4,346)	-	-	-	-	(56,971)
Other*3	(51,948)	(60,669)	376	2,140	7	(56,507)	(166,601)
Total deferred tax liabilities	(1,071,810)	(190,891)	(219,403)	(4,702)	7	17,247	(1,469,552)

*1 "Other" includes exchange differences on translating foreign operations and others.

*2 "Research and development expenditures," which were included within "Other" in the fiscal year ended March 31, 2025, have increased in materiality and have been reclassified and presented separately, starting from the fiscal year ended March 31, 2026. As a result of this change, "Research and development expenditures," which were included within "Other" in the fiscal year ended March 31, 2025, have been reclassified.

*3 "Intangible assets acquired through business combinations," which were included within "Other" in the fiscal year ended March 31, 2025, have increased in materiality and have been reclassified and presented separately, starting from the fiscal year ended March 31, 2026. As a result of this change, certain reclassifications have been made, the primary ones being as follows: "Intangible assets acquired through business combinations," which were included within "Other" in the fiscal year ended March 31, 2025, have been reclassified; and "Intangible assets derived from EMI Music Publishing acquisition," which were presented in the fiscal year ended March 31, 2025, have been reclassified and presented as "Intangible assets acquired through business combinations," considering the nature of the adjustments.

SONY GROUP CORPORATION AND CONSOLIDATED SUBSIDIARIES

	Yen in millions							
	Fiscal year ended March 31, 2026							
	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Changes accompanying business combination	Recognized directly in equity	Other*1	Impact from loss of control of the Financial Services business*2	Ending balance
Deferred tax assets:								
Operating loss carryforwards for tax purposes	81,391	(11,007)	-	-	-	3,410	(47)	73,747
Defined benefit liabilities	62,973	11,676	(13,014)	-	-	492	(11,032)	51,095
Amortization including content assets	28,072	8,168	-	10	7,389	(8,358)	-	35,281
Lease liabilities	135,274	26,059	-	-	-	5,428	(16,510)	150,251
Warranty reserves and accrued expenses	174,772	25,869	-	299	-	8,530	(9,850)	199,620
Inventories	46,477	(2,914)	-	12	-	1,183	-	44,758
Depreciation	38,894	21,218	-	-	-	1,046	(1,961)	59,197
Equity securities measured at FVPL	12,866	-	6,514	-	-	8,650	(2,028)	26,002
Debt securities measured at FVOCI	576,263	-	-	-	-	-	(576,263)	-
Tax credit carryforwards	61,597	(19,815)	-	-	-	2,452	-	44,234
Loss allowances	12,003	401	-	124	-	915	(426)	13,017
Impairment of investments	54,208	(37,490)	-	-	-	(6,166)	(546)	10,006
Deferred revenue	72,600	(12,705)	-	(25)	-	4,631	-	64,501
Research and development expenditures	100,944	6,257	-	-	-	6,514	-	113,715
Other	395,274	(28,048)	331	950	712	(5,915)	(118,100)	245,204
Total deferred tax assets	1,853,608	(12,331)	(6,169)	1,370	8,101	22,812	(736,763)	1,130,628
Deferred tax liabilities:								
Insurance contract liabilities	(719,837)	-	-	-	-	-	719,837	-
Right-of-use assets	(120,530)	(18,944)	-	-	-	(4,016)	16,839	(126,651)
Equity securities measured at FVPL	(100,151)	10,141	-	-	-	(6,446)	-	(96,456)
Intangible assets acquired through stock exchange offerings	(23,949)	(608)	-	-	-	-	-	(24,557)
Intangible assets acquired through business combinations	(182,287)	30,412	-	(14,936)	-	(13,367)	-	(180,178)
Undistributed earnings of foreign subsidiaries and affiliates	(99,226)	(7,161)	-	-	-	(7,878)	-	(114,265)
Investment in M3, Inc.	(56,971)	(5,328)	-	-	-	-	-	(62,299)
Other	(166,601)	(36,734)	1,684	(1,577)	-	21,302	5,113	(176,813)
Total deferred tax liabilities	(1,469,552)	(28,222)	1,684	(16,513)	-	(10,405)	741,789	(781,219)

*1 “Other” includes exchange differences on translating foreign operations and others.

*2 This includes the impact of the deconsolidation of the SFGI, which operates Financial Services business, resulting from the execution of the Partial Spin-off of the Financial Services business.

SONY GROUP CORPORATION AND CONSOLIDATED SUBSIDIARIES

As of March 31, 2025 and 2026, based on the assessment of recoverability of deferred tax assets, Sony continued not to recognize the deferred tax assets at some entities in Japan, Sony Mobile Communications AB in Sweden, Sony Europe B.V. in the United Kingdom, certain subsidiaries in Brazil, and certain subsidiaries in other tax jurisdictions.

