

# **Game & Network Services Segment**

Senior Executive Vice President  
Sony Group Corporation

President and CEO, Sony Interactive Entertainment LLC  
Representative Director and President, Sony Interactive Entertainment Inc.

**Jim Ryan**

# PlayStation: The Road to Profitable Growth



PS5™: Building our Biggest-Ever Platform



PS4®: Ensuring our Longest-Ever Tail



New Growth Vectors



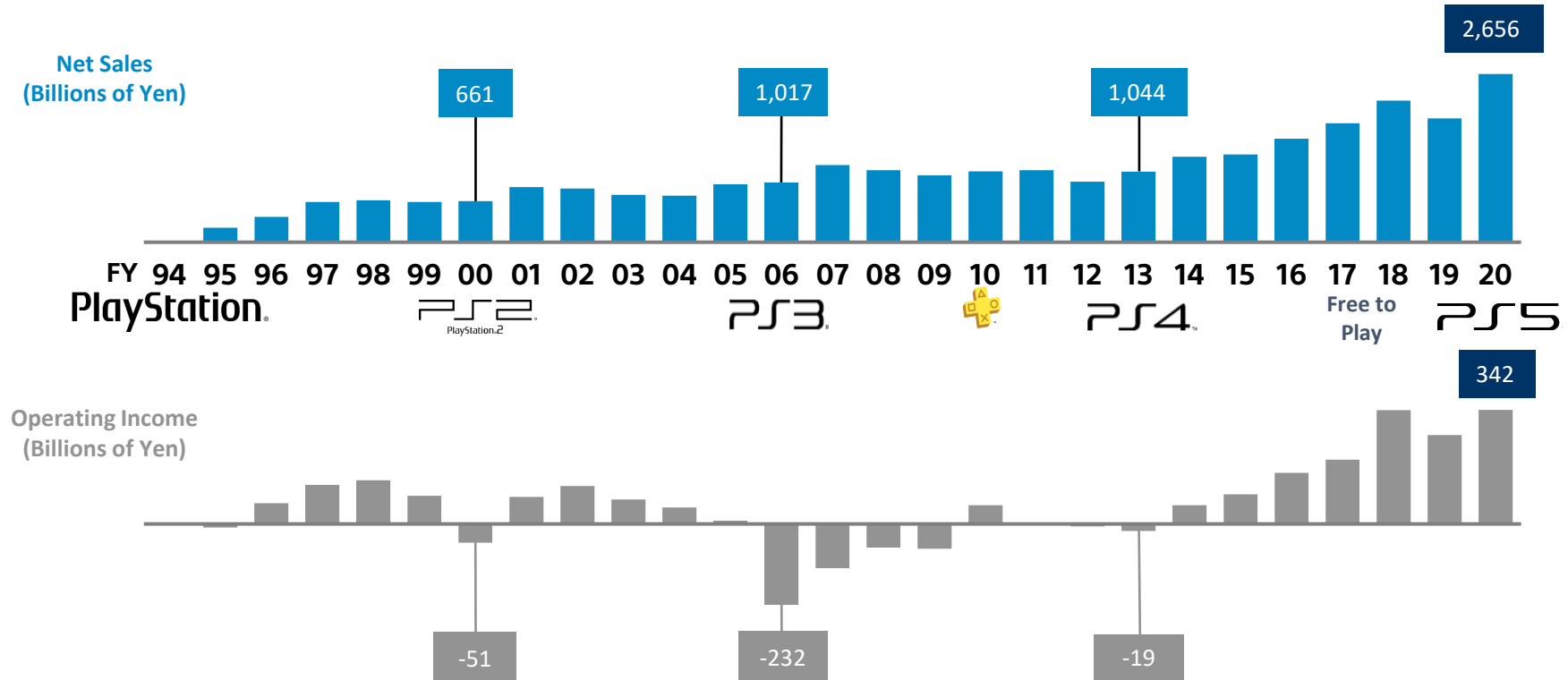
The Importance of Group Collaboration



Key Monitoring Metrics



## FY20: Record Earnings in a Transition Year

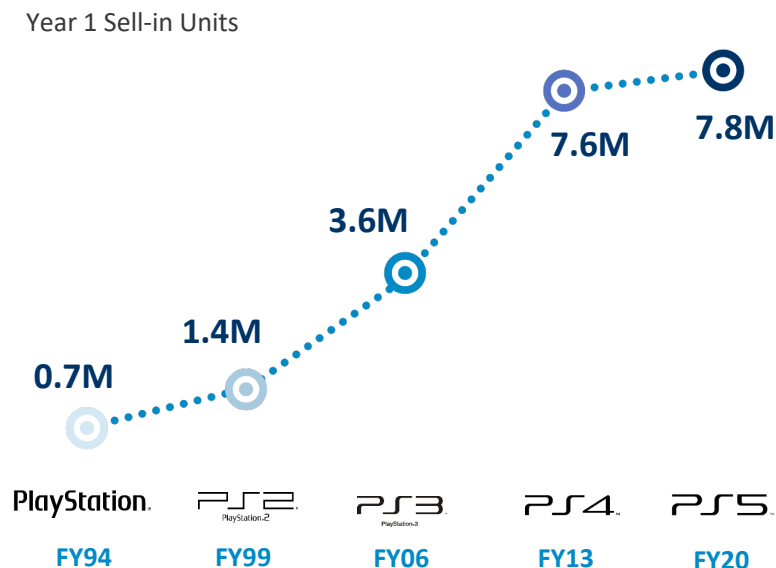




**Building Our Biggest Platform Ever**

# PS5: Building From The Biggest Launch To The Biggest Platform

## OUR HIGHEST EVER LAUNCH YEAR SALES...



## ...BUT STILL HUGE UNMET DEMAND

**NEW YORK POST**

*"Sony warns of potential PS5 shortage amid strong console sales"*

**Bloomberg**

*"PlayStation dominates Xbox and will for years to come"*

**NIKKEI**

*"Sony continues to grow PS5 release date, good start"*

**IGN**

*"PS5 Had the Biggest Console Launch in U.S. History"*

**BBC**

*"PlayStation's most extraordinary pandemic launch"*

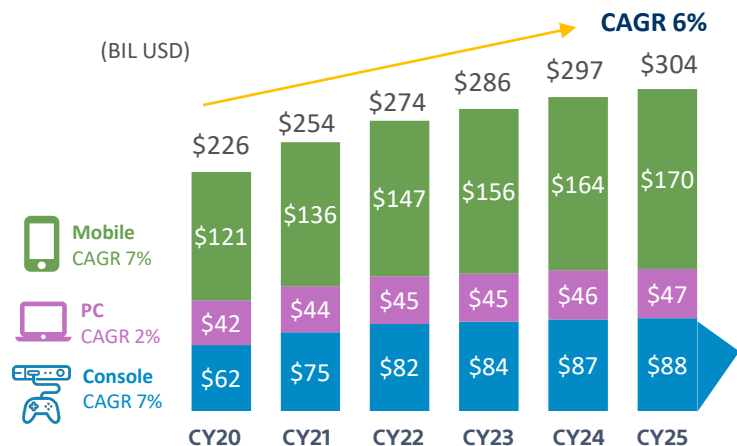
