Business Segment Meeting 2023

事業説明会

24 - 25 May 2023
Schedule

Day 1  (May 24th)
- Game & Network Services Segment  8:10 – 8:50
- Music Segment (Global)  9:00 – 9:40
- Music Segment (Domestic)  9:50 – 10:30
- Pictures Segment  10:40 – 11:20

Day 2  (May 25th)
- Entertainment, Technology & Services Segment  9:00 – 9:40
- Imaging & Sensing Solutions Segment  10:00 – 10:40
Game & Network Services Segment

President and Chief Executive Officer,
Sony Interactive Entertainment LLC

Representative Director and President,
Sony Interactive Entertainment Inc.

Jim Ryan
Game & Network Services Segment

PlayStation – Foundations for Growth

1. Console Growth
   Building Our Biggest Ever Console

2. Portfolio Expansion
   GOD OF WAR RAGNAROK
   HORIZON FORBIDDEN WEST
   SPIDER-MAN
   DESTINY
   THE LAST OF US
   GHOST OF TSUSHIMA
   THE SHOW
   UNCHARTED

3. Sony Group Collaboration
   GRAN TURISMO
   Perfect for PlayStation 5
   BRAVIA XR | OLED
FY22 – Strong Revenue Combined with Content Investment

Net Sales (Billions, ¥Yen)

Operating Income (Billions, ¥Yen)

Sony Group Corporation | 5

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**

- **Cumulative Sell-In**
  - PS4
  - PS5

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

* From G&NS Business Segment Briefing 2022
2023 – PS5 Production and Supply Challenges Have Been Resolved

PS5 Shipments (Estimated Time of Departure)

- Jan: CY22, CY23
- Feb: CY22, CY23
- Mar: CY22, CY23
- Apr: CY22, CY23
- May*: CY22, CY23
- Jun*: CY22, 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>FY13</th>
<th>FY14</th>
<th>FY15</th>
<th>FY16</th>
<th>FY17</th>
<th>FY18</th>
<th>FY19</th>
<th>FY20</th>
<th>FY21</th>
<th>FY22</th>
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<tbody>
<tr>
<td>2.4</td>
<td>3.1</td>
<td>3.1</td>
<td>4.0</td>
<td>3.9</td>
<td>2.8</td>
<td>2.1</td>
<td>2.0</td>
<td>3.2</td>
<td>5.0</td>
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</table>

PS5 HW Quarterly Sell Through Units Since Launch

<table>
<thead>
<tr>
<th>FY20</th>
<th>FY21</th>
<th>FY22</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.4</td>
<td>3.2</td>
<td>6.6</td>
</tr>
<tr>
<td>2.0</td>
<td>2.3</td>
<td>5.0</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>

*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>$59</td>
<td>$64</td>
<td>$55</td>
<td>$55</td>
<td>$60</td>
<td>$63</td>
<td>$61</td>
</tr>
<tr>
<td>Physical Software</td>
<td>$12</td>
<td>$11</td>
<td>$9</td>
<td>$9</td>
<td>$8</td>
<td>$6</td>
<td>$6</td>
</tr>
<tr>
<td>Add-On Content</td>
<td>$12</td>
<td>$9</td>
<td>$12</td>
<td>$12</td>
<td>$15</td>
<td>$17</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>

*Source: Projections / estimations from IDG Consulting, 2023_Q1
**Internal SIE projection
The Strongest Gaming Brand

Leading Category Momentum

PS5 Launch Peak

63 62 63 62 61 60 62 61 64 68 73 71 67 67 64 64 64 65

56 54 54 55 53 54 54 55 58 57 56 57 56 55 55 53 53 53 53

46 45 45 44 43 43 44 44 48 49 48 46 46 47 49 46 45 46 44

PlayStation  |  Brand B  |  Brand C

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

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Ratings Source: Metacritic as of May 4, 2023
**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

**Lifetime Value (Console Launch to End of 3rd Yr)**

<table>
<thead>
<tr>
<th>Segment</th>
<th>ACCESSORIES</th>
<th>SUBSCRIPTION</th>
<th>FULL GAME</th>
<th>ADD-ON</th>
</tr>
</thead>
<tbody>
<tr>
<td>PS4</td>
<td>$159</td>
<td>$50</td>
<td>$263</td>
<td>$30</td>
</tr>
<tr>
<td>PS5</td>
<td>$198</td>
<td>$83</td>
<td>$341</td>
<td>$40</td>
</tr>
</tbody>
</table>

+10%

+210%

+52%

+60%

-10%

Average Spend Per Connected Device (USD)

(Nov-13 to Mar-16)

(Nov-20 to Mar-23)
PS5 Projected to be Ahead of PS4 on all Key Metrics by end of FY23*

Console User Spend ($)

Full Game Unit Sales

Gameplay Hours

Monthly Active Users

Monthly Active Consoles

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

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

<table>
<thead>
<tr>
<th>Year</th>
<th>Renewal Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY19</td>
<td>75%</td>
</tr>
<tr>
<td>FY20</td>
<td>79%</td>
</tr>
<tr>
<td>FY21</td>
<td>78%</td>
</tr>
<tr>
<td>FY22</td>
<td>78%</td>
</tr>
</tbody>
</table>

Increase ARPU

+11%
FY22 Q4 ARPU YoY (excl. FX)

+3ppt vs Pre-Covid level
PlayStation Plus – Great Reception of New Service

30% of the base on Extra or Premium
14.1M subscribers in first 10 months on the higher tiers

*As of March 2023
Accessories – Strong Revenue Growth

<table>
<thead>
<tr>
<th>PS5 Driving Strong Growth</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>

*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

**Total Accessories Revenue**

<table>
<thead>
<tr>
<th>Net Sales (billions, ¥Yen)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY13 FY14 FY15 FY16 FY17 FY18 FY19 FY20 FY21 FY22 FY23</td>
</tr>
<tr>
<td>PS4</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Bungie Integration</th>
<th>IP Expansion</th>
<th>Live Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>PC Expansion</td>
<td>Mobile Strategy</td>
<td>New Portfolio</td>
</tr>
</tbody>
</table>

**Game & Network Services Segment**
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
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*

*Source: Projections / estimations from IDG Consulting, 2023 Q1
**Internal SIE Projection

($)BIL USD

<table>
<thead>
<tr>
<th>Add-On Content</th>
<th>Digital Full Game</th>
<th>Subscription</th>
</tr>
</thead>
<tbody>
<tr>
<td>CY21 $9</td>
<td>CY21 $15</td>
<td>CY21 $8</td>
</tr>
<tr>
<td>CY22 $11.8</td>
<td>CY22 $8.6</td>
<td>CY22 $8.2</td>
</tr>
<tr>
<td>CY23 (E) $15.1</td>
<td>CY23 (E) $8.4</td>
<td>CY23 (E) $9.9</td>
</tr>
<tr>
<td>CY24 (E) $17.4</td>
<td>CY24 (E) $7.5</td>
<td>CY24 (E) $10.8</td>
</tr>
<tr>
<td>CY25 (E) $18.8</td>
<td>CY25 (E) $7.7</td>
<td>CY25 (E) $11.3</td>
</tr>
<tr>
<td>CY26 (E) $19.2</td>
<td>CY26 (E) $7.4</td>
<td>CY26 (E) $12.0</td>
</tr>
</tbody>
</table>

