Game & Network Services Segment

Senior Executive Vice President
Sony Group Corporation

President and Chief Executive Officer
Sony Interactive Entertainment LLC

Jim Ryan
1. Console Growth

Building
Our Biggest Ever Console

2. Portfolio Expansion

3. Sony Group Collaboration

PlayStation – Foundations for Growth

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FY22 – Strong Revenue Combined with Content Investment

**Net Sales (Billions, ¥Yen)**

- FY22: 3,645
- FY11: 661
- FY07: 1,017
- FY04: 1,044

**Operating Income (Billions, ¥Yen)**

- FY22: 250
- FY10: -232
- FY08: -19

Figures for FY20 and before are based on US GAAP and figures after and onwards FY21 are based on IFRS.
Console Growth

- PS5 in Ample Supply
- Unprecedented Demand
- Category Growth
- Amazing Game Lineup
- Highest Engagement Ever
- Strong Brand
12 Months Ago, We Were Faced with Supply Challenges

**PS5 Supply Issues: A Top Priority**

*From G&NS Business Segment Briefing 2022*

**Short-Term Risks**
- COVID-19 impact for parts inventory (e.g., Shanghai)
- Russia impact for logistics and potential parts inventory

**Mitigation Measures In Progress**
- Sourcing multiple suppliers for greater agility in unstable market conditions
- Ongoing logistical negotiations to maintain optimal PS5 delivery routes

**Forecasts for FY23 PS5 cumulative sell-in vs FY16 PS4 cumulative sell-in, Global**

PS5 sell-in target is expected to catch up with PS4 by FY23-Q2, and expected to begin to exceed it by FY23-Q3
2023 – PS5 Production and Supply Challenges Have Been Resolved

PS5 Shipments (Estimated Time of Departure)

Jan | Feb | Mar | Apr | May* | Jun*  
CY22 | CY23 | CY23 | CY23 | CY23 | CY23

* CY23 shipments projected
**PS5 – Unprecedented Demand**

**PS4 & PS5 HW Sell Through Units**

Jan - Mar

Jan-Mar 2023 sell through was the highest ever Q4 on record

<table>
<thead>
<tr>
<th>Year</th>
<th>Q3</th>
<th>Q4</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY13</td>
<td>2.4</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>FY14</td>
<td>3.1</td>
<td></td>
<td></td>
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<td></td>
<td></td>
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<tr>
<td>FY15</td>
<td>3.1</td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>FY16</td>
<td>4.0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY17</td>
<td>3.9</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY18</td>
<td>2.8</td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>FY19</td>
<td>2.1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY20</td>
<td>3.2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY21</td>
<td>2.0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY22</td>
<td>5.0</td>
<td></td>
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</tr>
</tbody>
</table>

**PS5 HW Quarterly Sell Through Units Since Launch**

<table>
<thead>
<tr>
<th>Quarter</th>
<th>FY20</th>
<th>FY21</th>
<th>FY22</th>
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<tbody>
<tr>
<td>Q3</td>
<td>4.4</td>
<td>3.2</td>
<td>6.6</td>
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<tr>
<td>Q4</td>
<td>3.2</td>
<td>2.3</td>
<td>5.0</td>
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<tr>
<td>Q1</td>
<td>2.3</td>
<td>2.0</td>
<td></td>
</tr>
<tr>
<td>Q2</td>
<td>4.0</td>
<td>2.0</td>
<td></td>
</tr>
<tr>
<td>Q3</td>
<td>3.0</td>
<td>2.3</td>
<td></td>
</tr>
<tr>
<td>Q4</td>
<td>3.0</td>
<td>3.0</td>
<td></td>
</tr>
</tbody>
</table>
Gaming Category Growth

**WW Gaming Industry Size by Platform***

*(Billions, USD)*

<table>
<thead>
<tr>
<th>Year</th>
<th>CY20</th>
<th>CY21</th>
<th>CY22</th>
<th>CY23 (E)</th>
<th>CY24 (E)</th>
<th>CY25 (E)</th>
<th>CY26 (E)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>$218</td>
<td>$238</td>
<td>$219</td>
<td>$229</td>
<td>$236</td>
<td>$245</td>
<td>$249</td>
</tr>
</tbody>
</table>

