

Game & Network Services (G&NS) Segment Small Meeting Q&A Summary

Date: Friday, June 5, 2026

Presenters: Sony Interactive Entertainment

Hideaki Nishino: President and CEO

Hermen Hulst: CEO, Studio Business

Lynn Azar: SVP, Finance& Corporate Development

For your reference, please find below an English summary of the message delivered by President and CEO Nishino at the opening of the G&NS segment small meeting, as well as the question-and-answer session at the meeting.

CEO message

- While sales for the fiscal year ended March 31, 2026 (FY2025) were overall stable compared to the previous fiscal year, operating income reached a record high.
- This reflects the continued strength and resilience of our business model, and the success of the PlayStation 5 (PS5) business at this point in the sixth year since its launch.
- Platform engagement remains healthy, supported by:
 - An installed base of over 93 million PS5 units and a highly engaged user base of 125 million MAU (Monthly Active Users) accounts as of March 2026.
 - A diverse game title portfolio, which consists of first-party and third-party content, and highly anticipated upcoming title launches.
- Content and services remain the core drivers of our business, by
 - Delivering a stable and recurring revenue base
 - And creating a variety of touchpoints with players.
- And our Studio Business remains a critical component of the PlayStation ecosystem:
 - While we faced some challenges during FY2025, we have taken decisive actions to improve profitability, including recognizing the impairment of intangible and other assets at Bungie, Inc. and deciding to focus the studio's development resources on *Marathon*.
 - We are confident in the strength of our upcoming first-party title and ongoing game portfolio, which continues to help differentiate the PlayStation experience.
- Operationally, we focus on the following points:
 - We are more disciplined than ever in how we manage the business.
 - We are proactively managing supply chain dynamics and cost structure changes.
 - And we are implementing data-driven and AI-enabled programs across the platform, as well as efficient development processes across our studios.
 - Operational focus combined with leverage from our multi-faceted business model has

allowed us to navigate this complex business environment.

- Importantly, we are continuing to invest in the future of the PlayStation Experience.
 - This includes the next generation of the platform and related content.
 - In developing the next-generation platform, we aim to anticipate changes in how players play and their evolving needs, while making the PlayStation ecosystem more accessible and approachable to a broader range of players.
 - We also see AI as an important foundational technology supporting our strategy. AI is already helping us across various fields by improving development efficiency, enhancing the player experience, improving content discovery, and enabling creators to build richer content.
 - With our global player base, deep library of IP, and integrated ecosystem, AI is an exciting long-term opportunity for us.
 - We are incredibly excited about the opportunity for SIE (Sony Interactive Entertainment) in the coming years and look forward to discussing it further.
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Questioner 1

Q: As the PS5 console cycle enters its later stage, what will be the key drivers of MAU growth in the fiscal year ending March 31, 2028 (FY2027)?

A: In general, MAU growth can fluctuate, but we have had a continuous increase of MAU. However, we are not focused on MAU growth as our sole KPI. We are focusing on achieving profitable growth. We want to make sure that Customer LTV (Customer Lifetime Value) for every new user is profitable. We aim to achieve this by driving higher Customer LTV, increasing recurring revenue, and implementing operational discipline and efficiency. By balancing growth in these areas, we can achieve our aim for profitable growth. We do not plan to provide specific number targets on MAU in the coming years, but in the long term, we are confident there is room to grow our MAU in the PlayStation ecosystem. This is why we are investing in the future of the platform to make it more accessible to a broader range of users.

Q: (Follow-up question) Going forward, do you expect to drive growth more through increasing the number of MAU or through higher ARPU (average revenue per user)?

A: The focus is on growing profitability and not on chasing MAU at all costs. There are multiple ways to achieve that via recurring revenue such as add-on content revenue, and MAU growth could also be one of them. But we are focusing more on monetizing our user base, which is well reflected in the strong FY2025 financial results.

Questioner 2

Q: Considering consumer behavior, could you update us on your current thinking regarding hardware pricing and profitability? For the next-generation platform, is it reasonable to assume that your pricing will continue to prioritize profitability of the hardware, as it does today?

A: First, we regard hardware as the base for providing the gaming experience, and by offering products such as the PlayStation Portal Remote Player (PS Portal), we aim to provide experiences tailored to users' play styles beyond the living room, which has traditionally been considered the primary usage environment. As for pricing, it is not realistic for us to absorb all component cost increases, and we have already implemented some price increases outside Japan. At present, however, sales are proceeding as planned, and we do not believe this has led to a decline in customer demand. As a principle, we do not intend to sell hardware at significant losses. At the same time, we are carefully monitoring the market and continuing to evaluate our approach. We believe it is important for us to make every effort to ensure that customers fully understand the value we provide in relation to pricing.