**PS5 Investment by Business Model**

<table>
<thead>
<tr>
<th>FY19</th>
<th>FY23 (E)</th>
<th>FY25 (E)</th>
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</thead>
<tbody>
<tr>
<td>12%</td>
<td>55%</td>
<td>60%</td>
</tr>
<tr>
<td>88%</td>
<td>45%</td>
<td>40%</td>
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</tbody>
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*Traditional | Live Service

Sony Group Corporation | 25
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)

<table>
<thead>
<tr>
<th></th>
<th>FY20</th>
<th>FY21</th>
<th>FY22</th>
<th>FY23 (E)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>35</td>
<td>80</td>
<td>250</td>
<td>450</td>
</tr>
<tr>
<td>133% CAGR</td>
<td></td>
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Key New PC Releases

<table>
<thead>
<tr>
<th>PC Release Date</th>
<th>PC LTD Sales*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aug 12, 2022</td>
<td>1.5M</td>
</tr>
<tr>
<td>Mar 28, 2023</td>
<td>368K</td>
</tr>
</tbody>
</table>

PC LTD Revenue*

<table>
<thead>
<tr>
<th>End of FY22 Forecast</th>
<th>$52M</th>
</tr>
</thead>
<tbody>
<tr>
<td>As of April 23, 2023</td>
<td>$15.5M</td>
</tr>
</tbody>
</table>

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

*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
Mobile Strategy – Established Foundations for Growth

Started multiple development projects across different verticals

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
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

Types of Players

INCREASING DIVERSITY OF UNIVERSES, GENRES, AND ACCESS POINTS

Audience Engagement

HOW PLAYERS FIND VALUE
Future Growth Pillars

- Sony Group Corporation

Game & Network Services Segment

Future Growth Pillars:
- CONSOL AUDIENCE
  - Indies
  - Transmedia
  - Social
  - Accessories
  - PS Plus
  - Competitive Gaming
  - Live Services
  - BUNGIE
  - HAVEN
  - ACCELBYTE
  - FIREWALK
- BEYOND-THE-CONSOLE AUDIENCE
  - PC
  - nxxxes
  - Mobile
  - Mobile

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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)

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

- **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
   - GOD OF WAR RAGNAROK
   - HORIZON FORBIDDEN WEST
   - SPIDER-MAN
   - DESTINY
   - THE LAST OF US
   - GHOST OF TSUSHIMA
   - MLB THE SHOW
   - UNCHARTED

3. Sony Group Collaboration
   - GRAN TURISMO
   - PERFECT FOR PLAYSTATION’S 5

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Music Segment (SMG)

Chairman
Sony Music Group

Chief Executive Officer
Sony Music Entertainment

Rob Stringer
Agenda

1. FY22 Review
2. SMG Creative Strategy
3. Market Trends
4. SMG Growth Strategies – Commercial Development & Business Expansion
Record Breaking SMG Financials In Key Metrics

**Revenues**
- FY22 All-time high; Up +$3.6B Since FY18
- 17.0% 4 Year CAGR

**Streaming Revenues**
- Outpaced market growth; Up +$2.6B Since FY18
- 20.3% 4 Year CAGR

**Operating Income**
- Margins up +2.8% pts since FY18
- 23.6% 4 Year CAGR

**OIBDA**
- 20.7% 4 Year CAGR

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1) Source: IFPI
2) OIBDA (Operating Income before Interest, Income Tax, Depreciation and Amortization) is not a measure in accordance with IFRS or GAAP. However, Sony believes that this disclosure may be useful information to investors.
* Revenues, Streaming Revenues and Operating Income are based on US GAAP for the period between FY18 and FY20, and on IFRS for FY21 and onwards; CAGR is calculated as a simple comparison between FY18 result based on US GAAP and FY22 result based on IFRS.
Recorded Music Chart and Market Success

**SME Share of Weekly WW Spotify**
- 59% of Top 10
  - Vs. 49% in FY21
- 43% of Top 100
  - Vs. 36% in FY21

**U.S. Current Market Share Growth**
- 21.1% in CY18
- 27.0% in CY22
  - 4th Year Current Share Growth

**U.S. Billboard Chart Success**
- 25 Weeks in CY22
  - #1 Album

**U.S. Audio Streaming Success**
- 28 Weeks in CY22
  - #1 Single

- All Time High
  - SME market share of frontline on demand audio streams in CY22

Source: Luminate / Spotify
Publishing Chart and Market Success

- **Market Leader Since 2012**
- **Weekly Spotify WW Chart in CY22**
- **Quarterly US Billboard Hot 100 in CY22**

- #1 Song based on revenue
- 21 weeks interest in #1 songs
- 25% SMP share of the Top 100 songs

Source: Music & Copyright / Luminate / Spotify
FY22 SMG Global Creative Success

**Harry Styles**
- #1 IFPI Global Single for 2022 with ‘As It Was’ and received Grammy Album of the Year for ‘Harry’s House’

**Bad Bunny**
- #1 IFPI Global Album for 2022 with ‘Un Verano Sin Ti’

**Beyoncé**
- Breaking the record for the most Grammy wins of all time with 32 total awards

**SZA**
- Album “SOS” reached #1 for 10 weeks on Billboard Top 200; Single ‘Kill Bill’ in US Top 10 streamed tracks for 22 weeks

**Miley Cyrus**
- ‘Flowers’ fastest song to reach 1B streams in Spotify history, and reached #1 in 38 countries

**Bizarrap | Shakira**
- Reached #1 on nine US Billboard charts including Hot Latin Songs chart

**Tainy**
- Coproduced Billboard’s 2022 Album of the Year, Bad Bunny’s ‘Un Verano Sin Ti’

**Kate Bush**
- Chart run for 37-year-old song ‘Running Up That Hill,’ reaching #1 on Billboard’s Global 200

**Steve Lacy**
- ‘Bad Habits’ reached #1 on Billboard Hot 100; Grammy-winning album ‘Gemini Rights’ near 1B US streams

**Jack Harlow**
- ‘First Class’ reached #1 on the Billboard Hot 100

**Ashley Gorley**
- Songwriter broke record for longest running Billboard Country Airplay #1 with his song ‘You Proof’

**KANGDANIEL**
- Top solo artist in South Korea with #1 spot on the iTunes ‘Top Albums’ chart in 10 countries

---

1) As of week ending 5/4/23 on Luminate’s Audio On-Demand Weekly Streaming chart
Agenda

1. FY22 Review
2. SMG Creative Strategy
3. Market Trends
4. SMG Growth Strategies – Commercial Development & Business Expansion
Continued Investment In Music Repertoire

**Total SME Artists**
- FY17
- FY22

**Growth**
- +34.8%

**Artists From Recent Acquisitions**
- Lil Durk
- Rod Wave

- Raye
- Little Simz

- JVKE
- Jorge e Mateus

**Gross Talent ($)**
- FY17
- FY22

**Growth**
- +117.7%

SME only
SMG Evolving Constantly to Support Artists, Songwriters and Labels’ Creative Process
Enhancing SMG’s Position As Market Leader In Artist & Songwriter-Friendly Initiatives