**GAMEREACTOR**

*"PS5 breaks all-time launch sales record"*

# Why We Believe in PS5 – Growth in Gaming Market

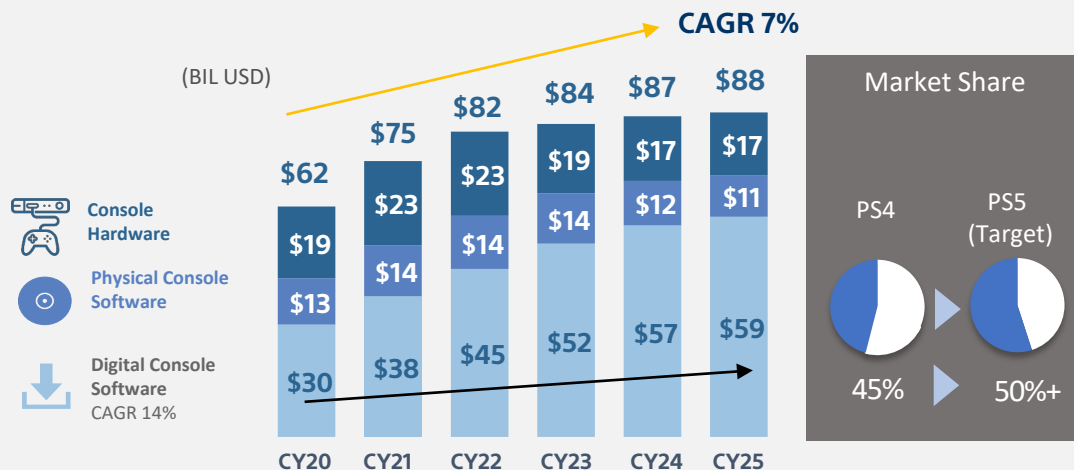
## A GROWING SHARE OF A GROWING CATEGORY

WW Gaming Industry Size by Platform\*



\*Source: IDG Console Gaming Update, 2020\_Q4

Console Industry Size by Revenue Type\*

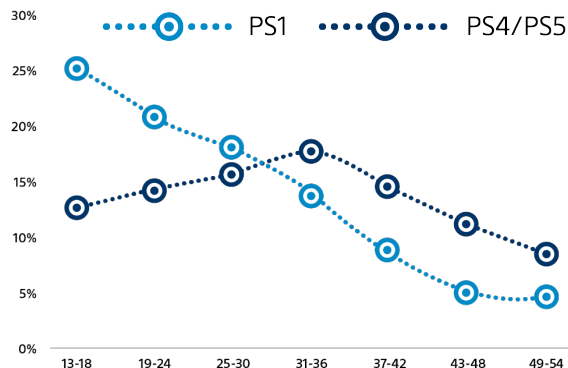


# Why We Believe in PS5 – Favorable Demographics

## Age

### PS1 GAMERS HAVE STUCK WITH US

\*PlayStation Console Ownership



\*Source : SIE Global Platform Experience Tracker (Breakthrough)  
PlayStation registration information (IDG)

## Gender

### GROWING FEMALE INTEREST IN PLAYSTATION GAMING

\*Female Proportion Among Console Ownership

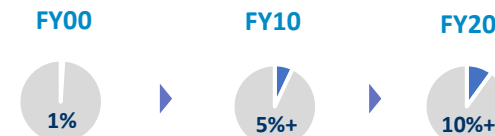
PS1 18% ▶ PS4/PS5 41%



## Geography

### CONTINUAL EXPANSION OUTSIDE NA/EU/JP

Opportunity Market Proportion in Revenue



# Why We Believe in PS5 – Our Brand has Never Been Stronger

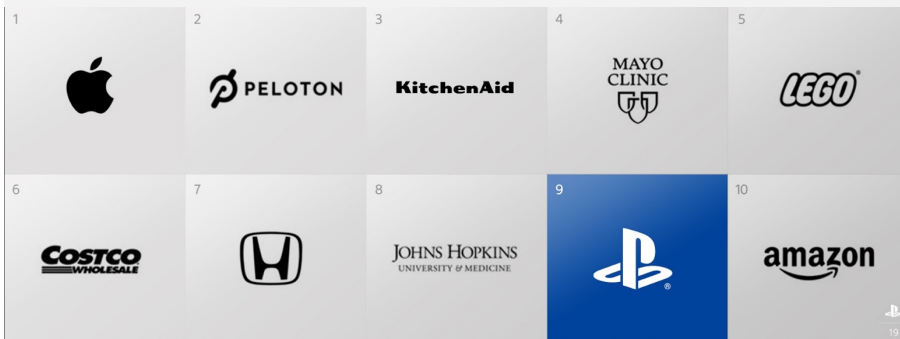
## PLAYSTATION IN TOP GLOBAL BRANDS

#9 PlayStation

Helping gamers  
help each other

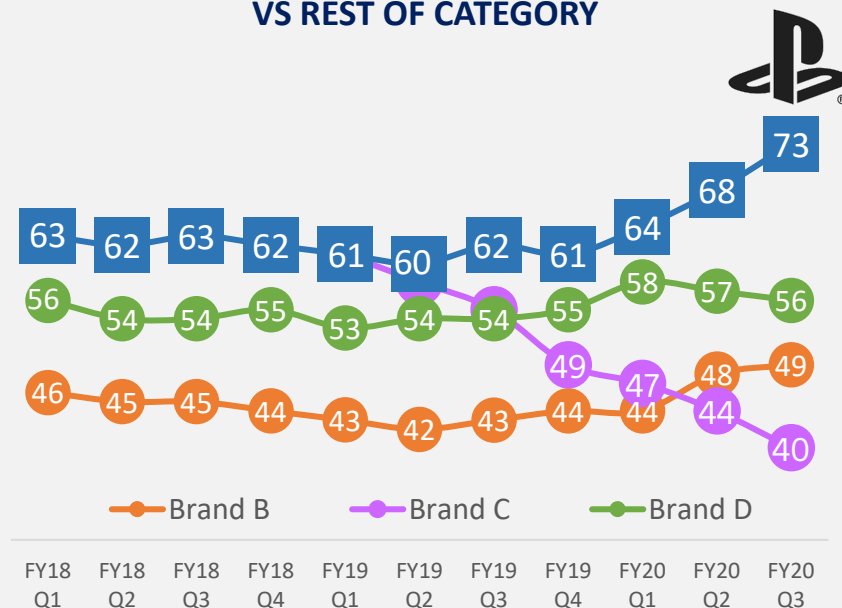


Rising to No. 9 from No. 16, scores best in  
"is modern and in touch."



