SONY

CORPORATE STRATEGY & EARNINGS ANNOUNCEMENT PRESENTATION 2025

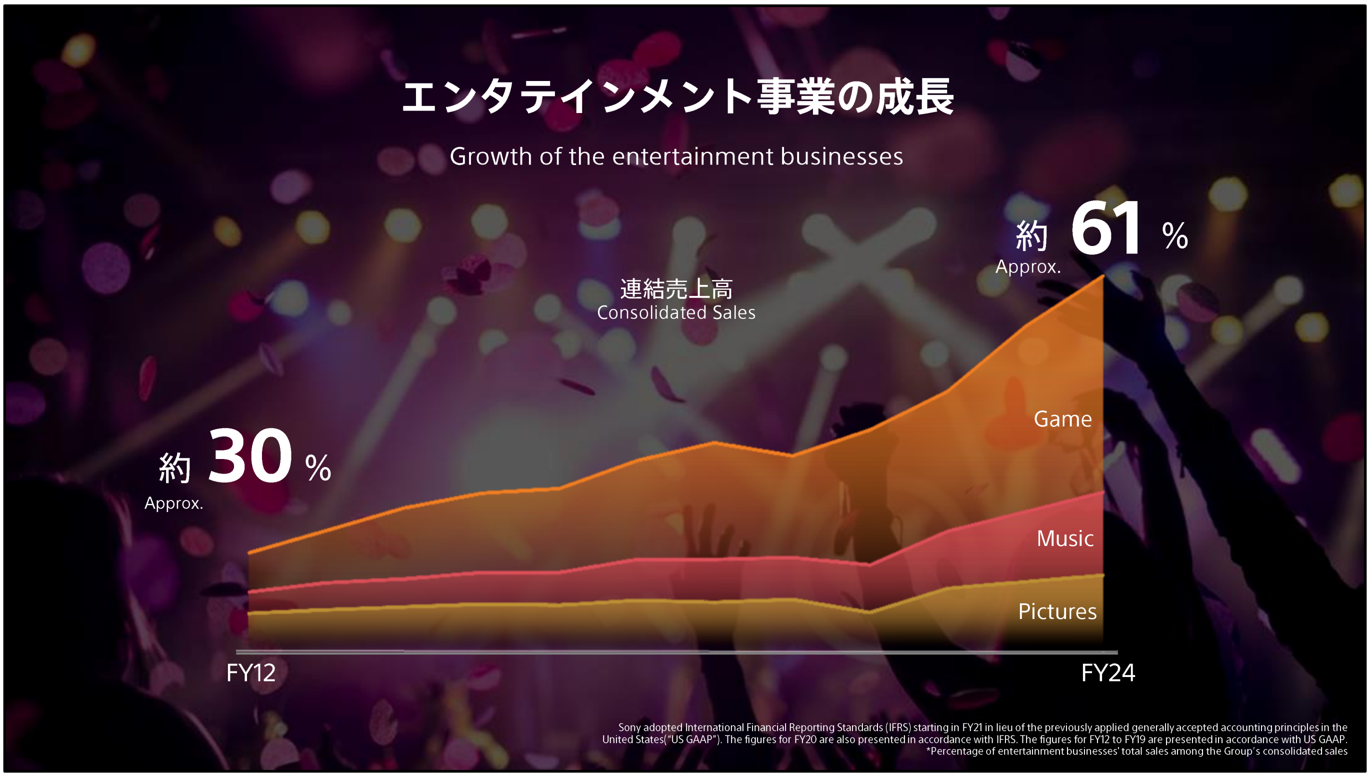
経営方針および業績に関する説明会

- Today, I would first like to take a mid to long-term look at Sony Group’s businesses and our overall strategic direction.
- Over the last several years, our business direction has shifted significantly towards entertainment.
- The decision to lean more heavily into this space was driven, of course, by the strength and growth of our entertainment businesses.

- But it was also driven by the power of entertainment to move people and to fill the world with emotion. Which is, of course, at the heart of Sony Group’s Purpose.

- In recent years, we have leaned heavily into…
  - Expanding content in each category such as games, music, film, and TV program
  - IP expansion across our various businesses
  - strategic investments in content, music catalogs and growth areas such as anime; and
  - the development and use of innovative technologies to support creation.

- All of which has been transformative for the Sony Group. And it has led to very strong results disclosed today.



- Looking at those results, it is worth noting that our entertainment businesses account for roughly 61% of our consolidated sales.
- And we have seen the resilience of entertainment businesses during economic downturn – like during the COVID-19 pandemic.
- Our efforts in entertainment, content and creation technologies are working steadily, and our priorities and commitment to growing these categories remain unchanged.
- Building on our momentum and results to date and working with a laser-like focus to realize our long-term Creative Entertainment Vision will be at the core of our Corporate Strategies moving forward.

- Launched last year, our long-term Creative Entertainment Vision illustrates how we want to deliver Kando through creativity and technology. A vision of a future that will "Create Infinite Realities," together with creators, partners, and employees, and through synergies among our various businesses.

- Let’s take a look at the entertainment businesses that will be integral to making our Creative Entertainment Vision a reality…

ゲーム&ネットワークサービス事業の成長

Growth of the Game & Network Services business

PlayStation Plus

PlayStation Store

- First, the Game & Network Services segment, which is doing extremely well. The expansion of PlayStation 5 (“PS5”), both in the number of active users and per user spend, is expected to continue and drive steady profit.