**Insights/Transparency**
- Real time earnings and audience reporting from leading DSPs and social platforms globally
- Increasing investment in advanced analytics tools for artists; billions of transactions processed daily

**Remuneration**
- Expanded eligibility for ground-breaking Legacy Unrecouped Balance Program
- Nearly $90M in withdrawals via Cash Out and Real Time Advances

**Wellness**
- Counseling information and support provided to nearly 300 Artists and Songwriters globally
- Launched healthcare advocacy support services in the US
Agenda

1. FY22 Review
2. SMG Creative Strategy
3. Market Trends
4. SMG Growth Strategies – Commercial Development & Business Expansion
CY22: Continued Growth In Dynamic Market

**WW Recorded Music Market**
- 8th Consecutive year of growth
- CY22: $26.2B
- Projected mid-to-high single digit CAGR
- 67% Streaming
- Growth Vs. PY: +9.0%

**WW Music Publishing Market**
- 10th Consecutive year of growth
- CY22: $8.1B
- Projected mid-to-high single digit CAGR
- 59% Digital
- Growth Vs. PY: +17.7%

**Growth Driven By**
- Paid Subscription Services
- Ad Spend Shifting to Digital
- New Revenue Channels
- Improved ARPU By Market
- Growing Sync Market

1) Source: IFPI
2) Source: Music & Copyright
3) Source: Sony
Continued Growth In Streaming Market

**Paid Streaming Users**

- **CY20**: 417 Global (Mil)
- **CY21**: 509 Global (Mil)
- **CY22**: 589 Global (Mil)
- **CY26** (Expected) 

+12.2% 3 Yr CAGR

- Paid user growth continues in both maturing and growth markets
- Streaming products’ high consumer value helps drive mass market adoption and limit churn

**Ad Supported Audio & Video Revenue**

- **CY20**: $3.3 Global Recorded Music ($Bil)
- **CY21**: $4.3 Global Recorded Music ($Bil)
- **CY22**: $4.9 Global Recorded Music ($Bil)
- **CY26** (Expected) 

+14.1% 3 Yr CAGR

- A strong ad market in the beginning of the year bolstered revenue for 2022
- While we anticipate softening in the short-term, over the next several years we expect the ad market to grow

* Figures for CY20 and CY21 are updated from 344 and 434 respectively, which were previously disclosed at FY22 Business Segment Briefing.

* Figures for CY20 and CY21 are updated from $2.8 and $3.5 respectively, which were previously disclosed at FY22 Business Segment Briefing.
Shifts in music consumption consistently led by younger generation

- CD
- Broadcast Music Videos

- Paid Audio Streaming
- Online Music Videos

- Short-form UGC Videos
- Music + Gaming
Agenda

1. FY22 Review
2. SMG Creative Strategy
3. Market Trends
4. SMG Growth Strategies – Commercial Development & Business Expansion
Developing revenue channels alongside streaming

STREAMING

SOCIALS

DIRECT TO FAN

CREATOR-FRIENDLY LICENSING

GAMING

WEB3/METAVERSE

EMERGING MONETIZATION
AI + Music Market Development

Opportunities

Commercial
Productivity
Creativity
Insights
Protection
Attribution
Monitoring

Realities
Expanding Global Opportunities

SMG Growth Strategies

Latin America

- #1 In Region
- 33 of 53 Latin Grammys in 2022
- 99% Recording Studio Utilization
- +26% Market Growth
- $1.3B Market Size

Asia (ex Japan)

- Entered 3 new markets
- Expanding repertoire centers across 7+ countries
- +26% Market Growth
- $3.1B Market Size

India

- #1 Global Label Group in Market
- 3 of Top 5 Artists on Spotify 200 in CY22
- Continued growth of Sony Entertainment Talent Ventures JV with SPE
- +48% Market Growth
- $319M Market Size

Middle East & Africa

- Local Talent Development
- International Impact For Our Artists
- +29% Market Growth
- $158M Market Size

Generate/IFPI (recorded music only): market growth vs. CY21, market size CY22

Source: IFPI (recorded music only) – market growth vs. CY21, market size CY22
SMG Supporting Artists, Songwriters and Labels’ Creative and Commercial Endeavors While Enhancing Revenue Streams

**Merch**

**Live & Experiential**

**Studios**

**Neighbouring Rights**

**Business Expansion**

- Artist Management
- Premium Content
- Podcasting
Sony Group Collaboration

Whitney Houston Film
Spider-Man Live
Die drei ??? Film
Gran Turismo Movie

Céline Inspired Film
SZA / SEL Link Buds
The Crown Podcast
Soundtracks

Jeopardy Podcast
Game Show Music
Khalid / Headphones
Thriller 40 Event

Sony Group Corporation
Music Segment (SMEJ)

President and Representative Director of the Board, Chief Executive Officer
Sony Music Entertainment (Japan) Inc.

Shunsuke Muramatsu
Accelerate Business Diversification
to Achieve Healthy Portfolio and Sustainable Growth

1st ~ 4th Mid-term Sales for SMEJ

Music Segment (SMEJ)

2.7×

Music
Game
Anime
Solution

1st Mid-term
FY12-14 (J-GAAP)

44%
20%
36%

2nd Mid-term
FY15-17 (J-GAAP)

27%
36%
13%
24%

3rd Mid-term
FY18-20 (J-GAAP)

23%
40%
14%
23%

4th Mid-term
FY21-23FCT (J-GAAP)

27%
27%
20%
26%
Establish a Resilient Creator Ecosystem
Maximize Fandom with a View to Global Expansion
Music Market Trend in Japan

Maintaining Sales Level for Recorded Music Market

<table>
<thead>
<tr>
<th>Year</th>
<th>Physical (Bil Yen)</th>
<th>Digital (Bil Yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>CY18</td>
<td>305</td>
<td>21%</td>
</tr>
<tr>
<td>CY19</td>
<td>300</td>
<td>24%</td>
</tr>
<tr>
<td>CY20</td>
<td>273</td>
<td>29%</td>
</tr>
<tr>
<td>CY21</td>
<td>283</td>
<td>32%</td>
</tr>
<tr>
<td>CY22</td>
<td>307</td>
<td>34%</td>
</tr>
</tbody>
</table>

Post-COVID19 Rapid Recovery for Concert Tickets

<table>
<thead>
<tr>
<th>Year</th>
<th>Music Concert Ticket Sales (Bil Yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>CY18</td>
<td>388</td>
</tr>
<tr>
<td>CY19</td>
<td>424</td>
</tr>
<tr>
<td>CY20</td>
<td>59</td>
</tr>
<tr>
<td>CY21</td>
<td>155</td>
</tr>
<tr>
<td>CY22</td>
<td>339</td>
</tr>
</tbody>
</table>

※Source：Recording Industry Association of Japan
※Source：PIA Research Institute
Growth Strategy for Music Business

Consistent Delivery of Hits by Strong Marketing

YOASOBI
Yuuri
JUJU
Nogizaka46
Hikaru Utada
Kenshi Yonezu
milet
QUEEN BEE
Growth Strategy for Music Business