As of March 31, 2025 and 2026, the deductible temporary differences, operating loss carryforwards and tax credit carryforwards for which no deferred tax asset is recognized are as follows:

	Yen in millions	
	Fiscal year ended March 31	
	2025	2026
Deductible temporary differences	131,442	247,701
Operating loss carryforwards	1,465,002	1,484,949
Tax credit carryforwards	12,139	13,247

As of March 31, 2025 and 2026, the expected expiration period of the operating loss carryforwards for which no deferred tax asset is recognized are as follows:

	Yen in millions	
	Fiscal year ended March 31	
	2025	2026
Within 5 years	362,529	449,326
Over 5 years to 10 years	459,335	347,087
Over 10 years to 15 years	31,198	37,971
Over 15 years	16,575	28,794
No expiration period	595,365	621,771
Total	1,465,002	1,484,949

As of March 31, 2025 and 2026, the expected expiration period of the tax credit carryforwards for which no deferred tax asset is recognized was mostly within 5 years.

Deferred tax liabilities are not recognized on the taxable temporary differences for undistributed earnings of certain foreign subsidiaries and corporate joint ventures which are not expected to be remitted in the foreseeable future. As of March 31, 2025 and 2026, such taxable temporary differences amounted to 1,117,684 million yen and 1,221,573 million yen, respectively. The tax basis of these undistributed earnings was approximately 17,883 million yen and 19,545 million yen, respectively. In addition, deferred tax liabilities are not recognized on the taxable temporary differences in subsidiaries, including a gain of 61,544 million yen on a subsidiary's sale of stock arising from the issuance of common stock of Sony Music Entertainment (Japan) Inc. in a public offering to third parties in November 1991 and the remeasurement gain on 116,939 million yen for the pre-owned equity interest in EMI Music Publishing acquired in November 2018. Sony does not anticipate any significant tax consequences on the possible future disposition of these investments based on its tax planning strategies.

In addition, the deductible temporary differences arising from the translation adjustments for the foreign operations for which deferred tax assets are not recognized as of March 31, 2025 and 2026 amounted to 173,711 million yen and 197,149 million yen, respectively. The taxable temporary differences arising from the translation adjustments for the foreign operations for which deferred tax liabilities are not recognized as of March 31, 2025 and 2026 amounted to 1,047,225 million yen and 1,499,571 million yen, respectively.

Sony applies the "International Tax Reform - Pillar Two Model Rules (Amendments to IAS 12)" that the IASB issued in May 2023. Sony does not recognize or disclose deferred tax assets and deferred tax liabilities related to taxes arising from the taxation associated with the Pillar Two Model Rules, applying the temporary exemption provisions stipulated by the Amendments to IAS 12.

In Japan, the Act for Partial Amendment of Income Tax Act, etc. (Act No. 3 of 2023) to implement the global minimum tax in accordance with the Pillar Two Model Rules, was enacted on March 28, 2023. This new tax reform statute applies to Sony from the fiscal year ended March 31, 2025. Sony estimated and recognized corporate income tax expense arising from this global minimum tax based on the financial information available at the reporting date. The impact on the consolidated financial statements was not material.

SONY GROUP CORPORATION AND CONSOLIDATED SUBSIDIARIES

26. Reconciliation of the differences between basic and diluted EPS

Reconciliation of the differences between basic and diluted EPS for the fiscal years ended March 31, 2024, 2025 and 2026 is as follows:

	Yen in millions		
	Fiscal year ended March 31		
	2024	2025	2026
Net income (loss) attributable to Sony Group Corporation's stockholders for basic and diluted EPS computation	970,573	1,141,600	(326,865)
Continuing operations	846,587	1,067,431	1,030,893
Discontinued operations	123,986	74,169	(1,357,758)

	Thousands of shares		
	Fiscal year ended March 31		
	2024	2025	2026
Weighted-average shares outstanding for basic EPS computation	6,156,210	6,049,652	5,975,984
Effect of dilutive securities:			
Stock options	18,398	18,862	25,890
Restricted stock units	2,047	6,550	11,316
Weighted-average shares for diluted EPS computation	6,176,655	6,075,064	6,013,190

	Yen		
	Fiscal year ended March 31		
	2024	2025	2026
Basic EPS	157.66	188.71	(54.70)
Continuing operations	137.52	176.45	172.51
Discontinued operations	20.14	12.26	(227.21)
Diluted EPS	157.14	187.92	(54.36)
Continuing operations	137.06	175.71	171.44
Discontinued operations	20.08	12.21	(225.80)

Notes:

1. Potential shares of common stock which were excluded from the computation of diluted EPS for the fiscal years ended March 31, 2024, 2025 and 2026 were 34,474 thousand shares, 14,422 thousand shares and 2,969 thousand shares, respectively, which consisted of stock options.
2. As of October 1, 2024, Sony Group Corporation conducted a five-for-one stock split of its common stock. Basic and diluted EPS are calculated assuming that the stock split was implemented at the beginning of the fiscal year ended March 31, 2024.