- As we look ahead, we will seek to capitalize on our momentum to drive sustainable, profitable growth, and invest thoughtfully to create the FUTURE OF PLAY.

- We expect to see stable growth in revenue and profits from network businesses due to the growth of monthly active users corresponding to the further and steady expansion of the installed base.

- Specifically, we will seek higher revenue and profits from PlayStation Plus and maximize ARPU (Average Revenue Per User) of PlayStation Store through the personalization and by pricing optimization.

- In this fiscal year, we anticipate further growth in Studio Business through a broader user base driven by new title launches, from narrative based single player titles like Ghost of Yotei and live service games such as Marathon, as well as the continuing success of already launched catalog contents and on going live service titles like Helldivers 2 and Destiny 2.

- We also plan to focus on strong and profitable peripherals such as PlayStation Portal where our recently introduced beta cloud streaming feature allows users to enjoy their games on the go more easily.

ミュージックグループの主要な事業価値の強化

Enhancing core business value proposition of Sony Music Group

Repertoire Centers

Label & Artist Services

Indie Artists & DIY Distribution

Music Publishing

- In the Music segment, we remain focused on strengthening our position in the global music market while continuing to improve profitability.

- Maintaining strong relationships with digital streaming platforms, Sony Music Group ("SMG") has had great success enhancing its core business value proposition, which includes…
    - Repertoire Centers in major markets around the world,
    - Robust Label and Artist Services;
    - Tailored Service to Independent Artists and DIY Distribution; and
    - Music Publishing

- In FY24, our music business in Japan notably enjoyed great success in bringing Japanese artists such as YOASOBI to the global market and plan to continue to build on this area.

- As we look ahead, in this segment we plan to continue to strengthen these important ecosystems, and focus on…
  - Growing organically and via deliberate acquisitions throughout our business and in high growth markets such as Latin America, India, and other Asian countries;
  - Exploring additional strategic investments in key areas of the business as well as music catalogs to expand revenue opportunities and increase asset value;
  - Discovering and nurturing talent as well as building and strengthening relationships with local independent labels and artists to enhance our presence;
  - Servicing fans who passionately support specific artists and content; and
  - Expanding IP through biopics and documentaries involving Sony Music artist, as well as live events.

- And finally, we will continue exploring the use of cutting-edge technologies such as AI in ways that create value, and also protect the rights of our artists.

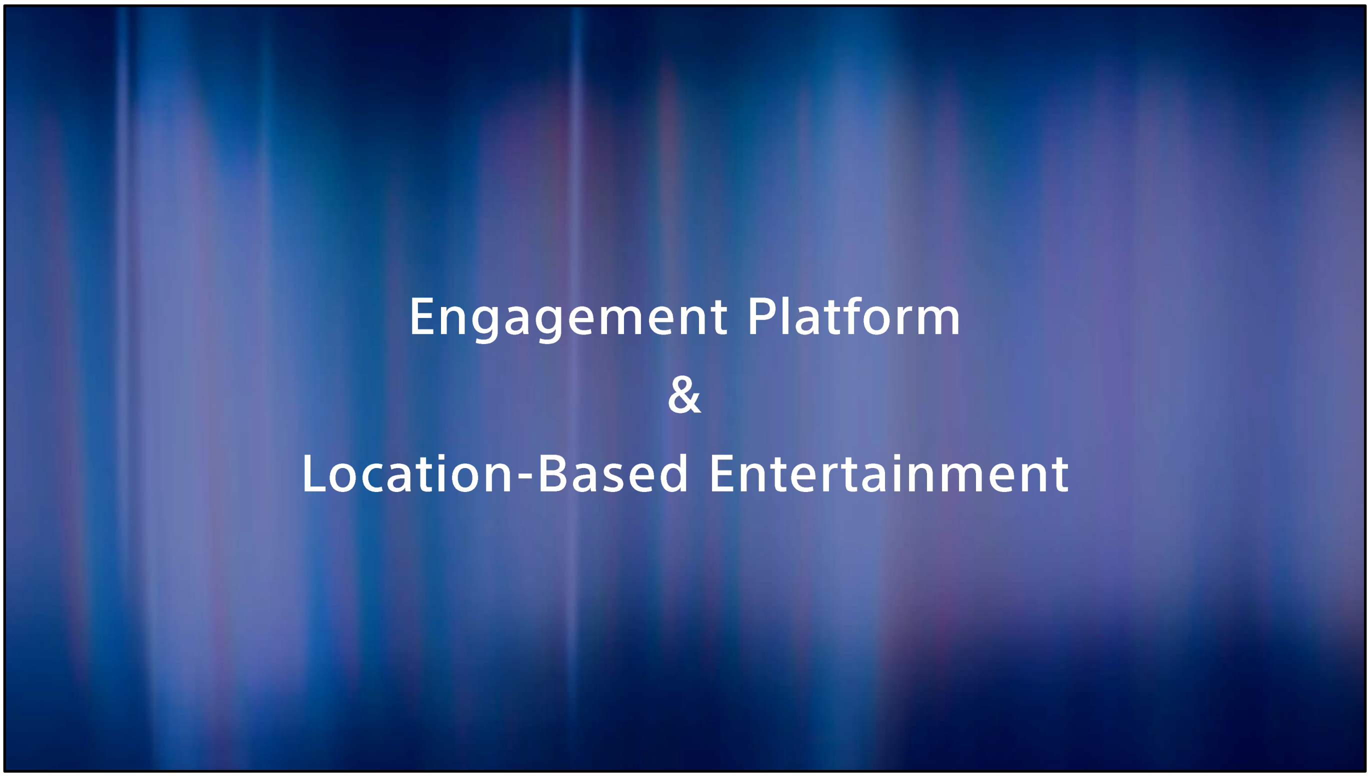
- The film industry overall continues to recover from issues such as the COVID-19 and strike-related shutdowns over the last few years, which impacted the number of film and TV productions. Our film business, like the rest of Hollywood, continues to rebuild from these events, and has some major new titles on the horizon, as was presented at the most recent CinemaCon event.