Promoting Global Expansion of Artists

SACRA MUSIC FES

Aimer

LiSA

Hikaru Utada
@ Coachella 2022
Photo by Zhong Lin

YOASOBI
@ Head In The Clouds
(Jakarta, Manila)
Photo by Poto-Pot
Growth Strategy for Music Business

Expansion of Live Touring to Build Fan Engagement

- Recorded Music Revenue
- Live Performance, Merchandise Revenue

Merch 1.5×

3rd Mid-term
FY18-FY20 (J-GAAP)

4th Mid-term
FY21-FY23FCT (J-GAAP)

- KingGnu
- Stray Kids
- Creepy Nuts
- Ryokuoshoku Shakai

74% 26%
Growth Strategy for Music Business

Development of Fandom Artists

NiziU  Nizi Project Season 2
Anime Market Trend in Japan

Potential in Int'l & Product Sales

- Product Sales: 28%
- Int'l Revenue: 24%
- Others: 28%
- Total: 2.74 Trillion Yen

2021 Anime End User Market

- Product Sales: Anime related products excluding digital
- Int'l Revenue: Anime related consumption, including broadcasting, screening, video, distribution, and merchandise overseas

Growth Driver: Int'l Revenue

- Japan
- Int'l

(Bil Yen)

<table>
<thead>
<tr>
<th>CY12</th>
<th>CY13</th>
<th>CY14</th>
<th>CY15</th>
<th>CY16</th>
<th>CY17</th>
<th>CY18</th>
<th>CY19</th>
<th>CY20</th>
<th>CY21</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,099</td>
<td></td>
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<td>1,429</td>
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<td></td>
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<td>1,313</td>
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<tr>
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<td></td>
<td>241</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

※Source: Anime Industry Report 2022
Growth Strategy for Anime Business

Strengthen Partnership to Expand IP Exploitation

1.3x

- Int’l License Revenue
- Merchandise Revenue

3rd Mid-term
FY18-FY20 (J-GAAP)

4th Mid-term
FY21-FY23FCT (J-GAAP)

World Screening Tour

Merchandising

Claynel Inc.

©Koyoharu Gotoh / SHUEISHA, Aniplex, ufotable
Production of Quality IP/Content

Lycoris Recoil
Bocchi The Rock!
Demon Slayer
Solo Leveling

©Spider Lily / Aniplex, ABC ANIMATION, BS11
© Koyoharu Gotoge / SHUEISHA, Aniplex, ufotable

©AKIHAMAIZI / HOUBUNSHA, ANIPLEX
© Solo Leveling Animation Partners
Game Market Trend

Great Presence of East Asia Market (including Japan)

2021 Global Game Content Market

- East Asia: 40%
- North America: 19%
- Europe: 12%
- Others: 29%

21.89 Trillion Yen
8.82 Trillion Yen

App Games Still Dominant in Japan

2017-2021

- App Games: 78%
- PC Games: 17%
- Console Games: 5%

Game Content Market in Japan (Bil Yen)

- CY17: 1,351
- CY18: 1,500
- CY19: 1,574
- CY20: 1,833
- CY21: 1,800

72% 72% 72% 7% 7%

※ Source: Famitsu Game Hakusho 2022
Growth Strategy for Games

Enhancing Fan Engagement

Developing Sophisticated Games

Fate/Grand Order

“Demon Slayer”
Developing App and Console Games

©TYPE-MOON / FGO PROJECT
©Koyoharu Gotoge / SHUEISHA, Aniplex, ufotable
Sony Group Partnerships

**Upgrading Live Entertainment**

- Auto shooting unmanned camera
- Self-running camera robot

**Fan Based Global Expansion**

- SONY PICTURES
- crunchylroll
Furtherance of Partnership with Crunchyroll

**Creative**

Tomo-chan Is a Girl!

**Music Video Distribution**

Music Video
Concert Video

3K+ 100+

**Award Ceremony**

Approx 18M fans voting from more than 200 countries/regions

©Fumita Yanagida, Seikaisha / Tomo-chan Is a Girl! Project
Sustainability Initiative with IP at its Core

Vision

"Continuing, Connecting, Dreams and Kando"
We will contribute to the maintenance of the earth and aim for a prosperous society filled with dreams by offering Kando experience through entertainment

Action

Environment
- Promote environmental activities at business facilities
- Introduce renewable energy at offices
- Reduce environmental burden at manufacturing facilities

Contribution To Society
- Expand creator support, next generation career support
- Promote educational activity through use of IP content

DE&I
- Introduction of programs and education to support diversified working environment
- Conduct company-wide events
Activities to Promote Sustainability

YOASOBI "Tsubame" Project

©NHK

Music Segment (SMEJ)

[Project Overview] [Awareness through Program]

Continuous Workshops

24-7 Online Medical Consultation

Professional Counselling

Annual Check-up

PodCast/YouTube Program
Development of Location Based Entertainment

Comprehensive Entertainment Base to Deliver Japanese IP to The World

Tokyu Kabukicho Tower
Pictures Segment

Chairman and Chief Executive Officer
Sony Pictures Entertainment Inc.

Tony Vinciquerra
HISTORICAL OPERATING INCOME

OPERATING INCOME HAS GROWN AT A 21.3% CAGR\(^{(1)}\)

\(\begin{align*}
\text{FY16}^{(2)} & : \$280 \\
\text{FY17} & : \$376 \\
\text{FY18} & : \$489 \\
\text{FY19} & : \$626 \\
\text{FY20} & : \$756 \\
\text{FY21} & : \$1,320 \\
\text{FY22} & : \$1,935 \\
\end{align*}\)

\(\text{Sale of GSN Games}\)

\(\$615\) (\$1,320 - \$756) (\$1,935 - \$756)

\(\$1,320\)

\(\$894\)

\(\$615\)

\(\$1,935\)

\(\$280\)

\(\$376\)

\(\$489\)

\(\$626\)

\(\$756\)

\(\$1,320\)

\(\$894\)

\(\text{\$ in Millions}\)

\(\text{(1) Operating Income is based on US GAAP for the period between FY16 and FY20, and on IFRS for FY21 and onwards. Sony believes that the difference between US GAAP and IFRS for operating income during the above period is not material. The CAGR is calculated as a simple comparison between FY16 results and FY22 results.}\)

\(\text{(2) Excludes \$962M goodwill impairment}\)
COMMITTED TO ORIGINAL IP AND THEATRICAL DISTRIBUTION
SONY PICTURES TELEVISION HIGHLIGHTS

SONY PICTURES TELEVISION - LEADING INDEPENDENT TELEVISION STUDIO

- The Good Doctor
- Blacklist
- Outlander
- Alex Rider
- The Crown
- The Last of Us
- Jeopardy!
- Night Agent
- Shark Tank
- Wheel of Fortune
- For All Mankind
- SWAT
- The Boys
- Octonauts
- American Idol
- Sex Education
- Alert
- Superstore
- The Young and the Restless
- Accused
- The After Party
- Days of Our Lives
- 90 Day Fiancé
#1 SHOWS ON NEARLY EVERY MAJOR STREAMING PLATFORM AND BROADCAST AND CABLE NETWORK