Source: 2021 Prophet Brand relevance index report

## PLAYSTATION BRAND MOMENTUM VS REST OF CATEGORY



Source : SIE Global Brand Tracker

Question: Do you think this is a brand that is moving forward, staying the same or falling behind?



# Why We Believe in PS5 – Our Games Have Never Been Better

## BEST EVER LAUNCH LINE-UP

VS

## BEST EVER POST LAUNCH LINE-UP



NEW  
RELEASE  
(AAA)

**KILLZONE™  
SHADOW FALL**

Metacritic  
Scores

73

NEW  
RELEASE  
(A)

**KNACK™  
RESOGUN**

54

84

PS3 / PSVITA PORTS

*Flower* *Wii*  
**sound shapes** **ESCAPE PLAN**



**SPIDER-MAN™  
MIKE MORALES**

85

**Demon's Souls**

92

**SACKBOY™  
A BIG ADVENTURE**

79

\*PS4 KEY TITLES

**GOD OF WAR**

**THE LAST OF US PART II** **UNCHARTED 4™  
A Thief's End**

1ST  
PARTY  
TITLES

**GOD OF WAR**



**HORIZON™  
FORBIDDEN WEST™**

**GT™  
GRAN TURISMO™7  
THE REAL DRIVING SIMULATOR**

**RETURNAL**

86

**RATCHET™  
CLANK™  
RIFF APART™**

**THE SHOW 21**

78

3RD  
PARTY  
TITLES

**"DEATHLOOP"**

**FARCRY6™  
A UBIISOFT ORIGINAL**

**GHOSTWIRE™  
T O K Y O**

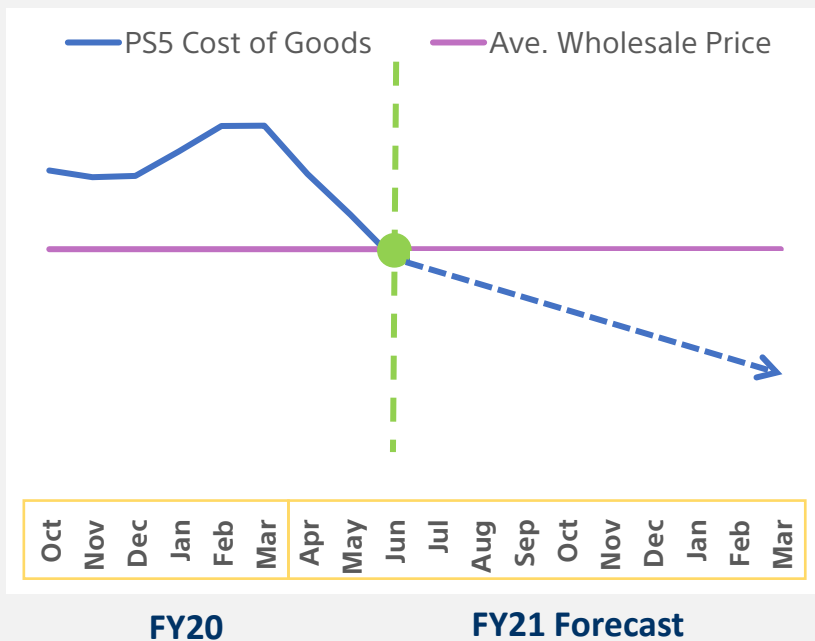


**VILLAGE™  
REMYX 2021**

**FORSPOKEN™**

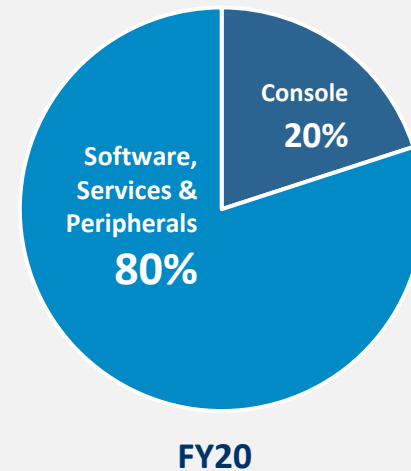
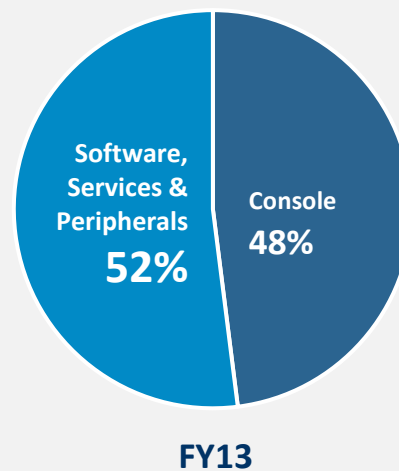
## PS5 Console Economics

### PS5 STANDARD EDITION IS EXPECTED TO BREAK EVEN NEXT MONTH



### IMPORTANCE OF CONSOLE IN BUSINESS MODEL IS REDUCING

#### SIE Revenue Structure

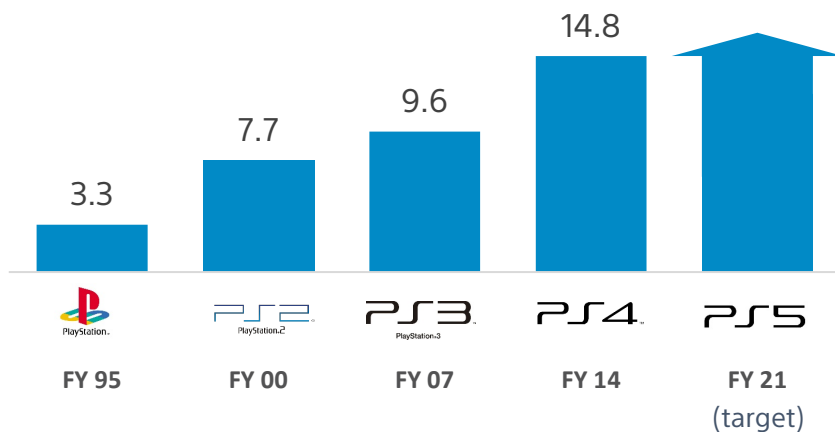


# Meeting Unprecedented Demand

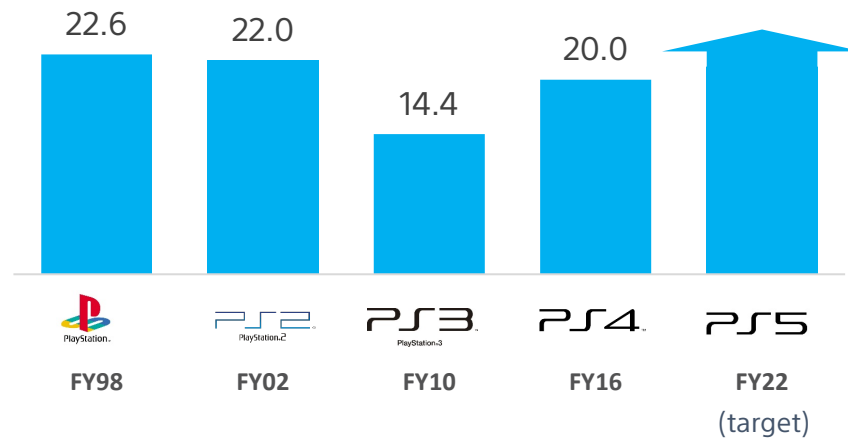
WE AIM TO MAKE FY21 OUR STRONGEST-EVER YEAR 2 ...

