

**FY2022 Q3 Earnings Announcement**  
**Analyst and Investor Briefing Q&A (Summary)**

Date: February 2, 2023 (Thu)

**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 third quarter ended December 31, 2022, 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.

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Questioner 1

Q: [G&NS segment] You sold 7.1 million units of PS5 hardware in the third quarter. Could you have sold more if you had been able to produce more, or was that the extent of demand?

A: We by no means see sales of 7.1 million units as a poor showing, but we are still not getting enough units to our customers because of persistent production and logistical constraints. Units are not making it to all the stores in the various sales channels, so we want to work out any kinks we may have in our operations so that we can deliver more hardware to customers as quickly as possible. We are not very worried about the momentum of demand at present. Our focus has shifted to ensuring that our operations are robust so that we can deliver more units quickly.

Questioner 2

Q: [G&NS segment] What is your outlook for PS Plus subscriber numbers including the characteristic of users?

A: PS Plus subscriber numbers basically tracked our plan in the third quarter, helped in part by growth in PS5 unit sales, major multiplayer game titles, and promotions. A relatively large number of PS Plus subscribers are on 12-month plans, so there will be a lag before we see a decline in subscriber numbers driven by fewer people playing games in connection with the post-pandemic reopening. This is a difference from other metrics like MAU. We are not majorly concerned about

subscriber numbers at present, but we want to steadily increase engagement by continuing to build up our software lineup and delivering PS5 as quickly as possible.

Questioner 3

Q: [Financial Services segment] How did new policy value in the third quarter compare to your expectations? Also, how does interest rate fluctuations affect your financial results? While I believe that your accounting standards are expected to change in FY2023, how is that going to impact your financial results?

A: Partly because of strong sales of SOVANI, new policies in force grew and by extension new policy value did as well. We saw little direct impact from interest rate fluctuations, in part because we hedge. However, interest rate trends can impact spreads in our banking business in particular, leading to higher profitability, including in our insurance business. As regards the impact of application of IFRS 17, we plan to provide an explanation another day.

Questioner 4

Q: [G&NS segment] Do your third-quarter results and your outlook for hereafter reflect any differences in the business environment based on geography?

A: We are not seeing any pronounced differences based on geography at present. The PS5's share of the European market remains high relative to our competitors, and after having shrunk somewhat during the summer, its share of the US market has also grown recently, widening the gap between ourselves and our peers. We are not seeing much in the way of impact from the macroeconomy at present, but that is subject to change, so we intend to keep a close eye on the situation in the fourth quarter and beyond.

Questioner 5

Q: [I&SS segment] Were you impacted in the third quarter by the constraints on the North American smartphone brand's production? Your fourth-quarter wafer inputs look low compared to your capacity. Are you applying the brakes to production a bit?

A: The impact from the production cut is minor at present, but we still need a closer look to assess the implications for the fourth quarter. We are at roughly 90% utilization of capacity and inputs in the fourth quarter. This is because we have adjusted utilization for sensors used in industrial equipment, which we produce in the Kumamoto Factory, in response to a decline in demand for image

sensors for non-mobile applications. We expect our in-house capacity for mobile sensors to remain at full utilization in the fourth quarter. The reason we expect capacity to be down at the end of the fourth quarter is because of month-end inspections that are required by law.

#### Questioner 6

Q: [Consolidated] What is your view on market conditions in general and your understanding of the business environment as you look out to FY2023?

A: Unlike at the end of 2022, some observers have begun to express somewhat optimistic views about the western economies in particular, suggesting that they are going to be able to come in for soft landings. The financial markets also appear to be anticipating that and regaining momentum as a result. However, change in the real economy is likely to come later, so we believe that we need to remain cautious in our outlook for the fourth quarter and the first half of FY2023 and to prepare accordingly. As regards Sony's businesses, I would note that the I&SS segment is facing a sluggish market for low-end and mid-range smartphones, and demand is weak for televisions, too. Because these developments were to some extent predictable, we feel that we are prepared, but we aim to engage in solid risk control, especially from the fourth quarter through the first half of FY2023. We also plan to prepare ourselves for the growth that lies beyond that, and to have the capabilities in place that ensure we do not miss the start of the next wave of momentum.

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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 and the developments relating to the situation in Ukraine and Russia 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.