Source: Nielsen; Streaming #1 Reach in its season debut week on platform, total viewers; Broadcast / Cable #1 Rating in its season average across programs on the same network /same genre, A18-49 or total viewers
TELEVISION GROUP HIGHLIGHTS
PLAYSTATION PRODUCTIONS PARTNERSHIP

THE LAST OF US

HBO ORIGINAL

WHEN YOU'RE LOST IN THE DARKNESS, LOOK FOR THE LIGHT

NEW SERIES STREAMING JAN 15

HBOmax
AGGRESSIVE M&A STRATEGY
GLOBAL BOX OFFICE IS FORECASTED TO RECOVER BY 2024

Historical & Forecasted Global Box Office

<table>
<thead>
<tr>
<th>Year</th>
<th>Actual ($ in Millions)</th>
<th>Projected ($ in Millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>CY 2018A</td>
<td>$41,475</td>
<td>$43,660</td>
</tr>
<tr>
<td>CY 2019A</td>
<td>$41,840</td>
<td>$46,851</td>
</tr>
<tr>
<td>CY 2020A</td>
<td>$11,739</td>
<td>$21,058</td>
</tr>
<tr>
<td>CY 2021A</td>
<td>$21,058</td>
<td>$25,622</td>
</tr>
<tr>
<td>CY 2022A</td>
<td>$33,284</td>
<td>$39,308</td>
</tr>
<tr>
<td>CY 2023P</td>
<td>$39,308</td>
<td>$43,660</td>
</tr>
<tr>
<td>CY 2024P</td>
<td>$43,660</td>
<td>$46,851</td>
</tr>
</tbody>
</table>

Source: Omdia 2/23/2023
CURRENT MEDIA & ENTERTAINMENT LANDSCAPE

CONTENT SPEND

<table>
<thead>
<tr>
<th>Company</th>
<th>CY 2022</th>
<th>CY 2023E</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apple TV</td>
<td>$6.0</td>
<td>$7.0</td>
</tr>
<tr>
<td>Prime Video</td>
<td>$8.8</td>
<td>$10.1</td>
</tr>
<tr>
<td>Netflix</td>
<td>$16.7</td>
<td>$16.7</td>
</tr>
<tr>
<td>Paramount</td>
<td>$17.2</td>
<td>$17.4</td>
</tr>
<tr>
<td>WB</td>
<td>$21.5</td>
<td>$20.2</td>
</tr>
<tr>
<td>NBC Universal</td>
<td>$25.2</td>
<td>$24.8</td>
</tr>
<tr>
<td>Disney+</td>
<td>$29.9</td>
<td>$30.4</td>
</tr>
</tbody>
</table>

Source: Variety VIP+
Unscripted content is the majority of total TV content in the U.S. by volume with significant growth in digital in recent years.

<table>
<thead>
<tr>
<th>Year</th>
<th>Broadcast</th>
<th>Cable</th>
<th>Digital</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>CY 2020</td>
<td>153</td>
<td>291</td>
<td>23</td>
<td>467</td>
</tr>
<tr>
<td>CY 2021</td>
<td>313</td>
<td>254</td>
<td>25</td>
<td>609</td>
</tr>
<tr>
<td>CY 2022</td>
<td>313</td>
<td>276</td>
<td>29</td>
<td>618</td>
</tr>
</tbody>
</table>

61% of total TV content volume for CY 2020, 60% for CY 2021, and 57% for CY 2022.

Source: Variety / Luminate Film & TV
SONY PICTURES ENTERTAINMENT’S FOUR PILLAR STRATEGY

STRONG IP

INDEPENDENT STUDIO

CONTENT LIBRARY

ONE SONY
## Key IP Across Film and TV

<table>
<thead>
<tr>
<th>Key IP Across Film and TV</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Jeopardy!</strong></td>
</tr>
<tr>
<td><strong>Spider-Man</strong></td>
</tr>
<tr>
<td><strong>The Equalizer</strong></td>
</tr>
<tr>
<td><strong>Ghostbusters</strong></td>
</tr>
<tr>
<td><strong>Hotel Transylvania</strong></td>
</tr>
<tr>
<td><strong>Wheel of Fortune</strong></td>
</tr>
<tr>
<td><strong>Cobra Kai</strong></td>
</tr>
<tr>
<td><strong>Bad Boys</strong></td>
</tr>
<tr>
<td><strong>Jumanji</strong></td>
</tr>
<tr>
<td><strong>The Boys</strong></td>
</tr>
</tbody>
</table>
The Spider-Verse trilogy will continue with

*Spider-Man: Across the Spider-Verse* and *Spider-Man: Beyond the Spider-Verse*
INDUSTRY’S LEADING INDEPENDENT CONTENT SUPPLIER

Sony Group Corporation | 93
INDUSTRY’S LEADING INDEPENDENT CONTENT SUPPLIER
BOX OFFICE SUCCESS

Source: Box Office Mojo, IMDB and Rotten Tomato Audience Scores
ALMOST ALL OF SPE’S RELEASES OVER THE LAST YEAR LANDED ON NETFLIX’S TOP TEN

Top 10 Films of 2022 - Total Hours Viewed, First 28 days of release

GLASS ONION: 110.5M
ADAM PROJECT: 74.3M
THE GRAY MAN: 61.9M
BULLET TRAIN: 54.4M
UNCHARTED: 49.6M
WHERE THE CRAWDADS SING: 44.3M
MAN FROM TORONTO: 43.7M
HUSTLE: 43.6M
ME TIME: 42.0M
DAY SHIFT: 41.3M

Source: Nielsen, US viewing on TV glass only
COMMITMENT TO THEATRICAL

Ridley Scott-Helmed ‘Napoleon’
Set by Apple Original Films for November
Sony Theatrical Release

DEADLINE
UPCOMING FILM SLATE

THE RIGHT MIX OF BIG BUDGET EVENT FILMS AND MODERATELY PRICED ORIGINAL PRODUCTIONS
BUILD AND EXPAND SONY PICTURES TELEVISION FRANCHISES

Cobra Kai
- The Karate Kid

The Boys
- Gen V
- The Boys Presents: Diabolical

Outlander
- Blood of My Blood

Justified
- Justified: City Primeval
EXPANDING PREMIUM GAME SHOW IP

Sony Group Corporation | 101
GROW NON-FICTION AND KIDS BUSINESSES

NONFICTION

NONFICTION

KIDS

KIDS
Sony Group Collaboration

Integration of Newly Acquired Businesses

Location Based Entertainment

Commitment to ESG
PLAYSTATION PRODUCTIONS

BASED ON THE TRUE STORY OF AN IMPOSSIBLE DREAM

GRAN TURISMO

ONLY IN MOVIE THEATERS
PLAYSTATION PRODUCTIONS

peacock

prime video

NETFLIX

Pictures Segment
SONY MUSIC GROUP COLLABORATIONS

WHITNEY HOUSTON: I WANNA DANCE WITH SOMEBODY

THIS CHRISTMAS CELEBRATE THE UNTOLD STORY OF AN ICON

THIS IS JEOPARDY!
THE STORY OF AMERICA'S FAVORITE QUIZ SHOW
FUNIMATION + CRUNCHYROLL MERGER

SIGNIFICANT GROWTH IN TOTAL SUBSCRIBERS

Sony Group Corporation | 109
CRUNCHYROLL

11 MILLION SUBSCRIBERS

- Dragon Ball Super Hero
- Demon Slayer: Mugen Train
- Suzume

Pictures Segment
THE OVERALL GLOBAL ANIME MARKET IS PROJECTED TO GROW TO $50.6B BY 2029