27. Supplemental cash flow information

(1) Classification of cash flows of content assets

Sony classifies the cash flows from the additions, except for additions from purchases of businesses and other, and disposals of content assets as cash flows from operating activities in the consolidated statements of cash flows because the additions and disposals of content assets are derived from the principal revenue-producing activities of Sony.

SONY GROUP CORPORATION AND CONSOLIDATED SUBSIDIARIES

(2) Interest and dividends

	Yen in millions		
	Fiscal year ended March 31		
	2024	2025	2026
Interest received			
Financial income	36,295	49,582	55,647
Net income (loss) from discontinued operations	244,292	260,725	138,878
Dividends received			
Financial income	1,138	1,390	2,995
Net income (loss) from discontinued operations	52,760	41,214	7,612
Interest paid			
Financial expenses	22,667	21,829	16,541
Net income (loss) from discontinued operations	74,857	91,431	52,448

The above are items presented in the consolidated statements of income, which include cash flows for interest and dividends.
Sony classifies the cash flows from interest and dividends of the above as cash flows from operating activities in the consolidated statements of cash flows.

(3) Non-cash investing and financing activities

Non-cash investing and financing activities included an increase in ROU assets as a result of entering into lease contracts during the fiscal years ended March 31, 2024, 2025 and 2026. In addition, non-cash investing and financing activities included an increase in ROU assets and dividends in kind as a result of the execution of the Partial Spin-off of the Financial Services business during the fiscal year ended March 31, 2026. Refer to "(4) Reconciliation of liabilities arising from financing activities" below for more details on the increase in ROU assets and refer to Note 20(5) for more details on the dividends in kind, respectively.

(4) Reconciliation of liabilities arising from financing activities

	Yen in millions		
	Short-term borrowings[*1]	Long-term debt[*1,2]	Lease liabilities[*2,3]
Balance as of April 1, 2023	92,646	790,080	532,247
Net cash flows from financing activities	(18,370)	188,260	(91,234)
Acquisitions through business combinations	796	-	853
Non-cash items:			
Obtaining assets by entering into lease contracts	-	-	101,039
Translation adjustment	12,097	36,946	39,222
Other	1,133	(1,000)	(10,400)
Total changes	(4,344)	224,206	39,480
Balance as of March 31, 2024	88,302	1,014,286	571,727
Net cash flows from financing activities	(28,585)	57,325	(99,112)
Acquisitions through business combinations	-	-	32,801
Non-cash items:			
Obtaining assets by entering into lease contracts	-	-	115,087
Translation adjustment	(1,040)	(3,664)	(5,744)
Other	(8,036)	19,266	(15,289)
Total changes	(37,661)	72,927	27,743
Balance as of March 31, 2025	50,641	1,087,213	599,470
Net cash flows from financing activities	(829)	(106,588)	(91,817)
Acquisitions through business combinations	-	-	33
Non-cash items:			
Obtaining assets by entering into lease contracts	-	-	99,188
Translation adjustment	1,591	20,154	27,399
Other[*3]	(220)	12	82,874
Impact from loss of control of the Financial Services business[*4]	-	(9,988)	(89,464)
Total changes	542	(96,410)	28,213
Balance as of March 31, 2026	51,183	990,803	627,683

SONY GROUP CORPORATION AND CONSOLIDATED SUBSIDIARIES

*1 The amount of short-term borrowings and long-term debt associated with the insurance business and banking business operations, which are classified as cash flows from operating activities in the consolidated statements of cash flows, is excluded from the amount above.

*2 As described in Note 2 (5), "Lease liabilities," which were included within the "Current portion of long-term debt" and "Long-term debt," are presented as part of a separate caption in the consolidated statements of financial position as of March 31, 2026. In connection with this change, the amounts related to lease liabilities have also been reclassified in the table above.

*3 The amount includes 103,165 million yen of lease liabilities arising from lease agreements with the Financial Services business that were previously eliminated as intercompany transactions. As a result of the execution of the Partial Spin-off of the Financial Services business, these leases became external transactions and are therefore recognized in the consolidated statements of financial position.

*4 This is the amount as of the date of deconsolidation of SFGI, which operates the Financial Services business, resulting from the execution of the Partial Spin-off of the Financial Services business.

(5) Components of cash and cash equivalents

	Yen in millions		
	March 31		
	2024	2025	2026
Cash and demand deposits	1,535,476	1,885,112	1,127,113
Time deposits with original maturities of three months or less	63,169	126,375	570,153
Money market funds	219,559	709,460	511,613
Call loans	88,909	260,009	-
Total	1,907,113	2,980,956	2,208,879

Notes:

1. Cash and demand deposits, time deposits with original maturities of three months or less and call loans are classified as financial assets required to be measured at amortized cost, whose carrying amounts approximate their fair values mainly due to their short-term nature. Money market funds are short-term and highly liquid investments with insignificant risk of changes in value. Money market funds are classified as financial assets required to be measured at fair value through profit or loss and classified within Level 1 of the fair value hierarchy.
2. As a result of the execution of the Partial Spin-off of the Financial Services business, SFGI, which operates the Financial Services business, has been excluded from consolidation. Therefore, the balance as of March 31, 2026 does not include cash and cash equivalents related to the Financial Services business.