...AND FY22 OUR STRONGEST YEAR EVER

Year 2 Sell-in by Generation (M Units)



Peak Annual Sell-in by Generation (M Units)

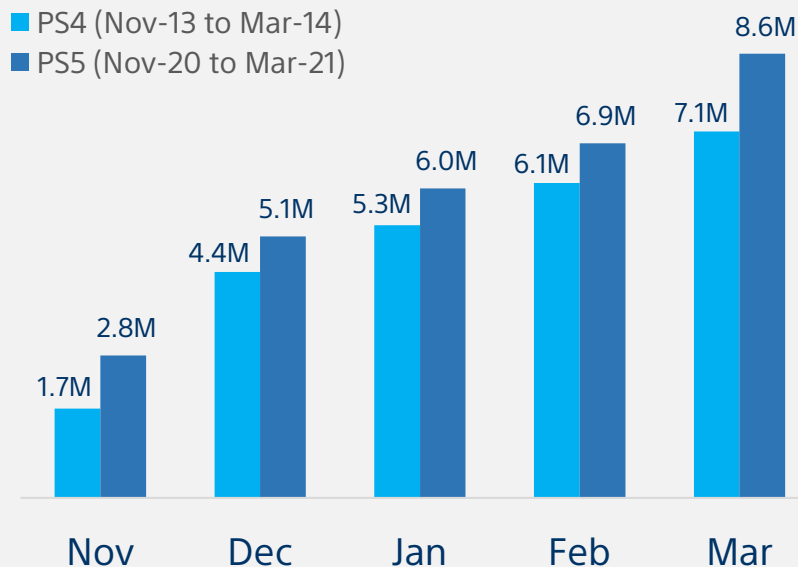


Despite a Global Semiconductor Shortage...