$ in Billions

Source: Maximize Market Research as of 1/20/2023
INDEPENDENT LEADER IN NONFICTION ENTERTAINMENT SPACE
GROWTH BUSINESSES

LEADER IN U.K. TELEVISION DRAMA
GROWTH BUSINESSES

INDEPENDENT LEADER IN GAME SHOWS
GROWTH BUSINESSES

MERGER EXPECTED TO BETTER SERVE THE INDIAN MARKET

The closing of the transaction is subject to regulatory approvals.
LOCATION BASED ENTERTAINMENT

WORLD OF JUMANJI

NEW RIDE 2023
UNCHARTED
EL ENIGMA DE PENITENCE

DESCUBRELO
A PARTIR DE JUNIO
portaventuraworld.com
ESG & SUSTAINABILITY

WORK TO REDUCE CARBON EMISSIONS GLOBALLY BY 25%

AIM TO ELIMINATE SINGLE-USE PLASTIC ACROSS ALL BUSINESS FUNCTIONS
Entertainment, Technology & Services Segment

Representative Director, President & Chief Executive Officer
Sony Corporation

Kimio Maki
1. ET&S Business Direction
2. Profit Axis Business Area
3. Growth Axis Business Area
4. Business Figures
1. ET&S Business Direction
Purpose

Fill the world with emotion, through the power of creativity and technology.
Corporate Direction

Getting Closer to People
Continue to Create New Entertainment Together with Creators

Kesha Lambert
International Wedding and Portrait Photographer

James Cameron
Academy Award-Winning Director

Mamiko Katakura
Recording Engineer, SIGN SOUND LLC

Kazunori Yamauchi
Gran Turismo Series Creator
President of Polyphony Digital Inc.
FY2022 Topics

Delivered Kando and created new entertainment together with creators
Business Environment Analysis

Politics
- Geopolitical risk
- Strengthened policies for environment, human rights and privacy

Economy
- Global recession risk
- Continued expansion of creator economy

Social
- Growing uncertainty
- Growing influence of Generation Z
- Progress of aging society

Technology
- Advancing technology to connect real and virtual spaces in real-time
- Accelerating advancement of AI technology
Business Direction

Structure for Maintaining Profitability and Growth Strategy

Create the Future Together
Openness and Transparency
Respect for differing opinions
A climate where we can take on new challenges without fear of failure
## Sustainability

A foundation of our business and corporate culture

<table>
<thead>
<tr>
<th>Environment</th>
<th>Accessibility</th>
<th>Diversity, Equity &amp; Inclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2023 Target: eliminate plastic packaging in small products</td>
<td>Innovating for a world where everyone can share Kando</td>
<td>Fostering an inclusive corporate culture, including initiatives to overcome gender gap</td>
</tr>
<tr>
<td>FY2023 Target: complete 100% renewable energy usage implementation</td>
<td>FY2025 Target: incorporate inclusive design into product development processes</td>
<td></td>
</tr>
</tbody>
</table>

SONY
2. Profit Axis Business Area
Profit Axis Business Area – Key Measures

Strengthen Operations
Initiatives for automated operation

Production
Automation
Applying the knowledge gained with TVs to other categories

Lean operation via linking data

Sales
Automate Sales Forecasts Through AI
Enhance AI accuracy through industry-academic collaborative research

Business Model Evolution
Hardware + Creative Solutions
3. Growth Axis Business Area
Growth Axis Business Area – Key Measures

Accelerate growth and evolve business models through group collaboration and alliances

<table>
<thead>
<tr>
<th>Virtual Production</th>
<th>Software Solution</th>
<th>Sports</th>
<th>Life Science</th>
<th>Network Service</th>
</tr>
</thead>
<tbody>
<tr>
<td><img src="image1" alt="Virtual Production" /></td>
<td><img src="image2" alt="Software Solution" /></td>
<td><img src="image3" alt="Sports" /></td>
<td><img src="image4" alt="Life Science" /></td>
<td><img src="image5" alt="Network Service" /></td>
</tr>
</tbody>
</table>

- **Virtual Production**: EPIC GAMES, PXO, SONY INNOVATION STUDIOS, SONY MUSIC, SONY PICTURES
- **Software Solution**: SKYFISH, NEURAL, Pulselive, Niantic, BEYOND SPORTS
- **Sports**: HAWK-EYE
- **Life Science**: astellas, nanoString
- **Network Service**: POLA, Sony Interactive Entertainment, Sun
Virtual Production Business

New image expressions to free creators from time and space limitations

Virtual Production Business
Average annual sales growth rate

+35%

Business Item 1
Creative Products & Solutions
Capturing device
Large LED wall

Business Item 2
Content Production/Delivery
Content production for movies,
music videos, commercials, etc.

Business Item 3
System Service
Workflow solutions

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[1] Forecast for FY20-FY25
Software Solution Business

Delivering creative solution services and opening up hardware functions

Software Solution Business
Average annual sales growth rate

+45%

Business Item 1: Opening up Camera Functions
Business Item 2: Development to Multiple Categories
Business Item 3: Delivering Creative Solutions

Cloud

Signage
Sound AR

Expansion of SDK and use cases
Web3 content production
Medical use

Cloud platform

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Sports Business
New sports entertainment that bridges the real and the virtual

Sports Business
Average annual sales growth rate

+25%

Business Item 1
Officiating
Semi-automated offside
Expanding partners

Business Item 2
Commercialization of Data
Real-time virtualization

Business Item 3
Fan Engagement
Expanding ways to enjoy sports matches
Virtual fan engagement

FY20
FY25

Item 1
Item 2

Footage from CES® 2023

---

Notes:

* Forecast for FY20-FY25
* FY20-FY22: actual results, FY23-FY25: forecast. (Sony adopted International Financial Reporting Standards (IFRS) starting in FY21 in lieu of the previously applied generally accepted accounting principles in the United States. The results for FY20 are also presented in accordance with IFRS.)
Life Science Business
Innovation in the field of life science to contribute to a sustainable society

Life Science Business
Average annual sales growth rate

+25%

Business Item 1
Cell Research
New Market Creation

Business Item 2
Cell Research
Application Expansion

Business Item 3
Drug Discovery Contribution

No dedicated operator
Remove limitations of cell research

Contributing to societal issues
Usage expansion

Cloud solution to free users from large data analysis
Contributing to research on cancer/immunity mechanisms

Contributing to cell therapy

Growth market
Contributing to Antibody-Drug Conjugate (ADC)

KIRAVIA

Item 1
Item 2
Item 3

FY20
FY25

20 bil yen

※1 Forecast for FY20-FY25
※2 FY20-FY22: actual results, FY23-FY25: forecast. (Sony adopted International Financial Reporting Standards (IFRS) starting in FY21 in lieu of the previously applied generally accepted accounting principles in the United States. The results for FY20 are also presented in accordance with IFRS.)
Network Service Business

Aiming to be Japan’s fourth carrier - Infrastructure that supports Anshin and Kando

NURO cumulative number of subscribers
Average annual growth rate

+25%

Network Service Business Sales
(NURO Business/ISP Business, others)

Expanding service region
2022: Opened in Tohoku region

Expanding NURO Subscriber Base

Business Item 1

NURO Increasing ARPU

Business Item 2

Expanding Business Area

Business Item 3

Expanding 10G
Expanding OTT services

Collaboration with partners
Expanding new service areas

FY20 FY25

Forecast for FY20–FY25
FY20–FY25: actual results, FY23–FY25: forecast. (Sony adopted International Financial Reporting Standards (IFRS) starting in FY21 in lieu of the previously applied generally accepted accounting principles in the United States. The results for FY20 are also presented in accordance with IFRS.)