Questioner 3

Q: Given PlayStation's 125 million MAU accounts as of March 2026 and shift to an engagement-driven, recurring revenue model, it seems logical to expand content across platforms and evolve beyond a console-centric business. Where do you see SIE in 10 years—will it remain a hardware gatekeeper reliant on console economics and profit from software, or transition toward an IP-led content platform with hardware as just one distribution channel?

A: The value of our proprietary device lies in the experience, not the hardware itself. As a dedicated gaming device, it provides seamless, immediate access to content—unlike general-purpose devices, which involve multiple layers before gameplay. We aim to expand reach across diverse play styles and environments while maintaining confidence in our first-party software. At the same time, most of the value of our ecosystem is driven by third-party publishers, who benefit from our large install base, strong community engagement, and monetization tools. This supports a shift toward a true digital platform business. While opportunities exist beyond console (e.g., mobile and PC), we aim to proceed carefully, ensuring we are not constrained by our own hardware ecosystem. Overall, we see expansion potential over the next five years.

IP is a crucial point of differentiation for our first-party content, and it is part of the virtuous cycle that is the PlayStation experience. We try to create benchmarks, quality bars and inspirational content. Even though first-party software is a minority of the overall sales of SIE, it serves as a core reason why people enter the PlayStation experience. Our valuable IP franchises are important in increasing brand loyalty.

We are assessing multiple scenarios and options, including technology, hardware and business models. We are focused on how to optimize profitability in the future.

Questioner 4

Q: Going forward, do you plan to engage in partnerships or collaborations with other companies in terms of capital or technology? Additionally, are you considering further leveraging IP or taking on a leading role in driving innovation across the industry?

A: The PlayStation platform's fundamental principle is to ensure fair and equal access for all creators, and we do not enter into exclusive investments in specific companies. Since the gaming industry as a whole operates on a multi-platform basis, we have pursued partnerships or investments when there is content that meets customer demand. On the other hand, at the Sony Group level, we are advancing broad, transmedia initiatives beyond gaming, and SIE plays a role in those efforts.

Questioner 5

Q: As new content emerges in the age of AI, how do you plan to differentiate your platform?

A: With the introduction of AI, we are now able to analyze data at scale much more quickly, and we are seeing strong progress in advancing data utilization. Additionally, transaction volume in the PlayStation Store is enormous. Thus, when fraudulent activities result in refunds, the financial impact can be very significant. Currently, AI engines are being used to assess transaction reliability with a high degree of sophistication, contributing to the prevention of fraud. Going forward, our focus is on providing a platform that enables creators to monetize more effectively and efficiently.

As a creative entertainment company, we prioritize our creators, with AI enhancing their work by removing repetitive tasks and enabling faster iteration and higher-quality outputs, such as through the use of synthetic assets, including synthetic voices, as early placeholders. This is less about cost efficiency and more about improving quality and development speed, which we see as highly valuable. For many years, AI has been deeply embedded in our development processes, and we are increasingly seeing its impact on more immersive in-

game experiences, where characters and worlds are enhanced by AI capabilities. At the same time, we are experimenting at a more fundamental level with smaller, AI-first initiatives, while remaining realistic about near-term efficiency gains. These efforts position us to stay at the forefront as AI continues to evolve, both in development processes and in shaping future player experiences.

Questioner 6

Q: How can you bring back to the PlayStation platform users who migrated to gaming PCs during the COVID period? In aiming for profit growth, are there limitations on what can be done in the short term, or do you see the potential for more significant changes with the next-generation platform?

A: PlayStation has long been strongly associated with the idea of playing in the living room. However, in recent years, more users globally have been using personal monitors. In response, we are selling peripherals such as monitors and speakers to break away from the fixed perception that “PlayStation equals the living room” and to broaden usage scenarios. For the next-generation platform, rather than simply serving as an alternative to PCs, we aim to deliver value that is unique to PlayStation. This includes not only technological advancements but also an expansion of usage styles, enabling a seamless experience that can be enjoyed naturally beyond the living room.

Questioner 7

Q: In relation to PS Portal, will cloud gaming on the next-generation platform also target users in emerging markets? Additionally, how do you view the current potential of cloud gaming, and from a studio perspective, what kinds of opportunities do you see in this experience?