(6) Cash flows from discontinued operations

As a result of the execution of the Partial Spin-off of the Financial Services business, SFGI, which operates the Financial Services business, has been excluded from consolidation. In the consolidated statements of cash flows, the decrease resulting from deconsolidation in cash and cash equivalent previously recorded in the Financial Services business at the time of execution, amounting to 1,170,068 million yen, is included in net cash used in investing activities from discontinued operations.

(7) Acquisition of a group of assets that does not constitute a business

During the fiscal year ended March 31, 2024, Sony newly obtained an interest in a company which owns certain music assets in the Music segment for consideration of 90,968 million yen, which is reflected in cash flows from investing activities as "Payments for purchases of businesses and other." This transaction is accounted for as an acquisition of a group of assets that does not constitute a business.

As a result of the transaction, Sony consolidated the company and recognized 182,689 million yen of content assets (music catalogs) as well as 90,968 million yen of noncontrolling interests.

During the fiscal year ended March 31, 2025, Sony established a new joint venture in the Music segment with a third party partner, which acquired interests in companies that own certain music and other assets (the "target companies") as well as music assets directly from other rights holders. Sony consolidated the joint venture through Sony's majority interest and reflected the consideration of 133,064 million yen for the acquisition of the interests in the target companies in cash flows from investing activities as "Payments for purchases of businesses and other." Sony primarily recognized 116,289 million yen of content assets (music catalogs) and 11,501 million yen of other intangible assets from the acquisition of the interests in the target companies. The acquisition of the interests in the target companies is accounted for as an acquisition of a group of assets that does not constitute a business. The consideration for the content assets (music catalogs) directly acquired from other rights holders was 84,382 million yen, which was recorded in cash flows from operating activities as "Increase in content assets."

SONY GROUP CORPORATION AND CONSOLIDATED SUBSIDIARIES

28. Structured entities

Sony has, from time to time, entered into various arrangements with structured entities. As a result of the execution of the Partial Spin-off of the Financial Services business, SFGI, which operates the Financial Services business, has been excluded from consolidation. Therefore, the descriptions of the structured entities related to the Financial Services business are presented only as of March 31, 2025.

(1) Consolidated structured entities

Sony consolidates investment funds as structured entities in the Financial Services business. The investment funds are designed so that voting or similar rights are not the dominant factor in deciding who controls these entities, but it is determined that Sony has control over these structured entities. Sony has not provided and does not intend to provide any significant financial or other support to any of the consolidated structured entities without contractual obligations to the investment funds. The assets and liabilities of structured entities that are consolidated in the Financial Services business are limited in their intended use by contractual arrangements. As of March 31, 2025, the total assets of these structured entities are 4,439,856 million yen.

Sony also consolidates several structured entities in the Music and Pictures segment. Sony has not provided and does not intend to provide any significant financial or other support to these structured entities without contractual obligation.

(2) Unconsolidated structured entities

In the Financial Services business, Sony enters into securitization transactions for certain housing loans, involving unconsolidated structured entities. Sony derecognizes a financial asset when the contractual right to receive the cash flows from the financial asset is transferred, or when Sony retains the contractual right to receive the cash flows from the financial asset, but assumes a contractual obligation to pay the cash flows without reinvestment or material delay to other recipients in an arrangement, and substantially all the risks and rewards of ownership of the financial asset are transferred to another entity. Since the above securitization transactions do not meet the requirements for derecognition of financial assets, such transferred assets are not derecognized. Sony recorded 150,953 million yen of transferred assets that do not meet the requirement for derecognition of financial assets included in investments and advances in the Financial Services business as of March 31, 2025. As of March 31, 2025, the liabilities recorded from these securitization transactions were 152,046 million yen, which are included in the current portion of long-term debt and long-term debt. The liabilities will be settled when the payment for the transferred assets is executed and until this time, Sony is unable to utilize the transferred assets. The transferee of the transferred assets has recourse only to the transferred asset, and as of March 31, 2025, the fair value of the transferred assets is 148,305 million yen, and the associated liabilities is 147,673 million yen.

In addition to the above, in the Financial Services business, Sony makes investments in structured entities. Sony's investments in such structured entities include securitized products, foreign corporate bonds and other investments. The following tables present the carrying amount of the investments of unconsolidated structured entities, the presentation in the consolidated statements of financial position, and the maximum exposure to loss associated with these investments as of March 31, 2025. Maximum exposure to loss does not reflect Sony's estimate of the actual losses that could result from adverse changes, nor does it reflect the economic hedges Sony enters into to reduce its exposure. The risks associated with structured entities in which Sony is involved are limited to the amount recorded in the consolidated statements of financial position and the amount of commitments.