Only includes Business Item 1 and Business Item 2
Further Strengthen Growth Business and Create New Businesses

Technology that creates the future of entertainment

- Image Sensing
- Display Technology
- Audio, Language
- Communications Technology
- Human Interaction
- Display System
- Life Science

Expand to creative solutions
4. Business Figures
Business Figures
Shift business portfolio to the growth axis business

Sales
2 trillion 476 billion yen

Operating Income/Operating Income Ratio
7.2%
10%

One-third or more

FY22 Actual
FY25 Target

Growth Axis Business Area
Profit Axis Business Area

※1 Operating income ratio for the whole ET&S segment
※2 The operating income ratio to the whole ET&S segment
Create the Future Together
Imaging & Sensing Solutions Segment

Representative Director, President and Chief Executive Officer,
Sony Semiconductor Solutions Corporation

Terushi Shimizu
1. FY22 Review / FY23 Business environment awareness
2. Image Sensor business directions
3. Investment plans / Management indicators
4. ESG initiatives
1. FY22 Review / FY23 Business environment awareness

2. Image Sensor business directions

3. Investment plans / Management indicators

4. ESG initiatives
FY22 Review / FY23 Business environment awareness

**FY22 ACT**

- Decrease in market compared to FY21
- Favorable sales in high-end models, weak sales in mid-range models
- Decrease in market compared to FY21
- Overstocking the market overall
- Progress in larger sized sensors
- Earnings supported by weak yen throughout the fiscal year
- Sales: 1,402 billion yen (+30%)
- Operating income: 212 billion yen (+36%)

**FY23 FCT**

- Assume a slight sales increase compared to FY22 due to the expected gradual recovery from the second half
- Continuous favorable sales in high-end models, weak sales in mid-range models
- Assume a sales increase in the full year compared to FY22 due to the expected gradual recovery from the second half, but inventory level will remain high for the time being
- Unchanged trend toward larger sized sensors
- Despite the difficulty in forecasting the trend of FX due to the uncertain economic environment, assume a return to strong yen compared to FY22
- Sales Forecast: 1,600 billion yen (+14%)
- Operating income Forecast: 200 billion yen (-6%)

With the progress of larger sized sensors and the positive impact of foreign exchange rates, secured year-on-year sales and operating income growth despite market slowdown.

Although we hope for a gradual recovery from the second half of FY23, we cannot be optimistic and will carefully manage our business based on demand trends.
Image Sensor Market Outlook (Revenue Basis)

Overall
Revised the medium- to long-term market outlook due to the economic slowdown in FY22-23.

Sensing
Mobile:
Continued lack of applications.

Automotive:
ADAS*1 which requires installation of many cameras is expected to lead the market.
*1 ADAS : Advanced Driving Assistance System

Industrial Applications:
Despite the short-term impact of the slowdown in the real economy, the market is growing in the medium- to long-term due to continued labor savings and automation needs.

Security:
Despite the short-term impact of reduced public investment, the high value-added market is continuously expanding due to growing demand for multi pixels and combination with AI.

Mobile Imaging
While there is some impact of the sluggish smartphone market, the trend of larger sized sensors in the medium- to long-term is expected to continue.

AV
Market size remains the same.

*Source: Sony. Updated the image sensor market outlook as of FY22 Business Segment Meeting based on the revised sensing area premises.
1. FY22 Review / FY23 Business environment awareness

2. Image Sensor business directions

3. Investment plans / Management indicators

4. ESG initiatives
Mobile Imaging Market  Sensors for High-end models

Image sensor market outlook by smartphone price range (by revenue)

As of FY22 Business Segment Meeting

- Mid-range models
- High-end models

As of FY23 Business Segment Meeting

- CAGR approx. 12% (FY22→FY30, only for high-end models)
- CAGR approx. 11% (FY22→FY30, only for high-end models)

Sensor size trend in the image sensor market (only for high-end model)

As of FY23 Business Segment Meeting

- FY21→FY22 +44%

As of FY22 Business Segment Meeting

※ Source: Sony. Calculated using the average chip area of FY19 as 100%.
Expanded adoption of 1 type sensors

Trends of 1/1.5 type 50M sensor and larger format

Launch of 2-Layer Transistor Pixel

Larger format
Mobile Imaging Potential for Technological Evolution / Strength of I&SS

<table>
<thead>
<tr>
<th>Event-based vision sensor (EVS)</th>
<th>Near InfraRed (NIR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>High-speed readout</td>
<td>Low-illuminance RGB</td>
</tr>
<tr>
<td>Removal of blur</td>
<td>× NIR</td>
</tr>
<tr>
<td></td>
<td>= Fusion</td>
</tr>
<tr>
<td>and more...</td>
<td></td>
</tr>
</tbody>
</table>

**Evolution of pixel characteristics**
- Resolution
- Sensitivity
- Dynamic range
- Low noise, etc.

**ToF image sensor**
- Bokeh
- Auto Focus

Mobile imaging

5D: Spectral
4D: Time
3D: Depth
2D: Imaging

To more “Kando”
Growth Outlook for Automotive Image Sensors

Automotive camera market outlook (by volume) *1

Outlook for transactions*3 with top 20 global OEMs*4

*1 Source: Sony. Excluding the volume of image sensors for in-cabin.
*2 Automotive camera market of which pixel size is 2 million or more.
*3 OEMs with transaction record and those who are expected to conduct any transaction by FY25.
*4 Source: Sony. CY22 results base.
Nissan SERENA ProPILOT Parking
Automotive Image Sensor Share Target (by revenue)

FY21 ACT FY22 ACT FY25 Target

Automotive Image Sensor Share (by revenue)*

9% 25% 39%

* Source: Sony. Revenue basis share of the automotive image sensor market of which pixel size is 2 million or more, excluding the sales of image sensors for in-cabin.
New Solutions enhanced by AITRIOS™

Example of Application

Market size image (Unit of devices)

Conventional Vision area (Security, etc.)