A: With regard to cloud gaming, our priority since our service launch in 2013 has been to ensure a high-quality user experience from the first time they use the service, as performance is highly dependent on network conditions and poor quality can quickly erode trust. For this reason, we designed PS Portal as a dedicated device to reliably deliver the PlayStation gaming experience, which is predicated on controller-based gameplay and a large screen. Because it is difficult to provide a sufficiently high-quality experience through smartphone touch controls or a PC’s keyboard and mouse, our cloud strategy is not to rapidly expand to smartphones and PCs, but rather to focus on environments where quality can be assured. While we do not disclose unit sales figures, PS Portal has seen strong demand across North America, Europe, and Japan, with servers reaching full capacity during the latest holiday season. Cloud streaming also requires

minimal memory, making it an increasingly attractive low-cost thin client device in the current market environment where memory prices are rising. Looking ahead, we aim to expand cloud gaming experience while maintaining the quality cultivated to date.

Q: (Follow-up question) How do you plan to recover the additional costs associated with investments in servers and network infrastructure?

A: We expect to recover the costs associated with investments and operations through revenue generated from PS Plus, which provides the streaming service.

Questioner 8

Q: Since game development time has become longer and cost efficiencies have yet to be realized, how can you maintain momentum beyond FY2026 and what can you do to grow the first-party brand and incentivize people to play on PlayStation?

A: At its core, our first-party software portfolio management needs to be rigorous and long-term. We combine a strong internal development team with external partners worldwide to balance AAA tentpole titles, smaller investments, single-player narrative games, and live service games. Our live service games portfolio continues to deliver stable performance, and we expect to deliver at least one major tentpole title each year to support the holiday season and the PlayStation ecosystem. We intend to also continue to surprise players with unexpected titles like *Until Dawn 2*, while delivering demos, benchmarks, and early exclusive content where needed.

Q: (Follow-up question) How should we think about the pace and scale of future PS Plus price increases, given its importance as a profitability driver?

A: PS Plus offers strong value to players, and we continually balance that value against customer cost. We are using multiple levers to improve profitability, including pricing, tier mix and content acquisition efficiency. Higher tiers now account for 40% of subscribers, which reflects strong demand for the service. PS Plus remains a key driver of profitability, and we achieved record-high PS Plus profitability in FY2025.

Questioner 9

Q: If you introduce changes in the gaming experience on the next-generation platform, do you expect those changes to translate into revenue growth?

A: While the overall revenue structure itself is not expected to change significantly, backward

compatibility and digitization have clearly expanded the reach of content. One notable example is that when a new PS5 title is released, users can easily revisit and play past PS4 titles from the same IP, making it easier for them to access a wide range of content.

Regarding next-generation profitability, we currently have 125 million MAU accounts as of March 2026 and have seen strong momentum in engagement, monetization, and profitability. As we transition, we expect PS5 and PS4 users to continue generating solid monetization, providing a strong profitability base. In addition to this momentum, with a flexible customer base and continued focus on operational excellence, we expect profitability to continue improving.

Questioner 10

Q: The Platform business and the Studio business are closely interconnected, and major first-party titles can influence hardware demand, PS Plus attachment, and network engagement at the same time. How do the CEOs of the Platform business and the Studio business navigate situations where the right decision depends on the perspective being applied?

A: We maintain an ongoing dialogue to determine the right course of action. Creators may push to expand titles to other platforms such as PC to maximize reach, while our responsibility is to take a broader view and optimize total value for SIE, avoiding sub-optimization. We engage in constructive dialogue to ensure all our decisions are based on clear logic and rationale. Not every outcome satisfies all stakeholders, so we also prioritize transparency and clearly explain the trade-offs.

We bring different perspectives to improve outcomes and stay focused on the goal. Depending on the situation, that may mean prioritizing financial return or making strategic investments that create future opportunities. In some areas, such as live service games, broader platform expansion can make sense. Clear rationale, disciplined capital allocation, and transparent communication are essential.

Questioner 11

Q: In the current business environment, does it make sense to launch next-generation hardware at the same time as competitors, as in past console cycles?

A: When considering the overall size of the gaming console market, we believe that what matters is not competition with a specific company, but rather the presence of multiple players and healthy competition within the market. In addition, the development of next-generation hardware requires a long lead time, and it is not feasible to align launch timing

with competitors over a short period without visibility into their plans. Therefore, we do not determine our launch timing based on competitors' movements. That said, many of the functions and specifications required by game creators are common across companies, and combined with the evolution of PC hardware, it is possible that launch timing may converge because of similar technological cycles. Ultimately, decisions regarding launch timing are made based on a comprehensive assessment of factors including technological advancements, marketing considerations, regional dynamics, and pricing.

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