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
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
   BRAVIA XR
   OLED

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FY22 – Strong Revenue Combined with Content Investment

Net Sales (Billions, ¥Yen)

Operating Income (Billions, ¥Yen)

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
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)

* 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

PS5 HW Quarterly Sell Through Units
Since Launch

Sell-through units (MM)

<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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<table>
<thead>
<tr>
<th>FY20</th>
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<th>FY22</th>
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<tbody>
<tr>
<td>5.0</td>
<td>5.0</td>
<td>6.6</td>
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</table>
Gaming Category Growth

WW Gaming Industry Size by Platform*

(Billions, USD)

<table>
<thead>
<tr>
<th></th>
<th>CY20</th>
<th>CY21</th>
<th>CY22</th>
<th>CY23 (E)</th>
<th>CY24 (E)</th>
<th>CY25 (E)</th>
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<td>Sony</td>
<td>$218</td>
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<td>$219</td>
<td>$229</td>
<td>$236</td>
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<td>Market</td>
<td>$121</td>
<td>$132</td>
<td>$121</td>
<td>$127</td>
<td>$134</td>
<td>$141</td>
<td>$147</td>
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<tr>
<td>Industry</td>
<td>$38</td>
<td>$42</td>
<td>$43</td>
<td>$42</td>
<td>$42</td>
<td>$42</td>
<td>$41</td>
</tr>
</tbody>
</table>

*CAGR 2.2%

Console Industry Size by Revenue Type*

(Billions, USD)

<table>
<thead>
<tr>
<th></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>
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<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>
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<td>CAGR 1.3%</td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
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<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>
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<td>CAGR 0.6%</td>
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<td></td>
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<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>
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<tr>
<td>CAGR 3.3%</td>
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<td></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>
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*CAGR 0.6%

Total Console Revenue

Market Share

2022* 46%

**Internal SIE projection

Sony Group Corporation | 10
The Strongest Gaming Brand

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
- Street Fighter
- Crash Team Rumble
- Bayonetta
- Silent Hill Downpour
- Suicide Squad

Great Upcoming Releases

- Spider-Man 2
- Wolverine

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)

- ACCESSORIES
- SUBSCRIPTION
- ADD-ON
- FULL GAME

PS4:  
(Nov-13 to Mar-16)  
+30%  
+60%  
+52%  
-10%

PS5:  
(Nov-20 to Mar-23)  
+210%  
-10%
**PS5 Projected to be Ahead of PS4 on all Key Metrics by end of FY23**

---

**Game & Network Services Segment**

- **Monthly Active Users**: PS5 > PS4 - Jan-24
- **Monthly Active Consoles**: PS5 > PS4 - Mar-24
- **Console User Spend ($)**: PS5 > PS4 - Sep-22
- **Full Game Unit Sales**: PS5 > PS4 - Nov-22
- **Gameplay Hours**: PS5 > PS4 - Aug-23

**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>
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<tr>
<td>FY19</td>
<td>75%</td>
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<td>79%</td>
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<td>78%</td>
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Increase ARPU

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

Increase ARPU

Game & Network Services Segment

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Increase ARPU

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FY22 Q4 ARPU YoY (excl. FX)

Games & Network Services Segment

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Increase ARPU

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

Sony Group Corporation | 17
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>FY22 – FY23 Growth (E)</th>
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<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 +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
Expanding Our IP – Increasing New IP Investment

PlayStation Studios Investment by IP Type

FY19 | FY23 (E) | FY25 (E)
--- | --- | ---
20% | 40% | 50%
80% | 60% | 50%

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: $15
- CY22: $8.6
- CY23 (E): $8.4
- CY24 (E): $7.5
- CY25 (E): $7.7
- CY26 (E): $7.4

Subscription
- CY21: $8
- CY22: $8.2
- CY23 (E): $9.9
- CY24 (E): $10.8
- CY25 (E): $11.3
- CY26 (E): $12.0