*CAGR 2.2%*

**Source:** Projections / estimations from IDG Consulting, 2023_Q1

**Console Industry Size by Revenue Type***

*(Billions, USD)*

<table>
<thead>
<tr>
<th>Revenue Type</th>
<th>CY20</th>
<th>CY21</th>
<th>CY22</th>
<th>CY23 (E)</th>
<th>CY24 (E)</th>
<th>CY25 (E)</th>
<th>CY26 (E)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Physical Hardware</td>
<td>$18</td>
<td>$21</td>
<td>$17</td>
<td>$19</td>
<td>$18</td>
<td>$19</td>
<td>$17</td>
</tr>
<tr>
<td>Physical Software</td>
<td>$12</td>
<td>$11</td>
<td>$9</td>
<td>$8</td>
<td>$6</td>
<td>$6</td>
<td>$6</td>
</tr>
<tr>
<td>Add-On Content</td>
<td>$12</td>
<td>$9</td>
<td>$12</td>
<td>$15</td>
<td>$17</td>
<td>$19</td>
<td>$19</td>
</tr>
<tr>
<td>Digital Full Game</td>
<td>$12</td>
<td>$15</td>
<td>$9</td>
<td>$8</td>
<td>$8</td>
<td>$8</td>
<td>$7</td>
</tr>
<tr>
<td>Subscription</td>
<td>$6</td>
<td>$8</td>
<td>$8</td>
<td>$10</td>
<td>$11</td>
<td>$11</td>
<td>$12</td>
</tr>
</tbody>
</table>

*CAGR 0.6%*

**Total Console Revenue Market Share**

<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
<th>2022*</th>
<th>2023 (E)</th>
<th>2024 (E)</th>
<th>2025 (E)</th>
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</thead>
<tbody>
<tr>
<td>CY21</td>
<td>$219</td>
<td>46%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CY22</td>
<td>$229</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CY23 (E)</td>
<td>$236</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CY24 (E)</td>
<td>$245</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CY25 (E)</td>
<td>$249</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

**NEAR FUTURE**

**Internal SIE projection**

*Source: Sony Group Corporation*
The Strongest Gaming Brand

Leading Category Momentum

PS5 Launch Peak

Source: SIE Global Brand Tracker of Brand Momentum.
*% of respondents indicating the general momentum of a brand
PlayStation Games – Amazing Catalog and More to Come

Strong Existing Portfolio

PLAYSTATION STUDIOS TITLES
- Gran Turismo 7
- The Last of Us Part I
- God of War Ragnarök
- Horizon Forbidden West

THIRD PARTY TITLES
- Grand Theft Auto
- Hogwarts Legacy
- Genshin Impact
- Avatar: Frontiers of Pandora
- Tekken 8
- Final Fantasy XVI
- NBA 2K
- FIFA
- Call of Duty
- Fortnite
- Warzone
- News of the World
- Street Fighter
- CRASH TEAM RUMBLE
-巴士柯奇利亚
- SILENT HILL Downpour
- Suicide Squad

Great Upcoming Releases

- Spider-Man 2
- Wolverine

Ratings Source: Metacritic as of May 4, 2023

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**PS5 – Ongoing High Engagement vs. PS4**

**Paid Plus Subs Attach (%)**
(Paid Plus Subs/Active Consoles in 12 months)

- **PS4 Users** (Mar-16) - 70%
- **PS5 Users** (Mar-23) - 71%

**Life-to-Date Store Transactions Attach**
(Paid Store Transacting Accounts/Active users)

- **PS4 Users** (Nov-13 to Mar-16) - 31%
- **PS5 Users** (Nov-20 to Mar-23) - 53%

**Gameplay DAU/MAU**
(Avg. Gameplay DAU/Gameplay MAU)

- **PS4 Users** (Mar-16) - 37%
- **PS5 Users** (Mar-23) - 43%
PS5 vs. PS4 – Much Stronger Life-to-Date (LTD) Spend Per Console

Average Life-to-Date Spend Per Active Console*

Lifetime Value PS4 Users
(Nov-13 to Mar-16)

- $479

Lifetime Value PS5 Users
(Nov-20 to Mar-23)

- $622

* Spend includes digital full game, new disc full game, add-on, subscriptions and accessories. Excludes the spend on console itself and second-hand discs.
PS5 Projected to be Ahead of PS4 on all Key Metrics by end of FY23*

Game & Network Services Segment

User spend: Includes Software (Physical, Digital), Add-Ons, Subscription (PS Plus), Controllers, VR; excludes purchase of consoles

*All metrics are projected figures from Mar-23 and onward
New PlayStation Plus

ESSENTIAL
Monthly games, online multiplayer & more
- Monthly games
- Online multiplayer
- Exclusive discounts
- Cloud storage
- Share play
- Game help

EXTRA
Discover hundreds of games
- All Essential benefits
  - Game catalog of 400+ games
  - Ubisoft + Classics
- Game trials
- Cloud streaming