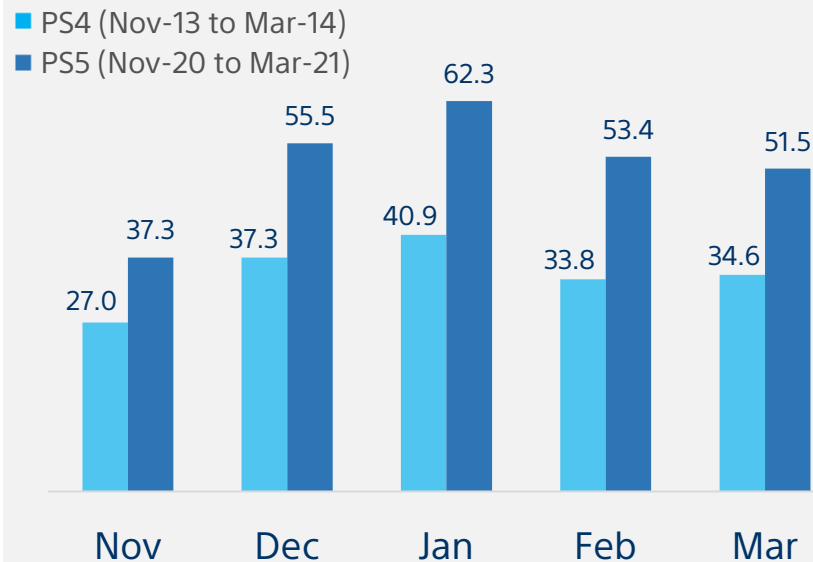


## Engagement has increased compared with PS4

### PS4 VS PS5 MONTHLY ACTIVE USERS\*



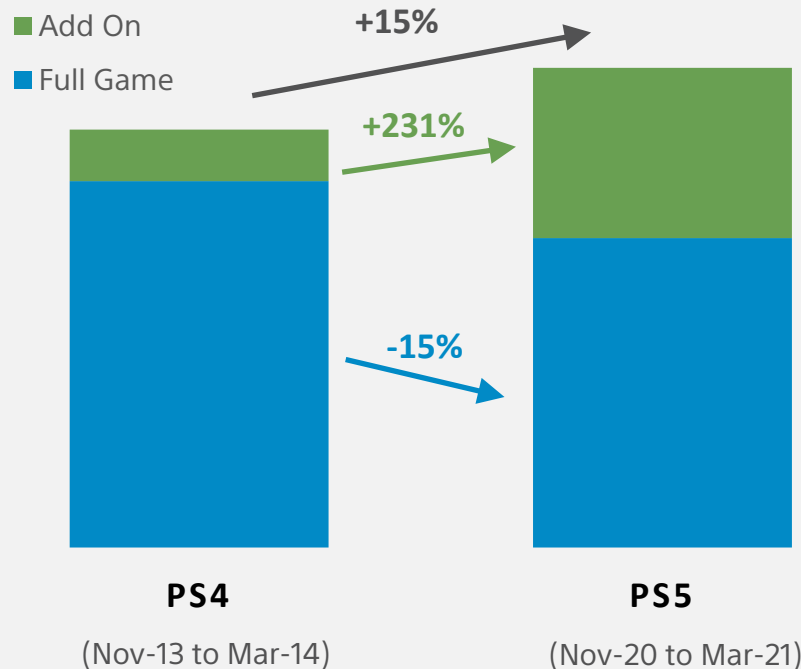
### PS4 VS PS5 GAMEPLAY AVG. HOURS PER ACCOUNT



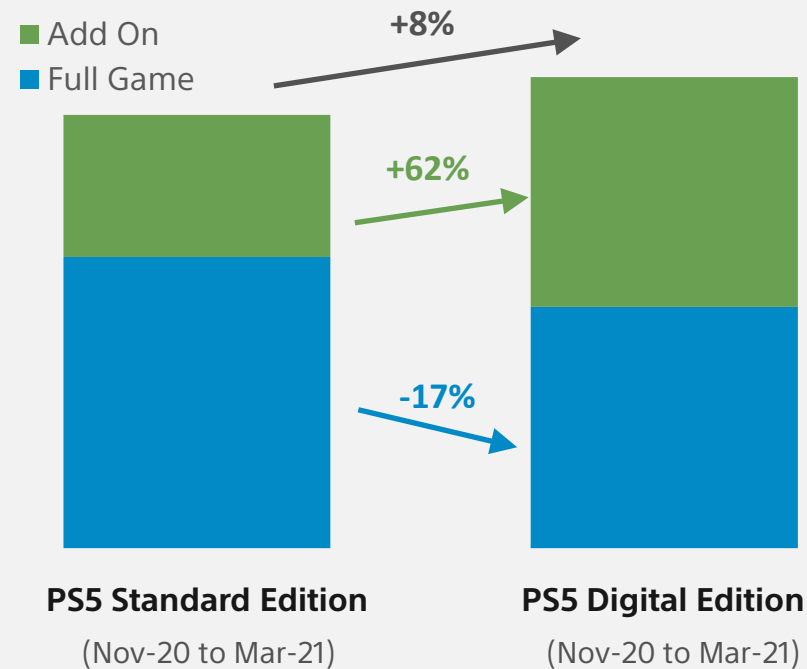
\* Multiple unique PSN accounts active on single device

## ...And Game Monetization is Stronger

### Game Spend Per Connected Device (USD)



### Game Spend Per Connected PS5 (USD)





**Ensuring Our Longest-Ever Tail**

## PS4: Ensuring our Strongest-Ever Tail

RETAIN HIGH FY20  
ENGAGEMENT



BIG GAME LAUNCHES STILL  
TO COME

HORIZON  
FORBIDDEN WEST

FARCRY6

ONGOING FREE-TO-PLAY  
GROWTH

CALL OF DUTY  
WARZONE

APEX  
— LEGENDS —

FORTNITE

GENSHIN  
IMPACT

ROCKET  
LEAGUE

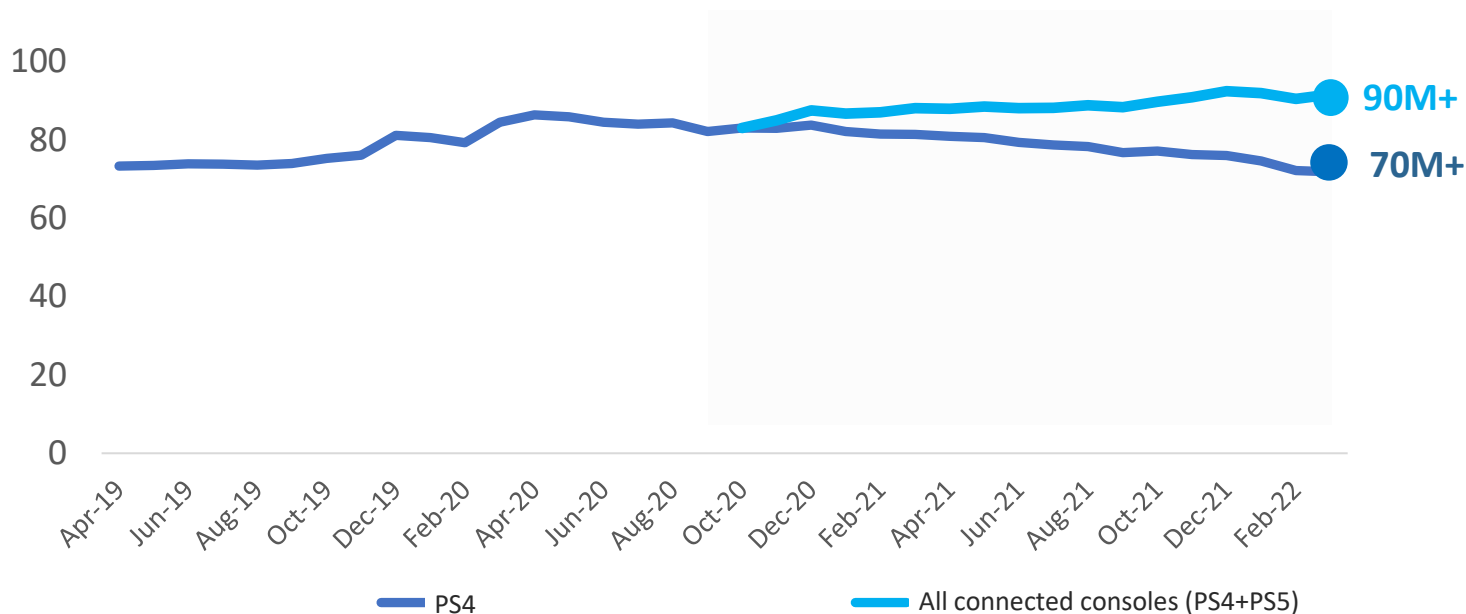
LOYAL SUBSCRIBER BASE



PlayStation  
Plus

## Projected Post COVID-19 Engagement

### MONTHLY CONNECTED CONSOLES PROJECTION



Keep getting PS4 owners to migrate to PS5

Minimize lapse and maximize customer lifetime value from the current connected PS4s

\* as of end of March 2021



# Projected Post COVID-19 Engagement

## WEEKLY CONNECTED CONSOLES ACCOUNT (PS4/PS5)

(Oct 2020 - Mar 28, 2021)

At least one  
vaccine dose\*

40%



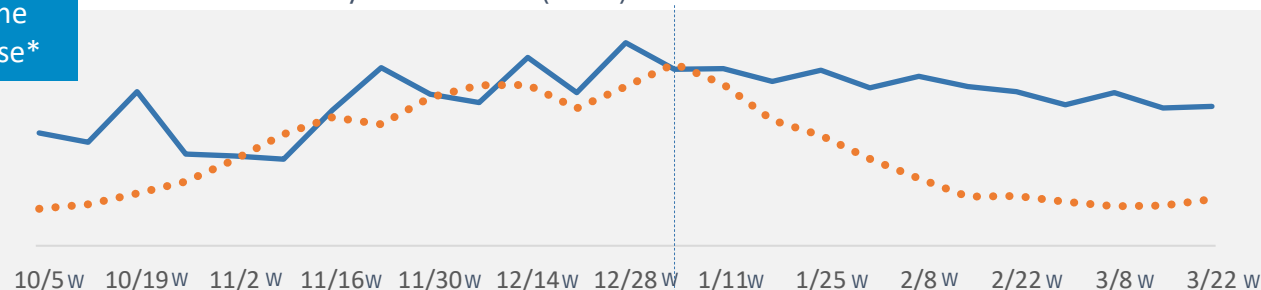
20%



Gameplay

Weekly Active Users (WAU)