	Yen in millions			
	March 31, 2025			
	Presentation in the consolidated statements of financial position			
	Investments and advances in the Financial Services segment (Current assets)	Investments and advances in the Financial Services segment (Non-current assets)	Other financial assets (Current assets)	Maximum exposure to loss
Securitized products	-	547,861	-	547,861
Foreign corporate bonds*1	22,071	219,935	-	242,006
Other investments*2	-	590,721	21,429	634,216
Total	22,071	1,358,517	21,429	1,424,083

*1 Foreign corporate bonds primarily include repackaged bonds.
*2 Other investments primarily include investment funds.

SONY GROUP CORPORATION AND CONSOLIDATED SUBSIDIARIES

29. Subsidiaries

The following table sets forth the major consolidated subsidiaries owned, directly or indirectly, by Sony Group Corporation.

Name of company	Country of incorporation /residence	(As of March 31, 2026) Percentage owned
Sony Interactive Entertainment Inc.	Japan	100.0
Sony Music Entertainment (Japan) Inc.	Japan	100.0
Sony Corporation	Japan	100.0
Sony Global Manufacturing & Operations Corporation	Japan	100.0
Sony Network Communications Inc.	Japan	100.0
Sony Marketing Inc.	Japan	100.0
Sony Semiconductor Solutions Corporation	Japan	100.0
Sony Semiconductor Manufacturing Corporation	Japan	100.0
Sony Storage Media Corporation	Japan	100.0
Sony Corporation of America	U.S.A.	100.0
Sony Interactive Entertainment LLC	U.S.A.	100.0
Sony Music Entertainment	U.S.A.	100.0
Sony Music Publishing LLC	U.S.A.	100.0
Sony Pictures Entertainment Inc.	U.S.A.	100.0
Sony Electronics Inc.	U.S.A.	100.0
Sony Capital Corporation	U.S.A.	100.0
Sony Interactive Entertainment Europe Ltd.	U.K.	100.0
Sony Europe B.V.	U.K.	100.0
Sony Global Treasury Services Plc	U.K.	100.0
Sony Overseas Holding B.V.	Netherlands	100.0
Sony (China) Limited	China	100.0
Sony EMCS (Malaysia) Sdn. Bhd.	Malaysia	100.0
Sony Electronics (Singapore) Pte. Ltd.	Singapore	100.0

30. Acquisitions

(1) Acquisition of an additional equity interest in Peanuts Holdings

On March 2, 2026 (Eastern Standard Time), SMEJ, a wholly-owned subsidiary of Sony within the Music segment, and Sony Pictures Entertainment Inc. (“SPE”), a wholly-owned subsidiary of Sony within the Pictures segment, indirectly acquired all of the approximately 41% equity interest in Peanuts Holdings, which was indirectly held by WildBrain Ltd., a publicly listed Canadian company. The consideration for the acquisition of 70,652 million yen (617 million Canadian dollars) was paid in cash. The consideration is subject to customary working capital and other adjustments.

As a result of this acquisition, Sony expects to leverage SMEJ’s expertise in the character business cultivated to date, together with Sony Group’s global network, to further expand its business and other initiatives utilizing “PEANUTS” IP.

Prior to the acquisition, Sony indirectly held approximately 39% equity interest in Peanuts Holdings through SMEJ and the interest was accounted for under the equity method of accounting. As a result of the acquisition, together with SMEJ’s previously existing approximately 39% equity interest, SMEJ and SPE now indirectly own an 80% equity interest in Peanuts Holdings, and Peanuts Holdings has become a consolidated subsidiary of Sony. In addition, because of remeasuring SMEJ’s previously existing equity interest at its fair value of 57,501 million yen as of the acquisition date, Sony recorded a remeasurement gain of 34,662 million yen in other operating income, net for the fiscal year ended March 31, 2026. The fair value of the previously held interest was calculated by adjusting the purchase price for factors such as projected future cash flows. Since significant inputs used in such adjustments are unobservable, the fair value measurement is classified as Level 3.

As a result of the acquisition, Sony consolidated DHX Entertainment (USA) Inc, which is the parent company of Peanuts Holdings, and its subsidiaries, using the acquisition method of accounting and recorded the fair value of the identifiable assets acquired, liabilities assumed and residual goodwill. Goodwill represents expected future growth from new revenue streams and synergies with Sony’s existing businesses and is not deductible for tax purposes. The following table summarizes the fair values assigned to the assets and liabilities that were recorded in the Music segment. The purchase price allocation as of the

acquisition date is preliminary as of March 31, 2026, and is subject to change. The primary areas of the purchase allocation that are not yet finalized are related to goodwill, other intangible assets, and deferred tax liabilities.