PS5 Investment by Business Model**

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

*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**

**Key New PC Releases**

- **PC Release date**
  - Aug 12, 2022
  - Mar 28, 2023

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

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

**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

<table>
<thead>
<tr>
<th>Co-developing Top IP With Industry Leaders</th>
<th>Establishing Internal Capabilities</th>
<th>Building A World-Class Publishing Team</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Partnered with established teams on games</td>
<td>• Multiple internal studios working on mobile games</td>
<td>• Formed our mobile strategy, production and product management approach</td>
</tr>
<tr>
<td>• Bringing some of our most celebrated IP to mobile</td>
<td>• Savage Game Studios now embedded within PlayStation Studios</td>
<td>• Creating a scalable mobile development and publishing business</td>
</tr>
<tr>
<td>• Reviewing development opportunities with external studios</td>
<td>• Exploring mobile investments and acquisitions</td>
<td></td>
</tr>
</tbody>
</table>

Started multiple development projects across different verticals

- Sony Group Corporation  |  28
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
Future Growth Pillars

- Indies
- Transmedia
- Social
- Accessories
- PS Plus
- Competitive Gaming
- IP
- Live Services
  - BUNGIE
  - HAVEN
  - ACCELBYTE
  - FIREWALK
  - nxxxes
- PC
- Mobile
- BEYOND-THE-CONSOLE AUDIENCE
- CONSOLE AUDIENCE
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
   Game & Movie Posters

3. Sony Group Collaboration
   Movie Posters

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Music

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
  - 28.3% 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**
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

- **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

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

- **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

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

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

---

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
  - +34.8% Growth

- **Gross Talent ($)**
  - FY17
  - FY22
  - +117.7% Growth

**Artists From Recent Acquisitions**
- Lil Durk
- Rod Wave
- Raye
- Little Simz
- JVKE
- Jorge e Mateus
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**
- **$26.2B**
- Projected mid-to-high single digit CAGR
- 8th Consecutive year of growth
- Growth Driven By:
  - Paid Subscription Services
  - Ad Spend Shifting to Digital
  - New Revenue Channels
  - Improved ARPU By Market
  - Growing Sync Market

**WW Music Publishing Market**
- **$8.1B**
- Projected mid-to-high single digit CAGR
- 10th Consecutive year of growth
- Growth Driven By:
  - 67% Streaming
  - 59% Digital

---

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

Paid Streaming Users

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

Global (Mil)

<table>
<thead>
<tr>
<th>CY20</th>
<th>CY21</th>
<th>CY22</th>
<th>CY26 (Expected)</th>
</tr>
</thead>
<tbody>
<tr>
<td>417</td>
<td>509</td>
<td>589</td>
<td>$3.3</td>
</tr>
</tbody>
</table>

Ad Supported Audio & Video Revenue

- 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

Global Recorded Music ($Bil)

<table>
<thead>
<tr>
<th>CY20</th>
<th>CY21</th>
<th>CY22</th>
<th>CY26 (Expected)</th>
</tr>
</thead>
<tbody>
<tr>
<td>$3.3</td>
<td>$4.3</td>
<td>$4.9</td>
<td></td>
</tr>
</tbody>
</table>

Source: IFPI

* Figures for CY20 and CY21 are updated from 3.44 and 4.34 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

**Gen X**
- CDs
- Broadcast Music Videos

**Millennials**
- Paid Audio Streaming
- Online Music Videos

**Gen Z / Alpha**
- 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

EMERGING MONETIZATION
AI + Music Market Development

**Opportunities**
- Commercial
- Productivity
- Creativity
- Insights

**Realities**
- Protection
- Attribution
- Monitoring
Expanding Global Opportunities

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

- **Middle East & Africa**: Local Talent Development. International Impact For Our Artists. +29% Market Growth. $158M Market Size.

