FY2025.Q2 Earnings Announcement
Q&A (Summary)

Date: November 11, 2025 (Tue)

IMPORTANT: PLEASE READ THE FOLLOWING STATEMENT

For your reference, below please find an English summary of the question and answer session for the financial results for the second quarter ended September 30, 2025, which was conducted in Japanese.

This English summary, which is intended to replace the simultaneous translation of the question and answer session previously provided, is not intended to be a direct translation of the question and answer session. As a result, there may be some differences between this English summary and the simultaneous English interpretation provided at the question and answer session.

Questioner 1

Q: [G&NS segment] Regarding live service games, is there any change to the development status of *Marathon* and your explanation at the previous earnings announcement that you want to release it during this fiscal year?
Also, add-on service performance for the second quarter was lower than the same quarter of the previous fiscal year for the first time in 13 quarters. Is this due to delays in the release of new live service game titles?

A: The development of *Marathon* is ongoing. A technical test was conducted for one week from October 22nd to 28th, with approximately 80,000 participants, focusing on gameplay and retention as the main KPIs, and we are currently analyzing the results. It is still expected to be released during this fiscal year, and this has already been factored into the current forecast.
Regarding the decrease in add-ons, whether they are full games or add-ons depends on the game the user is playing. We don't see add-ons as a declining trend, and we expect add-ons to become even stronger as new games are released in preparation for the year-end selling season.

Questioner 2

Q: [Music segment] You upwardly revised the full-year operating income forecast by 25 billion yen. How much of that increase was attributable to *Demon Slayer: Kimetsuno Yaiba Infinity Castle (Demon Slayer)*?

A: The main contributors to the upward revision were *Demon Slayer*, *Kokuho*, and music streaming. Among them, *Demon Slayer* and *Kokuho*, together accounted for roughly half of the upward revision.

Questioner 3

Q: [Consolidated] Please explain the reason behind the 20 billion yen reduction of the tariff impact outlook in the current forecast?

A:
The previous forecast had factored in the impact of a certain amount of tariffs on the I&SS segment, but taking into account the state of the final product market and conditions regarding customer orders and other factors, we have decided that it is no longer necessary to reflect the impact of tariffs in the segment and have removed it from the forecast. Therefore, the 20 billion yen reduction basically comes from the I&SS segment.

Questioner 4

Q: [G&NS segment] While the operating income margin excluding non-recurring items is at the high level of 15.3%, is this sustainable? Also, is there any impact on hardware profitability due to rising memory prices?

A: In the second quarter, the impact of foreign exchange rates, the impact of increased sales of network services and a decrease in SG&A expenses driven primarily by lower M&A costs contributed to our ability to achieve a relatively high operating income margin. Regarding its sustainability, if the performance of network services and first party software remains strong, we think we can maintain a high profit margin overall. As for the impact of rising memory prices on hardware profitability, for this fiscal year, components have already been secured, so there will be no impact. Since rising component prices may impact hardware profitability, we are monitoring market trends carefully. However, when considering that the PS5 install base will expand further from next fiscal year onward, we think that it is important to focus not so much on minimizing the future impact on hardware profitability but on building a revenue foundation on which we can monetize the community we have already secured.

Q: [I&SS segment] Regarding the approach to balancing mid- to long-term business expansion with investment efficiency, how will you respond over the mid-term to changes of geopolitical risks?

A: Regarding business expansion and investment efficiency toward next fiscal year, we have managed relatively well this fiscal year. In particular, while controlling costs, we have achieved sales

exceeding previous fiscal year, and we aim to maintain and improve this toward next fiscal year. As for addressing geopolitical risks, our view remains unchanged that it is challenging to conduct stable mass production in the U.S. in-house while ensuring quality.

Questioner 5

Q: [G&NS segment] Regarding the impairment losses against a portion of Bungie's fixed assets, what is the scope and the remaining balance of such assets? Furthermore, what is the risk of additional impairment on the remaining balance?

A: The impairment pertains to *Destiny 2*, which fell short of our expectations at the time of the acquisition of Bungie, and has been recorded for Bungie's intangible and tangible fixed assets. Goodwill is evaluated at the G&NS segment level, so there is no impairment risk for goodwill at the moment. The remaining balance of fixed assets is still notable, and if the upcoming release of *Marathon* or the performance of *Destiny 2* underperforms our current projections, theoretically, additional impairment risk remains. That said, even if such additional impairment occurs, we do not expect a significant impact on the overall G&NS segment in terms of monetary scale.

Questioner 6

Q: [G&NS segment] Network services revenue has grown by approximately 35% on a dollar basis. Please share the breakdown of the contributing factors of revenue growth, ranked by their level of impact.

A: The continued effect of price increases, combined with a year-on-year growth in membership and a shift of users toward higher-priced service tiers, has been the primary driver of revenue growth. In terms of profit growth, in addition to the impact of increase in sales, enhanced efficiency in content acquisition has also played a role.

Q: [I&SS segment] You mentioned that in the first half of this fiscal year, there may have been an impact from customers stockpiling components. Given that, what is the background for what appears to be strong wafer inputs in the third quarter? Additionally, how do you view market conditions for the U.S. and China? Also, what are the risks and upsides?

A: Image sensor shipment volumes in the first half of this fiscal year exceeded our expectations, but the full-year outlook remains unchanged. This is because there is uncertainty in the supply chain of the final product makers due to the impacts of the tariffs and production location changes. We want to determine the extent to which shipped sensors are being converted into final products and

entering the market versus remaining in the supply chain pipeline. Meanwhile, in the third quarter, we plan to operate at full capacity, having determined our input volume to supply future sales beyond the third quarter and with an eye on strategic inventory for the next fiscal year onward. The situation varies by customer, but overall, we recognize that the smartphone market is gradually recovering. We see a slightly greater opportunity from North America when thinking about market and customer conditions.

Questioner 7

Q: [G&NS segment] While the full-year operating income forecast remains at 500 billion yen, the outlook for profitability has brightened when considering that the tariff impacts and the non-recurring losses are included. Your competitors are prioritizing profitability through measures such as revising hardware and service pricing. In considering ways to enhance profitability in the next fiscal year and beyond, what potential upside factors exist? Could a price revision of gaming content or network services be among them?

A: We intend to drive further expansion of the install base of PS5 during the year-end selling season, targeting over 90 million units by the start of the next fiscal year. As for upside factors in the next fiscal year, alongside the scheduled release of a tentpole title, *Marvel's Wolverine,* by Insomniac Games as a first-party title, if *Marathon* launches during this fiscal year, its live-service model will enable revenue generation in the next fiscal year. Meanwhile, we aim to pay close attention to supply chain uncertainties, including component, and prioritize balancing these factors with profitability- an essential consideration for the next fiscal year's business plan. We will refrain from commenting on our pricing strategy.

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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 the important risks and uncertainties. Important information regarding risks and uncertainties is also set forth in Sony's most recent Form 20-F, which is on file with the U.S. Securities and Exchange Commission.