	Yen in millions
Cash and cash equivalents	2,723
Trade and other receivables, and contract assets	7,113
Goodwill	44,564
Other intangible assets*	115,799
Other financial assets (non-current)	3,785
Other	115
Total assets	174,099
Trade and other payables	4,363
Income taxes payables	1,253
Contract liabilities	1,797
Deferred tax liabilities	12,591
Other financial liabilities (non-current)	2,239
Other	539
Total liabilities	22,782
Noncontrolling interests	23,164

*As a result of the acquisition, Sony recognized trademarks related to the “PEANUTS” IP as intangible assets amounting to 115,799 million yen. Sony determined that there is no foreseeable limit to the period over which these trademarks are expected to generate net cash inflows for Sony, and therefore recognized it as intangible assets with indefinite useful lives.

The cash consideration paid in this transaction, net of cash and cash equivalents included in above table, is included in cash flows from investing activities as Payments for purchases of businesses and other.

The post-acquisition revenues and net income included in Sony’s consolidated statements of income, as well as the related pro forma information, have not been presented as the effect of the acquisition is immaterial.

(2) Other acquisitions of entities and businesses

During the fiscal year ended March 31, 2024, Sony completed certain acquisitions for a total consideration of 111,669 million yen which was paid for primarily in cash and there was no material contingent consideration subject to future change. As a result of these acquisitions, Sony recorded 70,791 million yen of goodwill and 69,294 million yen of intangible assets.

During the fiscal year ended March 31, 2025, Sony completed certain acquisitions for a total consideration of 74,009 million yen which was paid for primarily in cash and there was no material contingent consideration subject to future change. As a result of these acquisitions, Sony recorded 44,424 million yen of goodwill and 44,652 million yen of intangible assets.

During the fiscal year ended March 31, 2026, Sony completed acquisitions other than those described in (1) above for a total consideration of 57,421 million yen which was paid for primarily in cash and there was no material contingent consideration subject to future change. As a result of these acquisitions, Sony recorded 43,494 million yen of goodwill and 51,065 million yen of intangible assets.

No significant purchase price was allocated to in-process research and development and all of the acquired entities and businesses described above have been consolidated into Sony’s results of operations since their respective acquisition dates. Other information including pro forma results of operations has not been presented because the effects of other acquisitions, individually and in aggregate, were not material.

In addition, the effects of acquisitions of a group of assets that does not constitute a business are not included in this Note 30. For such effects, refer to Note 27 (7).

SONY GROUP CORPORATION AND CONSOLIDATED SUBSIDIARIES

31. Related party transactions

(1) Account balances and transactions with associates and joint ventures accounted for under the equity method

Primary account balances and transactions with associates and joint ventures accounted for under the equity method are as follows:

	Yen in millions	
	March 31	
	2025	2026
Trade and other accounts receivable		
Associates	20,990	9,006
Joint ventures	3,854	6,407
Total	24,844	15,413
Other current assets		
Associates	8,192	8,364
Joint ventures	-	-
Total	8,192	8,364
Accounts payable, trade		
Associates	1,102	1,092
Joint ventures	55	36
Total	1,157	1,128
Short-term borrowings		
Associates	5,401	6,401
Joint ventures	17,641	20,675
Total	23,042	27,076
Lease liabilities and other		
Associates*	79,987	183,836
Joint ventures	-	-
Total	79,987	183,836

* Refer to Note 10.

	Yen in millions		
	Fiscal year ended March 31		
	2024	2025	2026
Sales			
Associates	14,215	14,254	10,269
Joint ventures	34,199	34,415	31,239
Total	48,414	48,669	41,508
Purchases			
Associates	6,385	5,171	6,573
Joint ventures	723	1,131	-
Total	7,108	6,302	6,573
Lease payments and other			
Associates	15,467	16,931	22,985
Joint ventures	-	-	-
Total	15,467	16,931	22,985

Sony has issued guarantees that contingently require payments to guaranteed parties if certain specified events or conditions occur. The maximum potential amount of future payments under these guarantees to joint ventures as of March 31, 2025 and 2026, amounted to 3,856 million yen and 3,775 million yen, respectively. In addition, Sony has agreements with shareholders of joint ventures to make cash investments in the joint ventures if certain specified events or conditions occur.

SONY GROUP CORPORATION AND CONSOLIDATED SUBSIDIARIES

(2) Compensation for key management personnel

Compensation for key management personnel for the fiscal years ended March 31, 2024, 2025 and 2026 is presented as follows:

	Yen in millions		
	Fiscal year ended March 31		
	2024	2025	2026
Short-term employee benefits	1,660	1,657	1,908
Stock-based compensation	2,917	4,431	4,254
Total	4,577	6,088	6,162

Compensation for key management personnel is the remuneration for Directors (including outside Directors) and Corporate Executive Officers of Sony Group Corporation.