Source: IFPI (recorded music only) – market growth vs. CY21, market size CY22

SMG Growth Strategies

---

Sony Group Corporation | 56
SMG Supporting Artists, Songwriters and Labels’ Creative and Commercial Endeavors While Enhancing Revenue Streams

Music Segment

SMG Growth Strategies

Merch

Live & Experiential

Studios

Neighbouring Rights

Business Expansion

- Artist Management
- Premium Content
- Podcasting

SMG Supporting Artists, Songwriters and Labels’ Creative and Commercial Endeavors While Enhancing Revenue Streams
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

Artist Development
Music Segment (SMEJ)

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

Shunsuke Muramatsu
1st ~ 4th Mid-term Sales for SMEJ

Accelerate Business Diversification to Achieve Healthy Portfolio and Sustainable Growth

Music Segment (SMEJ)

- **Music**
- **Game**
- **Anime**
- **Solution**

<table>
<thead>
<tr>
<th>Time Period</th>
<th>1st Mid-term FY12-14 (J-GAAP)</th>
<th>2nd Mid-term FY15-17 (J-GAAP)</th>
<th>3rd Mid-term FY18-20 (J-GAAP)</th>
<th>4th Mid-term FY21-23 (J-GAAP)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Music</td>
<td>44%</td>
<td>27%</td>
<td>23%</td>
<td>27%</td>
</tr>
<tr>
<td>Game</td>
<td>20%</td>
<td>36%</td>
<td>40%</td>
<td>27%</td>
</tr>
<tr>
<td>Anime</td>
<td>36%</td>
<td>13%</td>
<td>14%</td>
<td>20%</td>
</tr>
<tr>
<td>Solution</td>
<td>24%</td>
<td>23%</td>
<td>23%</td>
<td>26%</td>
</tr>
</tbody>
</table>

2.7×
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>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>CY18</td>
<td>305</td>
<td>21%</td>
<td></td>
</tr>
<tr>
<td>CY19</td>
<td>300</td>
<td>24%</td>
<td></td>
</tr>
<tr>
<td>CY20</td>
<td>273</td>
<td>29%</td>
<td></td>
</tr>
<tr>
<td>CY21</td>
<td>283</td>
<td>32%</td>
<td></td>
</tr>
<tr>
<td>CY22</td>
<td>307</td>
<td>34%</td>
<td></td>
</tr>
</tbody>
</table>

**Post-COVID19 Rapid Recovery for Concert Tickets**

<table>
<thead>
<tr>
<th>Year</th>
<th>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
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)

74%
26%

KingGnu

Stray Kids

Creepy Nuts

Ryokuoushoku Shakai
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

- **Others**: 28%
- **Product Sales**: 24%
- **Int'l Revenue**: 48%

2021 Anime End User Market

- 2.74 Trillion Yen

Growth Driver: Int'l Revenue

<table>
<thead>
<tr>
<th>Year</th>
<th>Japan</th>
<th>Int'l</th>
</tr>
</thead>
<tbody>
<tr>
<td>CY12</td>
<td>1,099</td>
<td>241</td>
</tr>
<tr>
<td>CY13</td>
<td>1,313</td>
<td>1,429</td>
</tr>
</tbody>
</table>

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

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

**Strengthen Partnership to Expand IP Exploitation**

![Diagram showing Growth Strategy and Partnership]

1. **1.3x Increase:**
   - **Int'l License Revenue**
   - **Merchandise Revenue**

2. **World Screening Tour**

3. **Merchandising**

4. **Claynel Inc.**

©Koyoharu Gotoge / SHUEISHA, Aniplex, ufotable
Growth Strategy for Anime Business

Production of Quality IP/Content

Lycoris Recoil

Bocchi The Rock!

Demon Slayer

Solo Leveling

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

©AKIHAMAIZI / HOBUNSHA, ANIPLEX
© Solo Leveling Animation Partners
Great Presence of East Asia Market (including Japan)

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

2021 Global Game Content Market

8.82 Trillion Yen

21.89 Trillion Yen

App Games Still Dominant in Japan

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

Yearly Breakdown:

- CY17: 5% (App) + 17% (PC) + 5% (Console) = 27%
- CY18: 5% (App) + 17% (PC) + 5% (Console) = 27%
- CY19: 5% (App) + 18% (PC) + 5% (Console) = 28%
- CY20: 7% (App) + 21% (PC) + 7% (Console) = 35%
- CY21: 7% (App) + 21% (PC) + 7% (Console) = 35%

Total Game Content Market in Japan:

- CY17: 1,351 (Bil Yen)
- CY18: 1,500 (Bil Yen)
- CY19: 1,574 (Bil Yen)
- CY20: 1,833 (Bil Yen)
- CY21: 1,800 (Bil Yen)

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

Music Segment (SMEJ)
Furtherance of Partnership with Crunchyroll

Music Segment (SMEJ)

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

"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.