- In 2026, Sony Pictures Entertainment (“SPE”) expects to see the release of the latest Spider-man movie, "Spider-Man: Brand New Day," as well as a new film adaptation of the Capcom game, Resident Evil, and the latest Jumanji film. We expect strong IP lineups to continue, including the final film in the Spider-Verse animated trilogy, "Spider-Man: Beyond the Spider-Verse" in 2027, and The Beatles - a four-film cinematic event directed by Sam Mendes will exclusively hit theaters in 2028.

- Anime is also expected to be a significant growth driver for the Pictures segment, as the anime-focused streaming service Crunchyroll, steadily expands its paid subscribers and services.

- But more broadly, as we look ahead, we see SPE as a central hub for many of the synergistic, cross-company collaborations that are central to our Creative Entertainment Vision.

- In recent years, we have seen the value and potential of well-executed cross-business collaborations across the Sony Group companies.
- Examples include PlayStation Productions, adapting our outstanding game IP such as Uncharted and The Last of Us to film and television, with over 10 titles currently in production.
- Or the many collaborations among Sony Music artists and our other businesses, and among our Sony technologies and many of our creative businesses.



- As we look ahead, we will lean into broader collaborations in anime, and through our “Engagement Platform" initiative, we will aim to create opportunities and synergies by connecting fan communities within and outside Sony across various entertainment sectors, and in our Location-Based Entertainment (“LBE”) efforts.

- Anime continues to be a major area which leads the growth for the Sony Group – across many parts of our business. At the heart of everything is anime's vibrant creator and fan communities, which Crunchyroll will be celebrating later this month at its 2025 Crunchyroll Anime Awards in Tokyo, on the 25^{th}.

- Building on our already successful Aniplex and Crunchyroll businesses, we have moved forward with several initiatives over the last several months to expand our reach in anime and strengthen content development, including…

- An upcoming anime series adaptation of Sony Interactive Entertainment's hit IP "Ghost of Tsushima: Legends," to be produced in collaboration with PlayStation Productions, Aniplex, Crunchyroll, and Sony Music Entertainment.

HAYATE 颯

- The establishment of HAYATE Inc., a company jointly funded by Aniplex and Crunchyroll, to plan and produce high-quality anime works for global anime fans

- A strategic capital and business alliance formed with KADOKAWA CORPORATION, to promote further media mixes and global expansion of both companies’ IP; and

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BANDAI NAMCO
Fun for All into the Future

Gaudiy

- An establishment of a strategic partnership with Bandai Namco Holdings Inc. and web3 startup, Gaudiy Inc.

- And as we look ahead…
- The anime industry's market size is expected to continue growing at a CAGR in the high single digits from 2023 to 2030, especially with the anime streaming market, which is Crunchyroll's core business, expected to grow at a CAGR in the high 10% range by 2030.
- In this market environment, we also plan to further accelerate Crunchyroll's growth by enhancing service offerings and acquiring users:

- Our strategy is to broaden services offered to anime fans, which includes e-commerce for anime merchandise, a mobile game library service, and manga offerings.