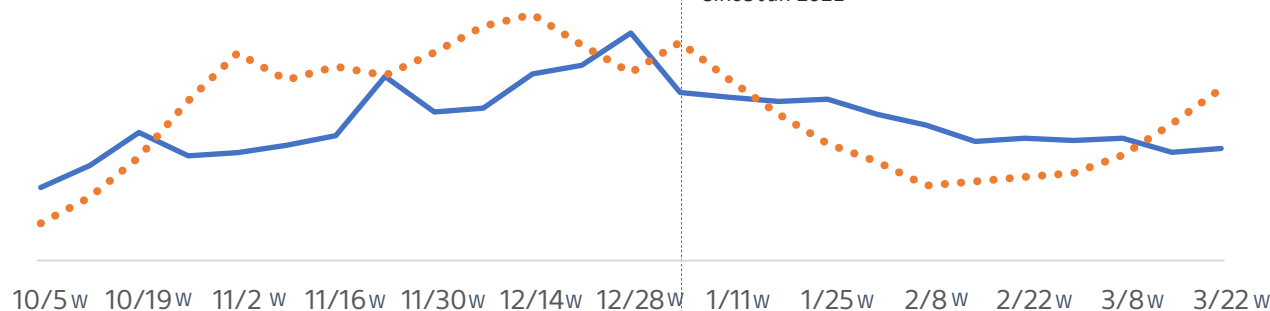
# of New COVID Cases\*



WAU Chg %  
Jan to Mar

-3.3%

Since Jan 2021



WAU Chg %  
Jan to Mar

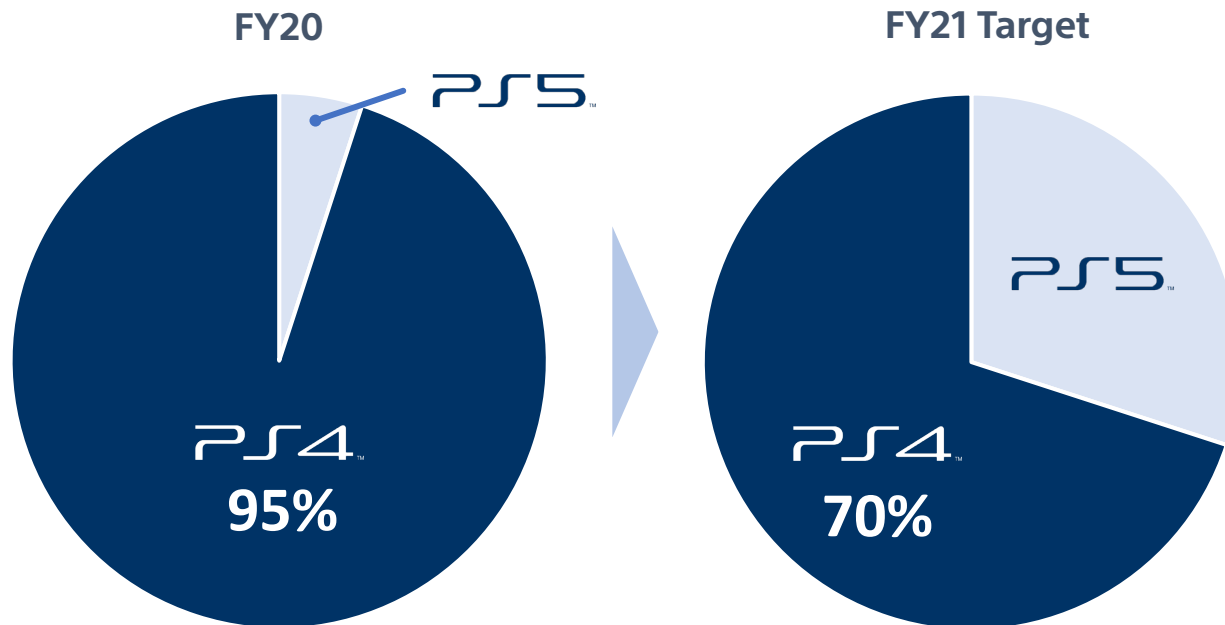
-5.3%

\*Source: The New York Times, "Tracking Coronavirus Vaccinations Around the World", "Coronavirus in the U.S.: Latest Map and Case Count", "Coronavirus World Map: Tracking the Global Outbreak"