**Vision**

**Environment**

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

**Action**

**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

B-side

[ Project Overview ] [ Awareness through Program ]

Continuous Workshops

24-7 Online Medical Consultation

Professional Counselling

Annual Check-up

PodCast/YouTube Program
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
OPERATING INCOME HAS GROWN AT A 21.3% CAGR(1)

HISTORICAL OPERATING INCOME

(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.

(2) Excludes $962M goodwill impairment
#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
THE LAST OF US

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

NEW SERIES STREAMING JAN 15
AGGRESSIVE M&A STRATEGY

Pictures Segment
GLOBAL BOX OFFICE IS FORECASTED TO RECOVER BY 2024

Historical & Forecasted Global Box Office

$ in Millions  
A – Actual  
P - Projected  

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>Warner Bros.</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>

$ in Billions

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.

UNSCRIPTED TV INDUSTRY OVERVIEW

VOLUME OF NEW U.S. UNSCRIPTED SERIES

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

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

- STRONG IP
- INDEPENDENT STUDIO
- CONTENT LIBRARY
- ONE SONY
### SONY PICTURES ENTERTAINMENT’S RICH IP

#### KEY IP ACROSS FILM AND TV

<table>
<thead>
<tr>
<th>Brand Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jeopardy!</td>
</tr>
<tr>
<td>Spider-Man</td>
</tr>
<tr>
<td>The Equalizer</td>
</tr>
<tr>
<td>Ghostbusters</td>
</tr>
<tr>
<td>Hotel Transylvania</td>
</tr>
<tr>
<td>Wheel of Fortune</td>
</tr>
<tr>
<td>Cobra Kai</td>
</tr>
<tr>
<td>Jumanji</td>
</tr>
<tr>
<td>Bad Boys</td>
</tr>
<tr>
<td>The Boys</td>
</tr>
</tbody>
</table>
SONY PICTURES UNIVERSE OF MARVEL CHARACTERS

- Kraven: The Hunter
- Madame Web
- Venom
The Spider-Verse trilogy will continue with

*Spider-Man: Across the Spider-Verse* and *Spider-Man: Beyond the Spider-Verse*

- *Spider-Man: Across the Spider-Verse* in June 2023
- *Spider-Man: Beyond the Spider-Verse* in March 2024
INDUSTRY’S LEADING INDEPENDENT CONTENT SUPPLIER
INDUSTRY’S LEADING INDEPENDENT CONTENT SUPPLIER

STREAMING

- Netflix
- Prime Video
- Apple TV+

BROADCAST

- The Good Doctor
- Accused
- Jeopardy!

CABLE

- Lucky Hank
- Outlander
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

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
GROW NON-FICTION AND KIDS BUSINESSES

NONFICTION

KIDS
ADDITIONAL GROWTH POTENTIAL

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
SONY MUSIC GROUP COLLABORATIONS
FUNIMATION + CRUNCHYROLL MERGER

SIGNIFICANT GROWTH IN TOTAL SUBSCRIBERS

Source: SPE Finance
CRUNCHYROLL

11 MILLION SUBSCRIBERS

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

Source: Maximize Market Research as of 1/20/2023

$ in Billions

Source: Maximize Market Research as of 1/20/2023
INDEPENDENT LEADER IN NONFICTION ENTERTAINMENT SPACE
LEADER IN U.K. TELEVISION DRAMA
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
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

Profit Axis  Growth Axis

Sustainability
- Environment
- Accessibility
- Diversity, Equity & Inclusion

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 Group Corporation
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="image" alt="Virtual Production Logo" /></td>
<td><img src="image" alt="Software Solution Logo" /></td>
<td><img src="image" alt="Sports Logo" /></td>
<td><img src="image" alt="Life Science Logo" /></td>
<td><img src="image" alt="Network Service Logo" /></td>
</tr>
</tbody>
</table>