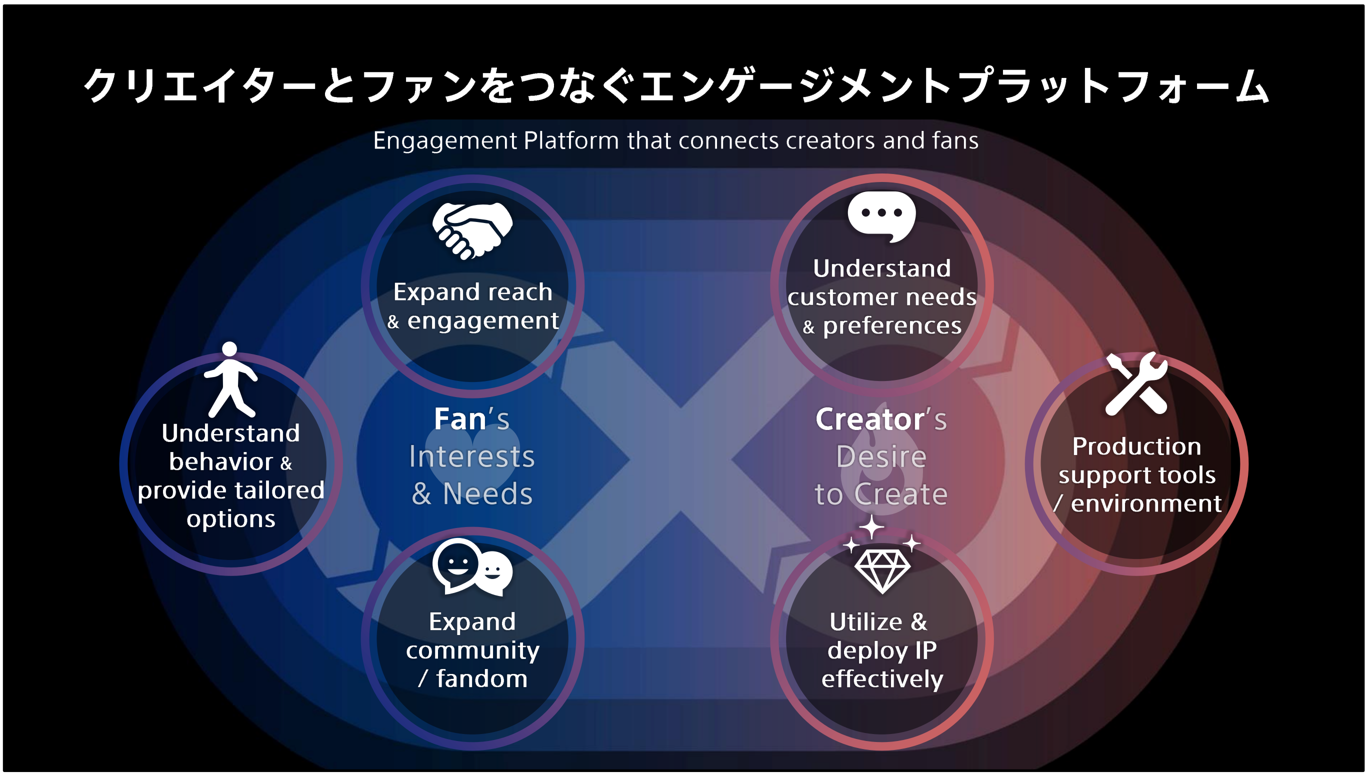
Crunchyroll®

Over **17 Million** Paid Members

*As of end of March

- To further expand Crunchyroll’s user base, which has now grown to over 17 million paid members as of March 31, 2025,

- We are closely collaborating with PlayStation Network, which has the largest monthly active users (MAU) in the Sony Group. Specifically, since February new customers and renewing customers can smoothly register for Crunchyroll's paid services from PS5, which we expect to contribute to further increases in paid membership. We will leverage PlayStation Network’s monetization capabilities to enhance Crunchyroll service.



- This backend integration is part of the "Engagement Platform" initiative we introduced last year, which aims to create business opportunities and synergies by connecting diverse fan communities both within and outside Sony across various entertainment sectors.

- Based on the robust network infrastructure of PlayStation Network, we will utilize core backend functions such as payment, data infrastructure, and security across various network services within the Sony Group, aiming to build a new platform that connects users and creators by meeting fans' interests and desires.

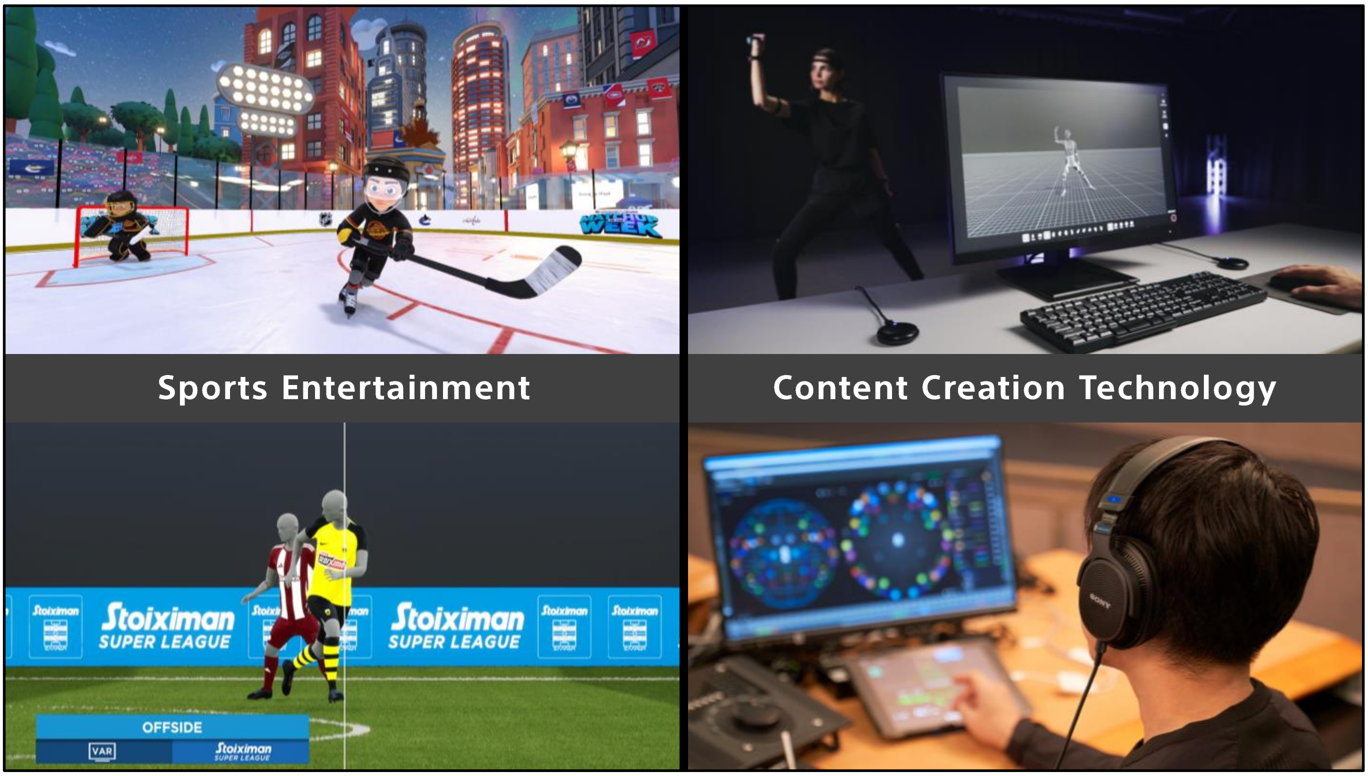
- Alongside strengthening fan engagement, we also plan to enhance the development and operation of a common infrastructure that can be utilized across the Sony Group for better monetization. This will allow each company within the group to focus resources on enhancing competitiveness and differentiation in their respective businesses, aiming for business growth through expanding and deepening customer engagement.