32. Purchase commitments, contingent liabilities and other

(1) Loan commitments

Subsidiaries in the Financial Services business have lines of credit in accordance with loan agreements with their customers. As of March 31, 2025, the total unused portion of the lines of credit extended under these contracts was 27,564 million yen. As a result of the execution of the Partial Spin-off of the Financial Services business, SFGI, which operates the Financial Services business, has been excluded from consolidation. Therefore, loan commitments are presented only as of March 31, 2025.

(2) Purchase commitments

Purchase commitments for property, plant and equipment and intangible assets (excluding content assets) as of March 31, 2025 and 2026 amounted to 205,881 million yen and 84,969 million yen, respectively.

In addition to the above, Sony has purchase commitments for goods and services. There are no purchase commitments that are individually material to Sony, except for the following.

Purchase commitments in the G&NS segment as of March 31, 2025 and 2026 amounted to 43,202 million yen and 33,691 million yen, respectively. The major components of these are long-term contracts for the development, distribution and publishing of game software. These contracts cover various periods mainly within four years and three years from the end of each period, respectively.

Purchase commitments in the Music segment as of March 31, 2025 and 2026 amounted to 283,211 million yen and 342,183 million yen, respectively. The major components of these are contracts with recording artists, songwriters and production and sales companies of music software and videos for the future production, distribution and/or licensing of music products. These contracts cover various periods mainly within four years from the end of each period.

Purchase commitments in the Pictures segment as of March 31, 2025 and 2026, amounted to 197,999 million yen and 184,667 million yen, respectively. The major components of these are agreements with creative talent for the development and production of motion pictures and television programming as well as agreements with third parties to acquire completed motion pictures, or certain rights therein, and to acquire the rights to broadcast certain live action sporting events. These agreements cover various periods mainly within four years and three years from the end of each period, respectively.

Sony has entered into purchase contracts for materials. As of March 31, 2025 and 2026, Sony has committed to make payments of 152,356 million yen and 78,058 million yen, respectively, under such contracts.

Sony has entered into long-term contracts for the use of certain IT services. As of March 31, 2025 and 2026, Sony has committed to make payments of 251,478 million yen and 217,792 million yen, respectively, under such contracts.

(3) Litigation

Sony Group Corporation and certain of its subsidiaries are defendants or otherwise involved in pending legal and regulatory proceedings. However, based upon the information currently available, Sony believes that the outcome from such legal and regulatory proceedings would not have a material impact on Sony's results of operations and financial position.

(4) Guarantees

Sony has issued guarantees that contingently require payments to guaranteed parties if certain specified events or conditions occur. The maximum potential amount of future payments under these guarantees as of March 31, 2025 and 2026 amounted to 4,161 million yen and 4,073 million yen, respectively.

SONY GROUP CORPORATION AND CONSOLIDATED SUBSIDIARIES

33. Discontinued operations

At a meeting of the Board held on May 14, 2025, Sony Group Corporation resolved to submit a resolution for the execution of the Partial Spin-off of the Financial Services business, effective October 1, 2025, to the Board in early September 2025. Afterwards, at a meeting of the Board held on September 3, 2025, Sony Group Corporation resolved to execute the Partial Spin-off of the Financial Services business effective October 1, 2025. Upon execution of the Partial Spin-off of the Financial Services business, Sony Group Corporation distributed dividends in kind to shareholders appearing in Sony Group Corporation's register of shareholders as of the record date, September 30, 2025, at the rate of one SFGI share to one share of common stock of Sony Group Corporation held by each shareholder, effective October 1, 2025. As a result, Sony Group Corporation held 16.40% of SFGI shares as of October 1, 2025.

In connection with the resolution for the plan regarding the execution of the Partial Spin-off of the Financial Services business on May 14, 2025, Sony Group Corporation determined that the distribution of SFGI shares was highly probable and the Financial Services business was classified as a discontinued operation, in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations." As a result, in the consolidated statements of income, consolidated statements of comprehensive income, and consolidated statements of cash flows; revenue, expenses, other comprehensive income and cash flows of the Financial Services business, among other items, are separated from continuing operations, comprised of Sony's businesses excluding the Financial Services business, and presented as net income (loss) from discontinued operations, other comprehensive income from discontinued operations, and net cash from discontinued operations, respectively. Additionally, in the consolidated statements of financial position, assets and liabilities of the Financial Services business were classified as a disposal group held for distribution to owners. Accumulated other comprehensive income directly related to the disposal group was classified as held for distribution to owners.

Then, as a result of the execution of the Partial Spin-off effective October 1, 2025, SFGI, which was a wholly-owned subsidiary of Sony Group Corporation, was deconsolidated as of October 1, 2025. After considering factors such as Sony Group Corporation's ownership interest in SFGI and the composition of SFGI's board of directors, Sony Group Corporation concluded that it is able to exercise significant influence over SFGI. Accordingly, SFGI is accounted for as an affiliate using the equity method.