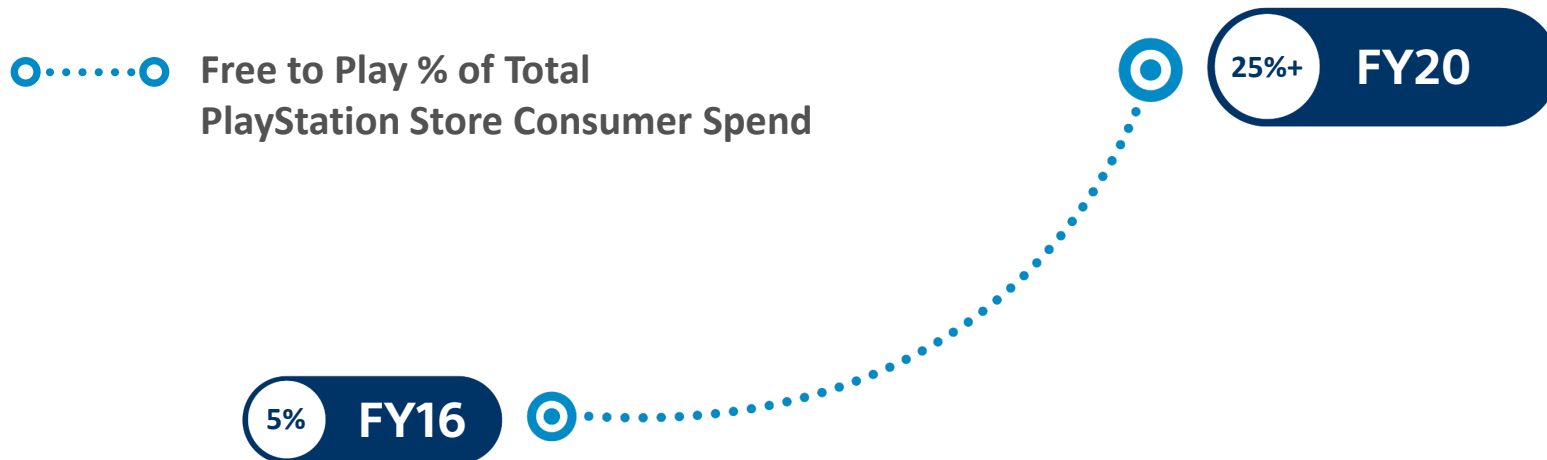
## PS4 Games

PS4 REMAINS KEY DRIVER OF PS STORE REVENUE, WITH STRONG NEW RELEASES

PS Store Revenue % by console



## Free to Play: A Significant Platform Enhancer



### Key Titles

**FORTNITE**GENSHIN  
IMPACTCALL OF DUTY  
WARZONE

FORTNITE

APEX  
— LEGENDS —ROCKET  
LEAGUE

# PlayStation Plus

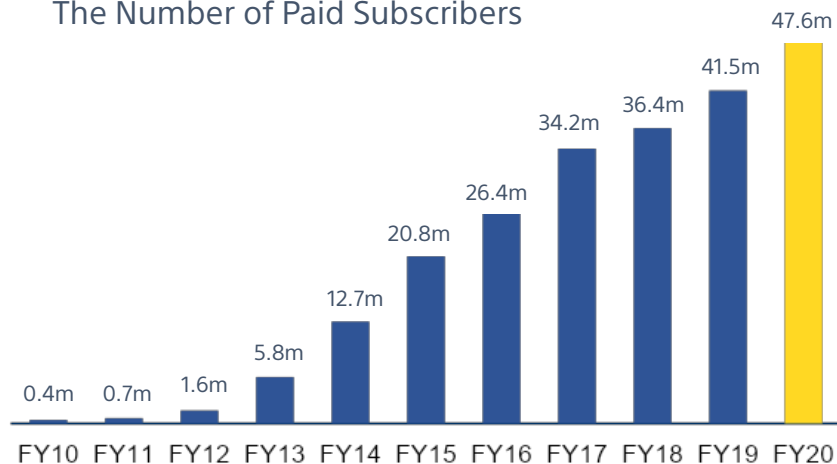
## GROWTH SINCE LAUNCH



PlayStation Plus

48M

The Number of Paid Subscribers



## PRIMARY REASON WHY PEOPLE SUBSCRIBE

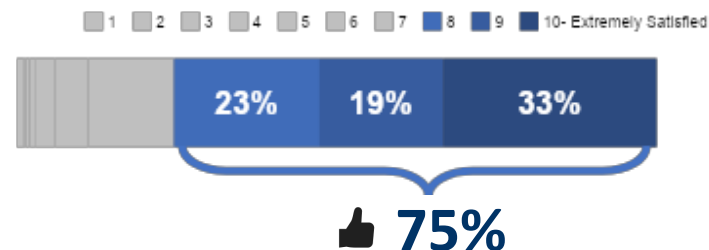
40%  
Online  
Multiplayer

30%  
Monthly Free  
Games

18%  
Game  
Discounts  
and Offers

12%  
Cloud Storage  
for game  
saves

## Overall Satisfaction with PlayStation Plus



\* All figures (%) above are amongst PlayStation Plus subscribers

\* Source: Global Platform Experience Tracker (Q3 FY20)



## New Growth Vectors

## New Growth Vectors

REDOUBLED CHINA FOCUS  
FOR PS5 ERA



BROADEN DIRECT PHYSICAL  
RETAILING CAPACITY



1<sup>ST</sup> PARTY STUDIO  
EXPANSION



CLOUD AND SERVICE  
STRATEGY



NEW LEVELS OF  
IMMERSION



"BEYOND CONSOLE"  
APPROACH



## China Launch



- **Significantly expanded** local marketing investment
- **New investment focus** in local game production
  - Embracing both **PS** and **PC** release strategies
- **PS5 momentum expected to be > 2 x PS4 generation**

CHINA PRICING & LAUNCH DATE OF MAY 15<sup>th</sup>  
ANNOUNCED ON APRIL 29, 2021



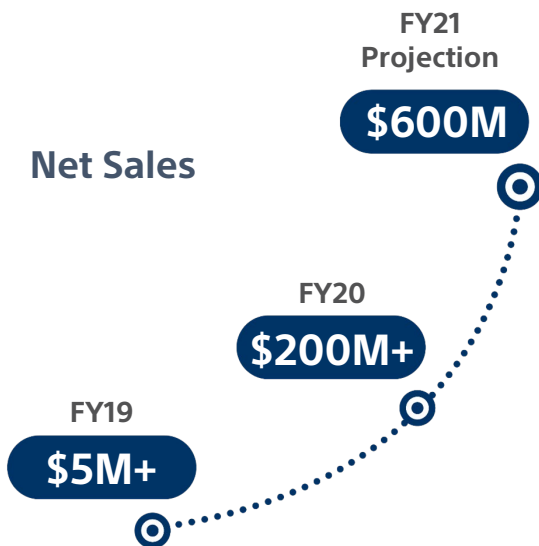
- 35m+ direct views of press conference
- 5000+ media reports generating 500m+ local impressions
- 98% Positive Sentiment
- Significant Pre-Order Allocation sold < 3 mins

*\*as of 5pm CST April 30*

# New Growth Vectors: PlayStation Direct

## *Our Direct Hardware Distribution Channel*

### SIGNIFICANT REVENUE GROWTH



### EXPECTED EUROPEAN EXPANSION

In FY21

Germany, UK, Ireland, France, Belgium,  
Netherlands, Luxembourg





## New Growth Vectors: PlayStation Studios

### IP POWERHOUSE



Including Successful New IP

**GHOST**  
OF TSUSHIMA  
**RETURNAL™**

### NEW STUDIO PARTNERSHIPS

- Complement ongoing internal investment
- External partnership and M&A
- Grow SIE capabilities (e.g. social and services)

#### Project Haven

New Exclusive IP

#### Firewalk

Original Multiplayer Game



x



# New Growth Vectors: PlayStation Studios

## OFF CONSOLE



**Horizon Zero Dawn**

**More PC releases planned**

- ROI 250%+\*
- Create new fans for our IP
- Target new geographies

**DAYS GONE**

**UNCHARTED 4**  
*A Thief's End*



**PC**

**Mobile**



## GAAS

**THE SHOW 21**

- Highest paying user spend of any sports title in the US PS Store\*\*
- Now a multiplatform IP



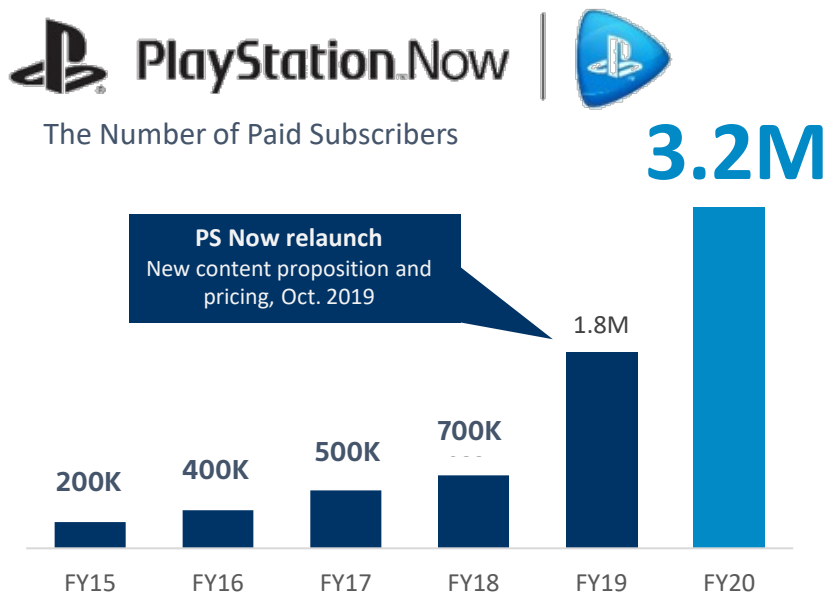
- Develop more service-led experiences within 1st Party roster
- Release both on and off console