Location-Based Entertainment

- Looking further into the future, we are at early stages in exploring the potentials of LBE, to maximize the value of the IP across various entertainment sectors.
- Aspirational, cross-business collaborative efforts to date that merge IP and technology to create new experiences have all illustrated the growth protentional for future.
- Up to this point, I have discussed growth and strategies within our entertainment businesses. But our innovative technology is also critically important for realizing our Creative Entertainment Vision.

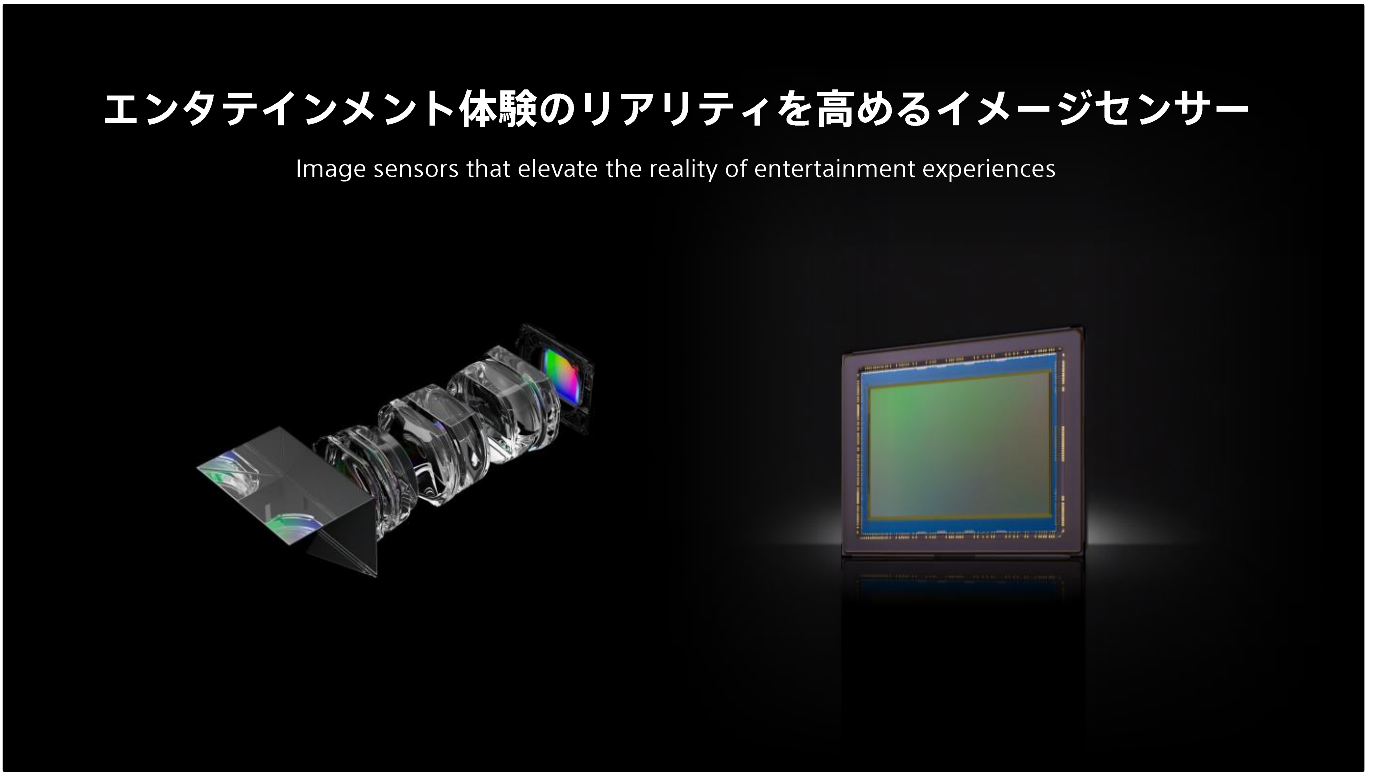
- In the Entertainment, Technology & Services segment, we have shifted the focus of our business towards those that create content.