PREMIUM
Experience all the benefits
- All Essential & Extra benefits
  - Classics catalog of 400+ games
  - Game trials
  - Cloud streaming

To improve customer experience, grow our subscriber base and enhance monetization

OFFER BETTER CONSUMER VALUE
IMPROVE RETENTION
INCREASE ARPU
IMPROVE MARGIN
PlayStation Plus – Promising Performance Metrics in FY22

Offer Better consumer value

800+

Games available for customers to choose from

>1bn

Hours of gameplay on Extra and Premium titles

Improve retention

Renewal rates held broadly in line with COVID peak

+3ppt vs Pre-Covid level

Increase ARPU

+11%

FY22 Q4 ARPU YoY (excl. FX)

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Game & Network Services Segment

PlayStation Plus – Great Reception of New Service

*As of March 2023

30% of the base on Extra or Premium
14.1M subscribers in first 10 months on the higher tiers
Accessories – Strong Revenue Growth

**PS5 Driving Strong Growth**

<table>
<thead>
<tr>
<th></th>
<th>FY22 – FY23 Growth (E)</th>
</tr>
</thead>
<tbody>
<tr>
<td>DualSense</td>
<td>29%</td>
</tr>
<tr>
<td>DualSense Edge</td>
<td>58%</td>
</tr>
<tr>
<td>Others – PS5</td>
<td>99%</td>
</tr>
<tr>
<td>Total</td>
<td>47%</td>
</tr>
</tbody>
</table>

**Total Accessories Revenue**

Net Sales (billions, ¥Yen)*

- **PS4**
- **PS5**

*Figures for FY20 and before are on US GAAP and figures for FY21 and onwards are based on IFRS.

Access controller for PS5: Upcoming Accessibility-Focused Controller

Accessibility controller kit that fits the needs of many players with disabilities through highly customizable hardware and software capability.
Strong PlayStation VR2 Launch

VR2 provides a unique experience

"Everything [...] about the PS VR2 feels like a quantum leap over any other headset in its price class."
- IGN

"The PS VR2 is a comprehensive upgrade that tops its predecessor in terms of graphics, sound, and tracking technology, making it a must-buy headset."
- PC Magazine

“It’s the literal definition of plug and play and is super convenient compared to any other wired headset I’ve used”
- Eurogamer

“Comfort, fidelity, and accessibility make for a sturdy [PS VR2] foundation in excellent PS5 games”
- Polygon

PS VR2 performing above PS VR

PS VR2 vs. PS VR sell-through
Weeks 1-6, Global

PS VR2 +8% vs. PS VR
6 weeks from launch

More to Come
Portfolio Expansion

- Bungie Integration
- IP Expansion
- Live Services
- PC Expansion
- Mobile Strategy
- New Portfolio
Bungie Integration Synergies

- Live Services Expertise to PlayStation Studios
- Expand SIE Live Services Center of Excellence
- Utilize Strengths of SIE Publishing & Console (Marketing, Global Business Operations)
- PlayStation Studios Central Services
- Optimize Collaboration Across Core Functions

Game & Network Services Segment
Expanding Our IP – Increasing New IP Investment

PlayStation Studios Investment by IP Type

Source: SIE Internal Projections
Expanding Our IP – Beyond Gaming

Broaden Franchise Awareness

Give Existing Fans More Ways to Engage

Create Immersive Experiences for All

Beyond the Entertainment Category

Movies

TV Series

Experiential

Merchandise
Live Services – Invest to Capture Category Growth

Gaming Industry:
Add-on Continues to Represent Growth Opportunity*

($BIL USD)

Add-On Content
- CY21: $9
- CY22: $11.8
- CY23 (E): $15.1
- CY24 (E): $17.4
- CY25 (E): $18.8
- CY26 (E): $19.2

Digital Full Game
- CY21: $8
- CY22: $8.6
- CY23 (E): $8.4
- CY24 (E): $7.5
- CY25 (E): $7.7
- CY26 (E): $7.4

Subscription
- CY21: $15
- CY22: $8.2
- CY23 (E): $9.9
- CY24 (E): $10.8
- CY25 (E): $11.3
- CY26 (E): $12.0

PS5 Investment by Business Model**

- FY19: 12% Traditional, 88% Live Service
- FY23 (E): 55% Traditional, 45% Live Service
- FY25 (E): 60% Traditional, 40% Live Service

*Source: Projections / estimations from IDG Consulting, 2023 Q1
**Internal SIE Projection
Live Services – Grow First-Party Monetization & Portfolio Diversity

