<u>FY2026.Q1 Earnings Announcement Q&A (Summary)</u>

Date: July 31, 2026 (Fri)

<u>IMPORTANT: PLEASE READ THE FOLLOWING STATEMENT</u>

For your reference, below please find an English summary of the question and answer session for the financial results for the first quarter ended June 30, 2026, 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: [I&SS Segment] Regarding the recovery of the semiconductor manufacturing facilities in Kumamoto prefecture following the earthquake, it took more than three months for operations to return to pre-earthquake levels after the Kumamoto earthquake ten years ago. Why has recovery accelerated this time? Please explain your views on the differences from the previous earthquake, including business continuity planning (BCP) measures, and the importance of disaster preparedness at semiconductor production facilities.

A: We will begin the phased restart of operations at Kumamoto Technology Center on August 4 and expect operations to return to pre-earthquake levels by mid-August. Other facilities in Kyushu, including those in Nagasaki, Oita, and Kagoshima, have already resumed operations. Compared with ten years ago, we have benefited from the lessons learned from the previous earthquake, including strengthening our BCP and building expertise on how to restore operations quickly. A key factor this time was that the earthquake caused relatively limited direct damage to our production facilities.

Over the past ten years, we have steadily enhanced the seismic resilience of our buildings and production equipment. We have also worked with our business partners on a regular basis and made preparation through ongoing discussions. The prospect of resuming operations within such a short period of time was made possible by the efforts of our employees and the support of our partner companies. I would like to once again express our sincere appreciation to everyone involved.

Questioner 2:

Q: [I&SS Segment] Regarding the impact of the Kumamoto earthquake on the semiconductor business, the full extent of the impact is not yet clear, and no amount of the impact has been disclosed. Compared with the previous earthquake, do you expect the financial impact to be smaller? Any qualitative perspective would be appreciated.

A: It is difficult to provide an accurate estimate of the financial impact at this stage. However, given the faster recovery timeline of Kumamoto Technology Center compared with the previous earthquake, we do not expect the impact to be significant enough to materially affect the full-year results forecast of the semiconductor business.

Questioner 3:

Q: [G&NS Segment] Regarding the discontinuation of PlayStation physical disc production, despite opposition petitions and legal actions initiated by consumer advocacy groups, could you elaborate on the rationale behind the decision to discontinue physical disc production? Additionally, how do you view and respond to the public and consumer feedback that has arisen in connection with this decision? How do you assess the potential impacts on the business such as user attrition or changes in sales volume?

A: The decision to discontinue physical disc production was driven in part by the ongoing digitalization of content as a whole, rather than being limited to content for the PlayStation platform. As the discontinuation is scheduled for 2028, at this stage, we do not expect any impact on the business. Looking ahead, digital distribution already accounts for a substantial portion of content sales, and we therefore do not anticipate any negative impact on business performance. At the same time, we will continue to consider carefully how best to respond to the preferences and expectations of our players.

Questioner 4:

Q: [Consolidated] Regarding the proposed acquisition of Tamron, acquiring a precision equipment manufacturer specializing in optical lenses appears somewhat different from Sony's strategic investment direction for strengthening its entertainment and content businesses. How does this investment fit within Sony's overall strategy?

A: As announced by Tamron, it is true that we submitted a proposal regarding the acquisition of the company. Sony's Purpose is to "Fill the world with emotion, through the power of creativity and technology". On the creativity side, we have pursued various acquisitions related to intellectual property over the years. At the same time, technology that supports and empowers creators is one of the pillars of our strategic investment approach. In that sense, this investment falls within one of Sony's key strategic investment priorities, and we believe it is fully consistent with our investment strategy. As for the details of the proposal, we cannot comment.

Q: [I&SS Segment] Regarding the joint venture (JV) with TSMC, please explain the purpose of the 10 billion yen preparation cost. When will these costs be incurred, and should we expect similar preparation costs in future fiscal years?

A: We have incorporated 10 billion yen of preparation costs in our full-year forecast. These costs are related to starting production at a new site and should be viewed as standard expenses associated with production ramp-up activities. Although the establishment of the JV has not yet reached the stage of entering into a definitive agreement, discussions are progressing smoothly, so we have incorporated the associated preparatory costs into the latest forecast in anticipation of commencing more concrete preparations in the second half of the fiscal year. Assuming the definitive agreement is executed, we expect to incur expenses at a similar or potentially higher level next fiscal year and beyond as we make preparations.