- Building on the success of Alpha, we are expanding our Imaging ecosystem as a growth driver. This includes broadening offerings of tools and solutions for cinematographers, live streaming and remote workflow for industry-leading creators, and image authenticity technologies for news agencies.

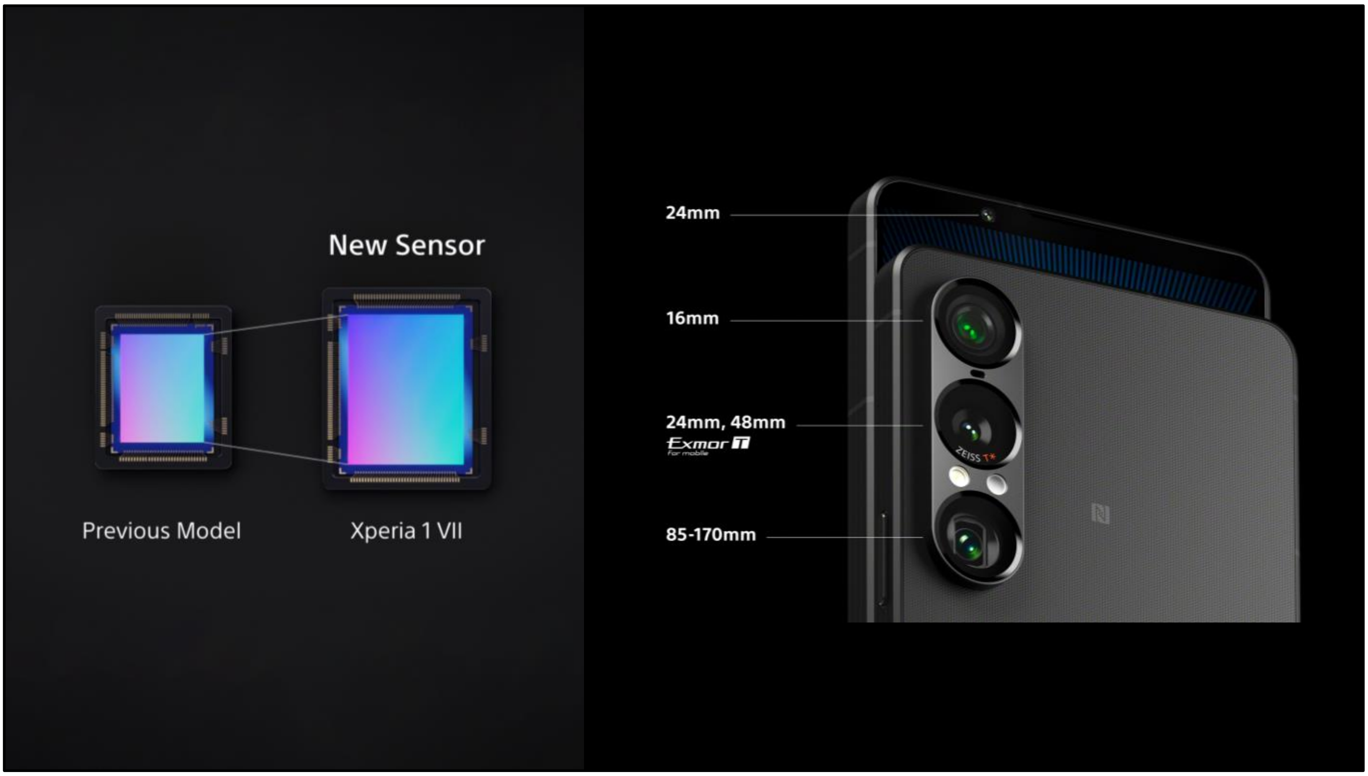


- In addition, we also plan to continue to focus on technologies in growth areas, such as sports entertainment. We acquired KinaTrax last year to enhance our capabilities to utilize existing sports data like Hawk-Eye’s officiating and play analysis, and we plan to continue to expand alternative broadcasts through sports data and real-time content creation technology that enhance fan engagement and attract new audiences.

- To support the leap in entertainment, we also plan to continue to revolutionize content creation technology. Key solutions include spatial content creation support system "XYN", real-time VFX (Visual effects), and 360 Virtual Mixing Environment, which is now expanding into sound creation for film, games, and animation.



- Furthermore, in the Imaging & Sensing Solutions ("I&SS") segment, we expect the image sensor, as a key device for capturing the real world, to enhance the accuracy of content creation and elevate the reality of entertainment experiences to the next level.