A More Diverse First-Party Portfolio

Single-Player Game Catalog

Live Services Game Catalog

Optimizing Live Service portfolio

- Portfolio / market opportunity
- Release cadence to maximize publishing capabilities on and off console
- Scaling business profitably for content development
Ongoing Growth to be Sustained by PC Titles Beyond FY22

Significant YOY Growth

**Revenue of First-Party Titles for PC***
(In $millions)

- **FY20**: 35
- **FY21**: 80
- **FY22**: 250
- **FY23 (E)**: 450

**133% CAGR**

**Top 20**
PC Publisher in FY22**

- 20% of First-Party Games Unit Volume expected in FY23

**PSN**

- 5 first-party PC Games now feature PlayStation Network Log-in

Key New PC Releases

- **PC LTD Sales***
  - FY22: 1.5M
  - FY23 (E): 368K

- **PC LTD Revenue***
  - FY22: $52M
  - FY23 (E): $15.5M

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*Figures for FY22 and after have included Bungie PC revenue, since its acquisition by SIE
**Top 20 PC Publisher as reported by a leading PC games retailer

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Co-developing Top IP With Industry Leaders

- Partnered with established teams on games
- Bringing some of our most celebrated IP to mobile
- Reviewing development opportunities with external studios

Establishing Internal Capabilities

- Multiple internal studios working on mobile games
- Savage Game Studios now embedded within PlayStation Studios
- Exploring mobile investments and acquisitions

Building A World-Class Publishing Team

- Formed our mobile strategy, production and product management approach
- Creating a scalable mobile development and publishing business

Mobile Strategy – Established Foundations for Growth

Started multiple development projects across different verticals
Evolving Shape of First-Party Portfolio

Significant Growth of PC and Mobile Title Ratios Within Our Portfolio

Source: SIE Internal Targets
Evolving Shape of First-Party Portfolio

Maximizing opportunities from a varied portfolio

- Two or more major releases per year
- Covering every major genre
- Mix of Single-player and Live Services
- Balance of big franchises and New IP

- Driving audience growth and diversity
- Leveraging Sony Synergy to unlock new audience growth
- Expand onto new platforms to grow audiences
SIE Growth
Expanding Audience
Breadth and
Engagement

WHERE WE ARE TODAY
WHERE WE INTEND TO MEET OUR USERS

WHERE WE
INTEND TO MEET
OUR USERS

INCREASING DIVERSITY OF UNIVERSES, GENRES, AND ACCESS POINTS

Types of Players

Audience Engagement
HOW PLAYERS FIND VALUE

WHERE WE ARE TODAY

WHAT PLAYERS VALUE

WHERE WE INTEND TO MEET OUR USERS

WHAT PLAYERS VALUE

WHERE WE ARE TODAY

WHAT PLAYERS VALUE

WHERE WE INTEND TO MEET OUR USERS

WHAT PLAYERS VALUE
Future Growth Pillars

CONSOLE AUDIENCE

Indies

Transmedia

Social

Discord

Accessories

PS Plus

Competitive Gaming

Live Services

BUNGIE

HAVEN

ACCESBYTE

FIREWALK

BEYOND-THE-CONSOLE AUDIENCE

PC

Social

Mobile

Future Growth Pillars

Game & Network Services Segment

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The Importance of Group Collaboration
Transformative Sony Group Collaboration

Build Brand Relevancy

Sales and Marketing Collaboration

Amplify IP Synergies

Content Distribution

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## ESG Initiatives – SIE is Turning Intention into Actions

### Climate

**Playing for the Planet**
- Notifications send to over 30 million PlayStation gamers supporting UN’s Play4Forests
- Around 270 games created by Dreams players devoted to sustainable farming
- SIE is a founding member of the new UN Playing for the Planet Interim Advisory Board

**Power Consumption**
- PSVR2 launches with new power management features
- All major SIE offices are now 100% renewably powered (Tokyo offices joined 2022)

### Resource Conservation

- Plastic hanger tags have been removed for all new products
- PSVR2 has 98% plastic free packaging

### Community

### DE&I

- More than $11 million committed to SIE’s Social Justice Fund portfolio
- SIE receives Top Score on 2022 Disability Equality Index® for the 2nd year running

### Accessibility

- New accessibility features added to PS5
- Access controller for PS5, SIE’s accessibility controller kit, announced at CES in January 2023
- Accessibility tags added to PlayStation Store in April 2023
- PS accessibility site and games nominated for 2022 Game Accessibility Conference awards

### SIE Workforce

- Employees donated $1.7 million towards more than 2,400 different global causes
PlayStation – Foundations for Growth

1. Console Growth
   Building Our Biggest Ever Console

2. Portfolio Expansion

3. Sony Group Collaboration

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(xiv) 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;
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