Areas where Vision isn’t fully utilized

Non-vision IoT device area

Retail
- Customer analysis
- Inventory detection
- People flow analysis

Logistics
- Operation optimization
- Tag detection
- Object recognition

Factory
- Process optimization
- Sorting
- Work count
# Retail DX Proof of Concept (PoC)

<table>
<thead>
<tr>
<th>Sony</th>
<th>Partners</th>
<th>Use cases / End customer needs</th>
</tr>
</thead>
<tbody>
<tr>
<td>IMX500</td>
<td>Compact camera</td>
<td>People flow analysis</td>
</tr>
<tr>
<td>AITRIOS</td>
<td>System development (Software / AI)</td>
<td>Inventory detection</td>
</tr>
<tr>
<td>Cost reduction</td>
<td>Advertising signage analysis</td>
<td>Sales increase</td>
</tr>
</tbody>
</table>

**Value provided by Sony**

1. Reduction of system development load, 2. Low cost (initial/running) and 3. Address privacy concerns
Warehouse DX (PoC)

Issues at logistics sites

<table>
<thead>
<tr>
<th>Warehousing</th>
<th>Picking</th>
</tr>
</thead>
<tbody>
<tr>
<td>Time and effort to find open space × Individual operation = Decrease in productivity</td>
<td></td>
</tr>
</tbody>
</table>

Solutions

Visualizing open shelves by utilizing AI camera equipped with IMX500
Aiming to improve the turnover rate of shelves and shorten the flow line by visualizing the space availability for workers

NEC × SONY

System development/operation
Provide IMX500/AITRIOS
Collaboration with Partners to explore Developers
Image Sensor Share (by revenue)

FY21 ACT  FY22 ACT  FY23 FCT  FY25 Target

Image Sensor Share (by revenue)\(^*1\)

\(44\%\)^\(^*2\)  51\%  54\%  60\%

\(^*1\) Source: Sony. Excluding the sales of fingerprint sensor.

\(^*2\) Updated from 43\% of FY21 ACT as of FY22 Business Segment Meeting.
1. FY22 Review / FY23 Business environment awareness

2. Image Sensor business directions

3. Investment plans / Management indicators

4. ESG initiatives
Image Sensor’s Capital Expenditure Investment Plan for 3 years

(billion-yen)

<table>
<thead>
<tr>
<th>Year</th>
<th>Actual</th>
<th>Forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 12-14 (US GAAP)</td>
<td>Approx. 140</td>
<td></td>
</tr>
<tr>
<td>FY 15-17 (US GAAP)</td>
<td>Approx. 360</td>
<td></td>
</tr>
<tr>
<td>FY 18-20 (US GAAP)</td>
<td>Approx. 580</td>
<td></td>
</tr>
<tr>
<td>FY 21-23 (IFRS)</td>
<td>Approx. 900</td>
<td></td>
</tr>
<tr>
<td>FY 24-26 (IFRS)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Planned land acquisition in Koshi City, Kumamoto Prefecture

Planned land acquisition
Approx. 270,000 m²

Kumamoto Technology Center

I&SS Segment

*1 Sony Semiconductor Manufacturing Corporation
*2 Japan Advanced Semiconductor Manufacturing, Inc.
Procurement of logic wafers

**Short term**

Supply-demand gap resolved

**Mid- to long-term**

Scheduled to start operation at the end of 2024
ROIC

<table>
<thead>
<tr>
<th>FY22 ACT</th>
<th>FY23 FCT</th>
<th>FY25 Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>12%</td>
<td>9%</td>
<td>20%-25%</td>
</tr>
</tbody>
</table>

(IFRS)

Several years Behind schedule

ROIC

Profit Margin

Market deterioration
Increased cost of mass production startup

Recovery of market
Product mix improvement
Productivity improvement

Productivity improvement
R&D cost improvement

Invested Capital

Accumulated inventory and continued growth investment

Optimizing investment timing for increased production

For details on how to calculate ROIC (Return on Invested Capital), please refer to page 9 of the Supplemental Information for the Consolidated Financial Results for FY22 Q4. Although ROIC is not disclosed in accordance with International Financial Reporting Standards (IFRS), Sony believes that this disclosure provides useful information to investors.
1. FY22 Review / FY23 Business environment awareness
2. Image Sensor business directions
3. Investment plans / Management indicators
4. ESG initiatives
# ESG Initiatives of I&SS “Sustainability Compass”

## Stakeholders

<table>
<thead>
<tr>
<th>Stakeholders</th>
<th>Social Visions</th>
<th>Responsibility and Contribution</th>
<th>Priority Issues (Materiality)</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Planet</td>
<td>A society of net-zero environmental impact</td>
<td></td>
<td>Global warming due to GHG emissions</td>
</tr>
<tr>
<td></td>
<td>A society that reuses and recycles resources without wasting</td>
<td></td>
<td>Waste load through product life cycle</td>
</tr>
<tr>
<td></td>
<td>A society where everyone has access to food and water</td>
<td></td>
<td>Insufficient available water resources</td>
</tr>
<tr>
<td></td>
<td>A society where all enjoy health and security</td>
<td></td>
<td>Constraint from physical disability</td>
</tr>
<tr>
<td></td>
<td>A society with safe, efficient transportation and infrastructure</td>
<td></td>
<td>Economic losses and environmental degradation due to traffic congestion</td>
</tr>
<tr>
<td></td>
<td>A society where the world is full of active people with vital roles</td>
<td></td>
<td>Inadequate opportunities for diverse experiences, exchanges and collaboration</td>
</tr>
<tr>
<td></td>
<td>A society of connection through joy and convenience</td>
<td></td>
<td>Inspire the people and enrich society through the power of I&amp;SS technology</td>
</tr>
</tbody>
</table>

*The above are excerpts from I&SS’s 18 priority issues*
Environmental Contribution through Image Sensor Technology

Global Shutter Technology “Pregius™”

- High speed
- Undistorted image
- High definition
- Low noise

Reverse Vending Machine by TOMRA

Reverse vending machine (installed at 7-Eleven)

Sorting PET bottles

Enable to recycle high-quality PET bottles repeatedly

Under discussion for further evolution
Human Resource Initiatives

Active recruitment

(Number of employees)

SSS*1 + SCK*2
number of employees

FY 16 17 18 19 20 21 22 23
12,400 14,600 15,400 16,400 17,400 18,700 20,100

Industry-academia collaboration and human resource development

Lecture, Class
Company tour
Collaborative research with laboratories
Internship (Spring/Summer)
Technical demonstration (for high school students)
Online Hackathon

Sony Semiconductor Solutions Corporation
Sony Semiconductor Manufacturing Corporation
Sense the Wonder

“Fascinate with the wonders of the world.”

Sense  Word that suggests human ability to become aware of or develop a feeling something, their sensibilities, and image sensors

Wonder  Word that suggests corporate culture that Sony has been cherishing, curiosity which is the starting point of R&D, and recalls discoveries full of amazement and moves people’s souls
Sense the Wonder

Unveil new possibilities.

https://www.youtube.com/watch?v=AI3_52Dckqk
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(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;
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(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;
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(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 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;
(xiii) the impact of changes in interest rates and unfavorable conditions or developments (including market fluctuations or volatility) in the Japanese equity markets on the revenue and operating income of the Financial Services segment;
(xiv) 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;
(xv) risks related to catastrophic disasters, geopolitical conflicts, pandemic disease or similar events;
(xvi) 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
(xvii) 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 COVID-19 and the developments relating to the situation in Ukraine and Russia 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.