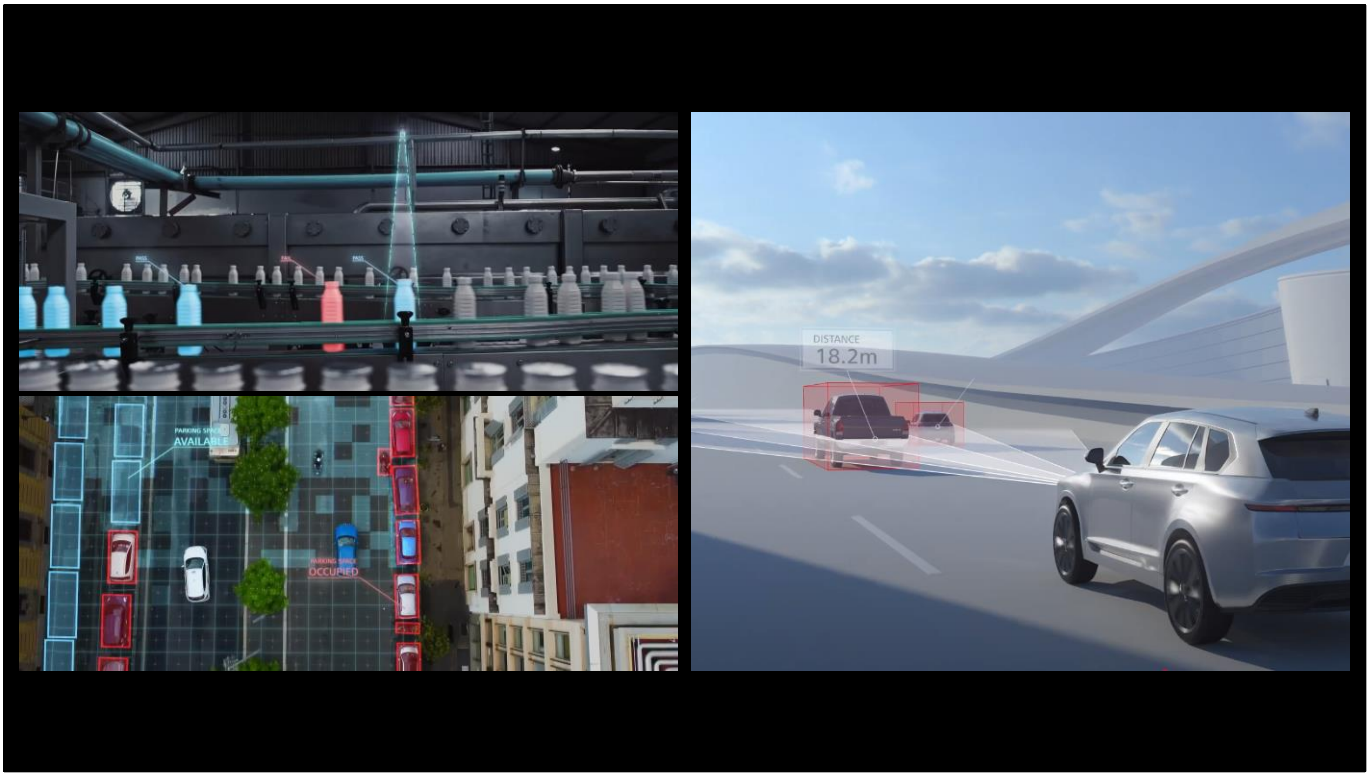


- For mobile image sensors, which is the pillar of the business, we are expecting the ongoing trend toward larger sensor-size to continue for the coming few years.

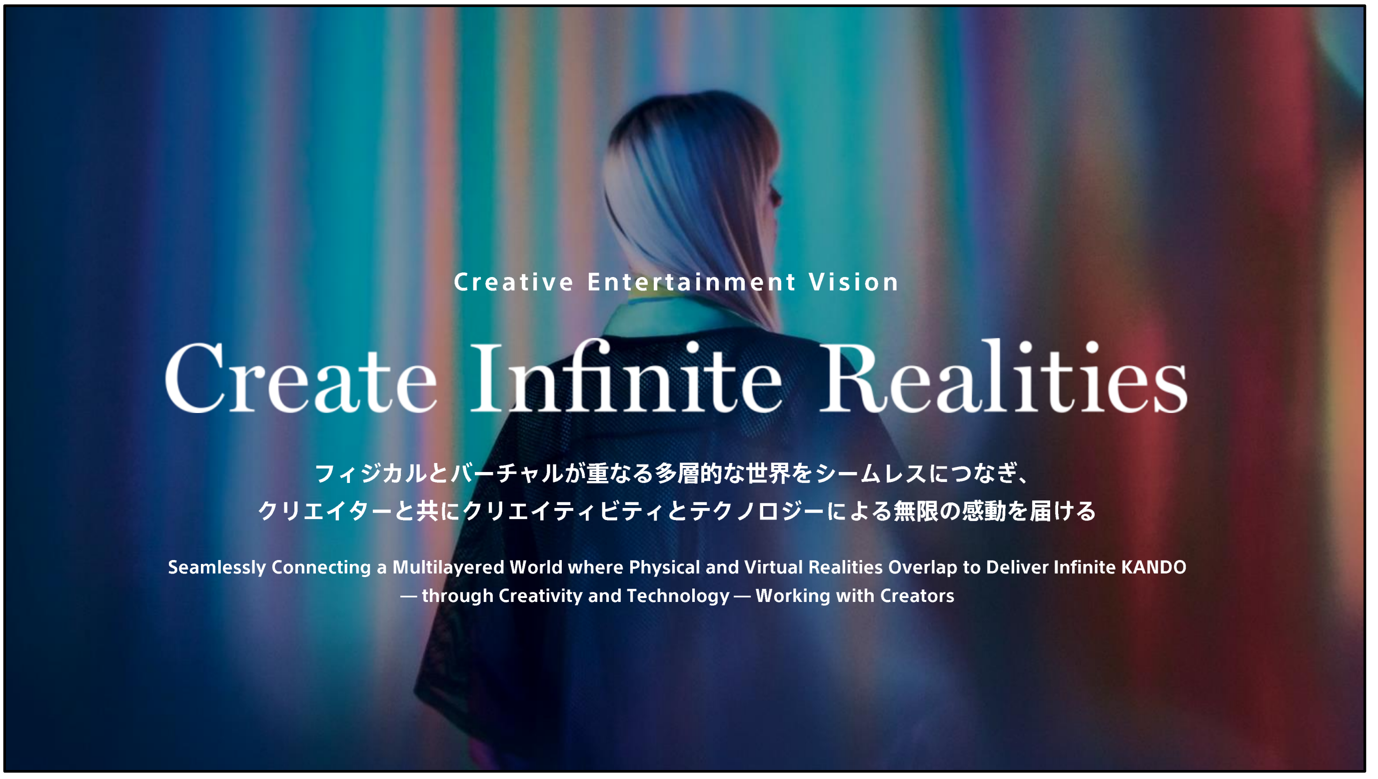
- The demand for further evolution in image sensor performance such as resolution, noise reduction, dynamic range, and power consumption remains high. We will work to introduce a new generation process in order to accommodate the production of such innovative sensors.