*Sony Group Corporation*
Virtual Production Business
New image expressions to free creators from time and space limitations

Virtual Production Business
Average annual sales growth rate

+35%

20 bil yen

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

Sony Group Corporation
135
# Software Solution Business

Delivering creative solution services and opening up hardware functions

## Average annual sales growth rate

<table>
<thead>
<tr>
<th></th>
<th>Item 1</th>
<th>Item 2</th>
<th>Item 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY20</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY25</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Business Item 1</th>
<th>Business Item 2</th>
<th>Business Item 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening up Camera Functions</td>
<td>Development to Multiple Categories</td>
<td>Delivering Creative Solutions</td>
</tr>
<tr>
<td>Expansion of SDK and use cases</td>
<td>Web3 content production</td>
<td>Cloud platform</td>
</tr>
</tbody>
</table>

**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.)
Sports Business

New sports entertainment that bridges the real and the virtual

Sports Business
Average annual sales growth rate

+25%

Business Item 1
Officiating

Business Item 2
Commercialization of Data

Business Item 3
Fan Engagement

Semi-automated offside
Expanding partners

Real-time virtualization

Expanding ways to enjoy sports matches

Virtual fan engagement

Item 1
Item 2

FY20
FY25

Footage from CES® 2023

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

**Business Item 1**
Cell Research
New Market Creation

**Business Item 2**
Cell Research
Application Expansion

**Business Item 3**
Drug Discovery Contribution

---

Life Science Business
Average annual sales growth rate

+25%

---

FY20
FY25

---

KIRAVIA

---

Contribution to societal issues
Usage expansion

Contribution to research on cancer/immunity mechanisms

Contribution to cell therapy

Growth market
Contributing to Antibody-Drug Conjugate (ADC)

---

Item 1  Item 2  Item 3

---

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 \( ^{\circ}1 \)

+25%

Network Service Business Sales
\( \text{(NURO Business/ISP Business, others)} \) \( ^{\circ}1 \) \( ^{\circ}3 \)

FY20 \( ^{\circ}2 \)

200 bil yen

FY20 \( ^{\circ}2 \)

Network Service Business Sales
\( \text{(NURO Business/ISP Business, others)} \) \( ^{\circ}1 \) \( ^{\circ}3 \)

FY20 \( ^{\circ}2 \)

1 mil subscribers

Business Item 1
Expanding NURO Subscriber Base

Business Item 2
NURO Increasing ARPU

Business Item 3
Expanding Business Area

Expanding service region 2022: Opened in Tohoku region

Advancing 10G Expanding OTT services

Collaboration with partners Expanding new service areas

\( ^{\circ}1 \) Forecast for FY20–FY25

\( ^{\circ}2 \) 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.)

\( ^{\circ}3 \) 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

<table>
<thead>
<tr>
<th>FY22 Actual</th>
<th>FY25 Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>350.9 bil yen</td>
<td>2 trillion 125.1 billion yen</td>
</tr>
</tbody>
</table>

Operating Income/Operating Income Ratio

<table>
<thead>
<tr>
<th>FY22 Actual</th>
<th>FY25 Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>7.2%</td>
<td>10%</td>
</tr>
</tbody>
</table>

One-third or more

※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

### I&SS Segment

<table>
<thead>
<tr>
<th>FY22 ACT</th>
<th>FY23 FCT</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Smartphone Market</strong></td>
<td><strong>Image Sensor Market</strong></td>
</tr>
</tbody>
</table>
| • 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 |
| **Foreign Exchange Rate** | **Performance** |
| • Earnings supported by weak yen throughout the fiscal year | • Sales: 1,402 billion yen (+30%)  
  • Operating income: 212 billion yen (+36%) |
| **Review/Environment awareness** | **FY23 FCT** |
| 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. |

---

### Year-on-year Change

**Sales**: 1,402 billion yen (+30%)  
**Operating income**: 212 billion yen (+36%)  
**Sales Forecast**: 1,600 billion yen (+14%)  
**Operating income Forecast**: 200 billion yen (-6%)
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

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)
- CAGR approx. 11% (FY22→FY30)

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

Source: Sony. Calculated using the average chip area of FY19 as 100%.

