**FY2021 Q1 Earnings Announcement**

**Analyst and Investor Briefing Q&A (Summary)**

Date: August 4, 2021 (Wed)

**IMPORTANT: PLEASE READ THE FOLLOWING STATEMENT**

For your reference, below please find an English summary of the question and answer session at the analyst and investor briefing for the financial results for the first quarter ended June 30, 2021, 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

**Q1: [EP&S segment]** Average sales prices for cameras and televisions appear to be increasing, but what is your view on the factors driving this? Of the factors behind such price increases, how much is due to improved product mix, and how much is due to market supply and demand? Could you comment on how sustainable the first-quarter price increases are on or after the second quarter, given inventory levels in distribution channels?

**A1:** I believe that TV prices have been impacted by both our product mix and market supply/demand factors. While our product strategy is to focus on large screen sizes and the high-end category, since the first quarter, market demand for small TVs of 32 inches or less has been weak, and prices on them have dropped. In that sense, prices have been impacted by both factors. In the case of cameras, I believe that the product mix has been extremely beneficial. The market for full-size mirrorless cameras has picked back up as vaccinations have ramped around the world, marking a break from the conditions we saw during the COVID-19 pandemic in FY2020. This has naturally provided us with a strong tailwind. Current levels of market inventory of both cameras and TVs are not particularly concerning. Looking ahead to 2H FY2021, we expect panel prices to drop, so how we deal with that will be crucial.

**Q2: [I&SS segment]** Where did your capacity stand at the end of the first quarter, and what was your average wafer input over the quarter? Could you also share your outlook for each of those data points in the second quarter? Lastly, if there have been any changes to your outlook for the average
selling price per wafer for the second quarter onward, please let us know.

A2: As of the end of the first quarter, monthly photodiode production capacity stood at roughly 135,000 wafers, which, because of changes in model mix, was less than the 141,000 we quoted as our estimate last time. We expect monthly capacity to be at 138,000 wafers at the end of the second quarter. As for wafer inputs, the simple monthly average for the three months of the first quarter was around 137,000 wafers. Our estimate as of the end of the fourth quarter of FY2020 had been roughly 138,000 wafers, so the result was basically in line with our expectations and represents full utilization. We increased our utilization as we had planned in preparation for shipments for new models this fiscal year. We expect the simple monthly average for wafer input over the three months of the second quarter to work out to around 138,000 and are anticipating operating at full utilization. I believe that the average selling price for wafers is down by around 10% compared to the first quarter of the previous fiscal year, owing largely to a particular Chinese customer.

Questioner 2

Q1: [Consolidated] Looking at the revisions to your operating income forecasts in the Music, Pictures, and EP&S segments, could you give us a rough idea as to how much of each revision owes to greater-than-expected performance in the first quarter and how much owes to upward revisions to your outlook?

A1: Our upward revision for the EP&S segment reflects the particularly strong first-quarter result. The revision to our outlook for 2H FY2021 and beyond is not large, but our forecast takes into account risks including the difficulty in predicting what TV demand will look like from 2H FY2021 onward, as well as what impact another wave of COVID-19 could have on production, sales, and our supply chain. The Music segment had a very strong first quarter, with streaming exhibiting strong growth. Advertising-supported streaming has struggled due to the pandemic, but now the advertising market is recovering, and we have reflected that into our forecast to a reasonable extent. We revised our full-year forecast for the Pictures segment based on updated information.

Q2: [Consolidated] What are your views on macroeconomic conditions, market scale, and the demand environment from now until the end of FY2021 in North America and China in particular?

A2: I hope that the current brisk conditions continue, but it is impossible to say to what extent conditions will be affected by further waves of COVID-19. For example, around two months ago, we had expected that theatrical releases would make a steady comeback in the Pictures segment, but now we think that a full return to movie theatres is proving a challenge. In North America, we understand there is still some reluctance to taking children to the cinema to see family-friendly films.
We thought the impact of COVID-19 in China was relatively limited, but judging from the recent wave of tougher regulations in China, it seems that the economy is unlikely to be China’s sole focus, so we need to monitor developments there closely.

Questioner 3

Q1: [Consolidated] What is your view on China’s regulation of platforms? I believe that the direct impact that you would face would be to your mobile games and to the stakes that you hold in certain platforms. Could you tell us how your entertainment business is affected?

A1: At present, we are not heavily reliant on China as a market. It accounts for a somewhat limited portion of our sales. Issues such as censorship and restrictions on movies released in China have existed for some time, and all that we can do is understand the situation and take appropriate action as quickly as possible. We are going to have to become even more attuned and responsive to such issues. In terms of our investments, the stakes that we hold are not so sizable as to impact our business, and given the timing at which we invested, we are not at risk of sustaining very significant losses. These are strictly capital tie-ups focused on fostering long-term partnerships, and we intend to maintain that stance on these relationships.

Q2: [Consolidated] You raised your operating income forecast in the face of uncertainties. If there is some message behind that or some aspect of that upgrade on which you want us to focus, could you let us know what that is?

A2: Across our segments, there were areas where our forecasts went up and others where they went down. As such, the upgrade to our consolidated operating income forecast is mostly the product of slight tweaks. We see it less as a major change and more as a natural increase stemming from the results we achieved in the first quarter. There is no significant overarching message behind it, and we arrived at the forecast that we have released by taking both risks and opportunities into account as they appear to us.

Questioner 4

Q1: [G&NS segment] Your monthly active users (MAU) stand at 104 million. What is your take on that number?

A1: We do not see 104 million as a very strong number, but we do not expect to see it trend downward hereafter. We have analyzed the data underlying that number for the first quarter but have been unable to identify any particularly distinct trends and need to continue to watch the data after this
month. We are keenly aware of the substantial impact of stay-at-home demand in FY2020 and note the uptrend as compared to FY2019. The situation will continue to warrant close monitoring, and we will also need to work to deepen engagement and bolster the value of the platform. We hope to devise and implement several initiatives this fiscal year as well.

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**Cautionary Statement**

Please be aware that, in the summary above, statements made with respect to Sony's current plans, estimates, strategies and beliefs and other statements that are not historical facts are forward-looking statements about the future performance of Sony. 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. 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, you 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.

The continued impact of COVID-19 could heighten the important risks and uncertainties noted above. For additional information as to risks and uncertainties, as well as other factors, that could cause actual results to differ from those discussed in the forward-looking statements, please refer to Sony’s most recent Form 20-F, which is on file with the U.S. Securities and Exchange Commission.