Further, as a result of the execution of the Partial Spin-off of the Financial Services business, 1,377,795 million yen of accumulated other comprehensive income directly related to the disposal group classified as held for distribution to owners at the time of the execution was transferred to net income (loss) from discontinued operations as a loss in the consolidated statements of income. Of this accumulated other comprehensive income, loss of 1,640,079 million yen relates to changes in the fair value of debt instruments measured at fair value through other comprehensive income held in the Financial Services business, and income of 263,298 million yen relates to insurance finance income (expenses). The latter mainly comprises changes in the carrying amount of groups of insurance contracts not measured under the PAA that are arising from the impact of the changes in the time value of money and financial risks. The discount rates used to measure the estimates of the present value of future cash flows, which represent significant assumptions used in measuring the portion of accumulated other comprehensive income related to insurance finance income (expenses), are derived by adjusting an observable risk-free yield curve based on government bond yields using an illiquidity premium by setting up a reference portfolio of Sony's assets. Regarding extrapolation for the periods in which observable market data is not available, a method using an ultimate forward rate is applied.

In addition, upon applying the equity method to SFGI on October 1, 2025, the fair value of SFGI shares on that date was recorded as its initial investment cost. At the time of the execution of the Partial Spin-off of the Financial Services business, since Sony's equity interest in the net fair value of SFGI's identifiable assets and liabilities exceeded the cost of the initial recognition of the investment, 188,888 million yen of the excess was recognized as the share of profit of investments accounted for using the equity method in connection with the initial investment cost. On the other hand, since the fair value of SFGI shares as of October 1, 2025 was lower than the equity method carrying amount, which is the initial investment cost plus the share of profit of investments accounted for using the equity method, 188,888 million yen of an impairment loss of the same amount as the aforementioned excess amount has been recorded as the share of loss of investments accounted for using the equity method.

SONY GROUP CORPORATION AND CONSOLIDATED SUBSIDIARIES

Results of discontinued operations

	Yen in millions		
	Fiscal year ended March 31		
	2024	2025	2026
Financial services revenue	1,760,731	922,147	678,023
Financial services expenses	1,606,370	789,702	640,811
Reclassification of accumulated other comprehensive income related to the disposal group to net income (loss)	-	-	(1,377,795)
Other income (expenses), net	19,215	(1,917)	(6,450)
Income (loss) before income taxes from discontinued operations	173,576	130,528	(1,347,033)
Income taxes	49,063	56,359	10,725
Net income (loss) from discontinued operations	124,513	74,169	(1,357,758)
Other comprehensive income, net of tax, from discontinued operations	(141,679)	(115,342)	1,408,764
Items that will not be reclassified to profit or loss			
Changes in equity instruments measured at fair value through other comprehensive income	1,013	(998)	963
Remeasurement of defined benefit pension plans	(1,169)	(444)	(106)
Items that may be reclassified subsequently to profit or loss			
Changes in debt instruments measured at fair value through other comprehensive income	(704,636)	(681,515)	1,346,457
Insurance finance income (expenses)	563,396	568,291	60,684
Others	(283)	(676)	766
Comprehensive income from discontinued operations	(17,166)	(41,173)	51,006

34. Subsequent events

(Establishment of a facility for the repurchase of shares of its own common stock)

Sony Group Corporation approved the establishment of the following facility for the repurchase of its own common stock pursuant to the Companies Act of Japan and Sony Group Corporation's Articles of Incorporation at the meeting of the Board held on May 8, 2026.

1. Total number of shares for repurchase: 230 million shares (maximum)
2. Total purchase price for repurchase of shares: 500 billion yen (maximum)
3. Period of repurchase: May 11, 2026 to May 10, 2027

(Cancellation of shares of its own common stock)

Based on a decision by Sony Group Corporation's Representative Corporate Executive Officer delegated by the Board, and pursuant to the Companies Act of Japan, Sony Group Corporation cancelled shares of its own common stock held as treasury stock as follows.

1. Total number of cancelled shares: 184,494,319 shares
2. Cancellation date: May 29, 2026

(Acquisition of a group of assets that does not constitute a business)

In May 2026, a consolidated subsidiary of Sony in the Music Segment entered into a definitive agreement to acquire 100% of the equity interests in a company that owns certain music assets and other assets. Sony will consolidate the company and the acquisition will be accounted for as an acquisition of a group of assets that does not constitute a business. The total cash consideration is approximately 1.6 billion U.S. dollars, subject to customary working capital and other adjustments. As a result of the transaction, Sony will recognize approximately 3.4 billion U.S. dollars of content assets (music catalogs), approximately 1.9 billion U.S. dollars of long-term debt and approximately 0.4 billion U.S. dollars of non-controlling interests by consolidating the company. This transaction is subject to certain closing conditions, including regulatory approvals.