* Source: Sony
Mobile Imaging Market  Trends and strategy of sensors for high-end models

- 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&S

**Event-based vision sensor (EVS)**
- High-speed readout
- Removal of blur

**Near InfraRed (NIR)**
- Low-illumination RGB × NIR = Fusion

**5D**
- Spectral
- Time
- Depth
- Imaging

**Mobile imaging**

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

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

and more...

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)

<table>
<thead>
<tr>
<th>FY21 ACT</th>
<th>FY22 ACT</th>
<th>FY25 Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>9%</td>
<td>25%</td>
<td>39%</td>
</tr>
</tbody>
</table>

**Automotive Image Sensor Share (by revenue)*1**

* 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™

Market size image (Unit of devices)

Conventional Vision area (Security, etc.)

Areas where Vision isn’t fully utilized

Non-vision IoT device area

Example of Application

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></td>
<td></td>
<td>Inventory detection</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Advertising signage analysis</td>
</tr>
<tr>
<td>System development (Software / AI)</td>
<td></td>
<td>Cost reduction</td>
</tr>
<tr>
<td></td>
<td></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

**Warehousing**
- Time and effort to find open space

**Picking**
- Individual operation
  - Decrease in productivity

### 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

**System development/operation**
- NEC

**Provide IMX500/AITRIOS**
- SONY
Collaboration with Partners to explore Developers
Image Sensor Share (by revenue)

<table>
<thead>
<tr>
<th>FY21 ACT</th>
<th>FY22 ACT</th>
<th>FY23 FCT</th>
<th>FY25 Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sony</td>
<td>Other companies</td>
<td></td>
<td></td>
</tr>
<tr>
<td>44%*2</td>
<td>51%</td>
<td>54%</td>
<td>60%</td>
</tr>
</tbody>
</table>

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

Approx. 270,000 m²

Planned land acquisition

Approx. 270,000 m²

*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
Several years Behind schedule

ROIC

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

Market deterioration  
Improved cost of mass production startup  
Recovery of market  
Product mix improvement  
Productivity improvement  
Productivity improvement  
R&D cost improvement  
Optimizing investment timing  
for increased production

Accumulated inventory and continued growth investment  

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**

- **The Planet**
  - A society of net-zero environmental impact
  - A society that reuses and recycles resources without wasting
  - A society where everyone has access to food and water
  - A society where all enjoy health and security

- **Society**
  - A society with safe, efficient transportation and infrastructure
  - A society where the world is full of active people with vital roles

- **People**
  - A society of connection through joy and convenience

**Social Visions**

**Responsibility and Contribution**

**Priority Issues (Materiality)**

- Global warming due to GHG emissions
- Waste load through product life cycle
- Insufficient available water resources
- Constraint from physical disability
- Economic losses and environmental degradation due to traffic congestion
- Inadequate opportunities for diverse experiences, exchanges and collaboration
- Inspire the people and enrich society through the power of I&SS technology

*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)

<table>
<thead>
<tr>
<th>FY</th>
<th>SSS<em>1+SCK</em>2 number of employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>16</td>
<td>12,400</td>
</tr>
<tr>
<td>17</td>
<td>14,600</td>
</tr>
<tr>
<td>18</td>
<td>15,400</td>
</tr>
<tr>
<td>19</td>
<td>16,400</td>
</tr>
<tr>
<td>20</td>
<td>17,400</td>
</tr>
<tr>
<td>21</td>
<td>18,700</td>
</tr>
<tr>
<td>22</td>
<td>20,100</td>
</tr>
<tr>
<td>23</td>
<td></td>
</tr>
</tbody>
</table>

*1 Sony Semiconductor Solutions Corporation
*2 Sony Semiconductor Manufacturing Corporation

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
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
Cautionary Statement

Statements made in this presentation 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,” “plan,” “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 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.