Questioner 5:

Q: [Consolidated] As the consolidated results forecast has been upwardly revised, how have you incorporated the impact of U.S. tariff refunds?

A: We expect tariff refunds of approximately 80 billion yen across the Sony Group and most of that amount has been reflected in the upward revision to our results forecast.

Q: [G&NS Segment and ET&S Segment] How has your forecast regarding memory costs changed since the previous earnings announcement, and have you reflected the impact in your FY2026 results forecast?

A: In the G&NS Segment, we have already secured the volume of memory required for this fiscal year, and the impact has been reflected in our results forecast. In the ET&S segment, we have secured most of the required volume for this fiscal year and expect to complete procurement during Q2. Visibility is now high, and the impact has also been reflected in our results forecast.

Questioner 6:

Q: [G&NS Segment] Please discuss user engagement trends and the outlook for the gaming market. How do you view developments in the global gaming market overall, and do you feel Sony is gaining market share within that environment?

A: We are not concerned about user engagement trends. Monthly active users remained solid, and while total gameplay hours declined slightly, we believe this was largely due to the strong contribution from season updates to major titles and hit new releases in the same quarter of the previous fiscal year. Looking ahead to the second half of the fiscal year, several major titles are scheduled for release by both first-party and third-party publishers, and we expect this to support overall market momentum. Regarding market share of hardware, our sell-in and sell-through performance in Q1 were both solid, and we believe our share in game market has at least remained stable.

Q: [G&NS Segment] Regarding the discontinuation of PlayStation physical disc production, this could have a significant impact on retailers. How do you intend to maintain relationships with retail partners going forward? In addition, how will PlayStation differentiate itself from gaming PCs if physical discs are no longer part of the offering?

A: Having operated in the gaming business for more than 30 years, we place great importance on our relationships with retailers. With respect to the discontinuation of physical disc production, we plan to communicate our plans early and will continue listening carefully to feedback from our various partners. We also plan to introduce a sales model in which packages include download codes instead of physical discs. Because retail market dynamics vary by region, we will continue working with local partners to develop business models that create value for both parties.
We do not view physical discs as the key differentiator between PlayStation and gaming PCs. PlayStation's strengths include curated content, a standardized gaming environment, and a more affordable price point compared with high-end PCs. We therefore believe PlayStation and PC gaming can continue to coexist successfully.

Questioner 7:

Q: [Music Segment] Regarding the acquisition of Recognition Music Group, please explain the collaborative structure with GIC, as well as the scale of the balance sheet commitment and investment in music catalogs.

A: The acquisition was financed through a combination of cash, interest-bearing debt, and a portion of capital provided by a joint fund with GIC and Sony, representing a highly tailored financing structure. Acquiring music catalogs remains one of our key strategic priorities, and we continue to evaluate financing frameworks that will enable us to acquire high-quality catalogs on appropriate terms whenever opportunities arise.

Questioner 8:

Q: [Consolidated] Please provide a breakdown by segment of the U.S. tariff refund impact on Q1 results and the full-year results forecast. In addition to tariff refunds and foreign exchange rates, does the 120 billion yen upward revision to your consolidated operating income forecast include contributions from stronger underlying business performance?

A: The majority of the tariff refund benefit recognized in Q1 was recorded in the G&NS segment, while the benefit in Q2 is expected to be reflected primarily in the ET&S segment. The upward revision to our consolidated operating income forecast is attributable mainly to favorable impacts from tariff refunds and foreign exchange rates. While business conditions remain solid across the Group, as only Q1 has ended, we can only note that progress against our full-year results forecast is currently tracking broadly within our previous forecast. That said, we believe there remains upside potential in content-related businesses and in the I&SS segment.

Q: [I&SS Segment] How do you view demand trends for each type of application of image sensors from Q2 onward?

A: For mobile image sensors, we continue to expect strong momentum in Q2. However, we see increased uncertainty in Q3 and Q4 and are therefore taking a conservative view. For other applications, we currently assume an approximately 10% decline in end-product demand for consumer applications overall.

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 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.