- Combining this next generation process with sensors such as the two-layer transistor pixel "TRISTA", we plan to continue delivering more value-added, differentiated sensors, thereby meeting our customers' expectations.

- As we aim for further growth of the I&SS business in these ways, a major challenge will be controlling the necessary capital investments at an appropriate level and enhancing investment efficiency. To this end we plan to explore a range of options.



- Beyond the mobile sensor business, we plan to continue generating stable profit through cameras and sensors for industrial equipment and social infrastructure. For businesses with future growth potential, such as automotive sensors, we aim for mid- to long-term growth under optimal development costs and frameworks, while carefully assessing the speed of market growth and business potential.



- In conclusion… The diversity of our businesses and our people will be of paramount importance in realizing our Creative Entertainment Vision.

- Sony has about 110,000 employees actively working in various companies and organizations around the world, creating an environment of diverse and varied viewpoints, ideas and strategies. The synergies generated by organically connecting diverse businesses and people are the source of Sony’s unique competitive advantage.

- As we look ahead, we will continue to evolve, unleash the creativity of creators, and strive for a world of infinite realities, entertainment and excitement.

- Thank you very much.

Cautionary Statement

Statements made in this material 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. From time to time, oral or written forward-looking statements may also be included in other materials released to the public. 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 investors 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. Risks and uncertainties that might affect Sony include, but are not limited to:

(i) Sony's ability to maintain product quality and customer satisfaction with its products and services;
(ii) Sony's ability to continue to design and develop and win acceptance of, as well as achieve sufficient cost reductions for, its products and services, including image sensors, game and network platforms, smartphones and televisions, which are offered in highly competitive markets characterized by severe price competition and continual new product and service introductions, rapid development in technology and subjective and changing customer preferences;
(iii) Sony's ability to implement successful hardware, software, and content integration strategies, and to develop and implement successful sales and distribution strategies in light of new technologies and distribution platforms;
(iv) the effectiveness of Sony's strategies and their execution, including but not limited to the success of Sony's acquisitions, joint ventures, investments, capital expenditures, restructurings and other strategic initiatives;
(v) changes in laws, regulations and government policies in the markets in which Sony and its third-party suppliers, service providers and business partners operate, including those related to taxation, as well as growing consumer focus on corporate social responsibility;
(vi) Sony's continued ability to identify the products, services and market trends with significant growth potential, to devote sufficient resources to research and development, to prioritize investments and capital expenditures correctly and to recoup its investments and capital expenditures, including those required for technology development and product capacity;
(vii) Sony's reliance on external business partners, including for the procurement of parts, components, software and network services for its products or services, the manufacturing, marketing and distribution of its products, and its other business operations;
(viii) the global economic and political environment in which Sony operates and the economic and political conditions in Sony's markets, particularly levels of consumer spending;
(ix) Sony's ability to meet operational and liquidity needs as a result of significant volatility and disruption in the global financial markets or a ratings downgrade;
(x) Sony's ability to forecast demands, manage timely procurement and control inventories;
(xi) foreign exchange rates, particularly between the yen and the U.S. dollar, the euro and other currencies in which Sony makes significant sales and incurs production costs, or in which Sony's assets, liabilities and operating results are denominated;
(xii) Sony's ability to recruit, retain and maintain productive relations with highly skilled personnel;
(xiii) Sony's ability to prevent unauthorized use or theft of intellectual property rights, to obtain or renew licenses relating to intellectual property rights and to defend itself against claims that its products or services infringe the intellectual property rights owned by others;
(xiv) the impact of changes in interest rates and unfavorable conditions or developments (including market fluctuations or volatility) in the equity and bond markets on the revenue and operating income of the Financial Services segment;
(xv) shifts in customer demand for financial services such as life insurance and Sony's ability to conduct successful asset liability management in the Financial Services segment;
(xvi) risks related to catastrophic disasters, geopolitical conflicts, pandemic disease or similar events;
(xvii) the ability of Sony, its third-party service providers or business partners to anticipate and manage cybersecurity risk, including the risk of unauthorized access to Sony's business information and the personally identifiable information of its employees and customers, potential business disruptions or financial losses; and
(xviii) the outcome of pending and/or future legal and/or regulatory proceedings.

Risks and uncertainties also include the impact of any future events with material adverse impact. 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 many of the risks and uncertainties noted above. 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.