\* as of end of March 2021

\*\*Period since the game launch

## New Growth Vectors: Cloud

### GROWTH SINCE LAUNCH



### SERVICE UPDATES

#### \$1 for 1 Month Promotion

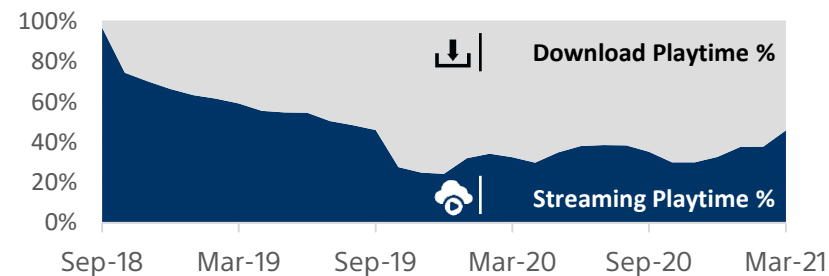
Ongoing refinement of user acquisition strategy

#### 1080p Streaming

Continuous investment to evolve cloud technology



### Streaming and Download Playtime Behavior\*



(\*Internal PS Now usage data)

## New Growth Vectors: Next Generation VR on PS5

### NEW LEVELS OF IMMERSION

Realize the unique experiences that are synonymous with PlayStation

Enhance everything from resolution and field of view to tracking and input

Connect to PS5 with a single cord to simplify setup and improve ease-of-use, while enabling a high-fidelity visual experience

New controller, which will incorporate some of the key features found in the DualSense wireless controller, along with a focus on great ergonomics



Adaptive triggers

Haptic feedback

Tracking

Finger touch detection

Action buttons / analog sticks

## New Growth Vectors: Beyond Console

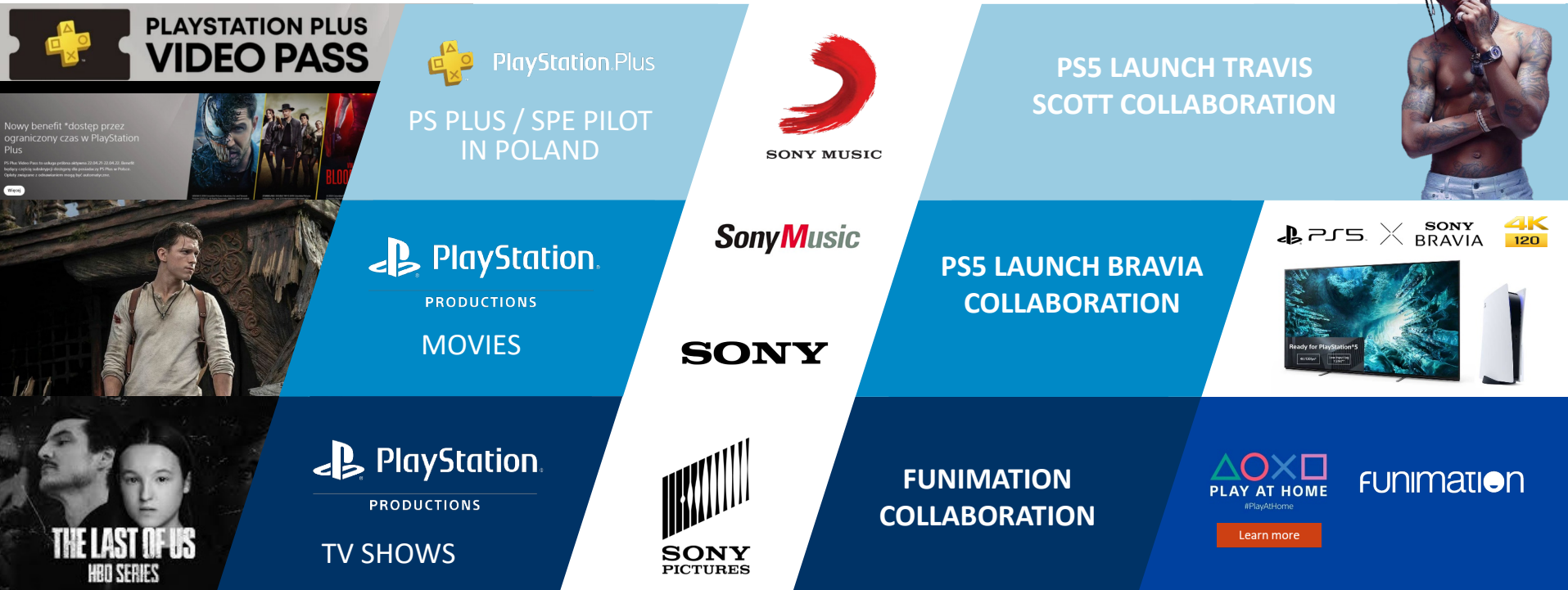
A transformation from PlayStation's current console-centric ecosystem to a future where large elements of our community extend beyond the console





## **The Importance of Group Collaboration**

# Group Collaboration



## SIE is Supporting Several Key ESG Initiatives

### ACCELERATING EFFORTS TO REDUCE ENVIRONMENTAL FOOTPRINT



- **Our Products:**
  - Improved PS5 packaging **93-99% plastic-free**



- **Our Workplaces:**
  - Main SIE offices are certified as **using 100% renewable electricity**



- **Our Content:**
  - VR video developed in Dreams with UNEP to help **educate children on climate change**

### ENGAGING IN SOCIAL INITIATIVES & ACTIVITIES THROUGHOUT THE WORLD



- **Our Community:**
  - **"Play At Home"** initiative launched making selected games available to download for free throughout FY20



- **Our Developers:**
  - **\$10 million Indie Relief Fund** was established in April 2020 to support independent development partners



- **Our Employees:**
  - **60% increase in donations** through PlayStation Cares, our employee charitable giving and volunteerism platform, in the Americas in FY20

### HARNESSING DIVERSITY & VARYING VIEWPOINTS



- **Our Engagement:**
  - **\$10 million** as part of the Sony Global Justice Fund will be allocated to SIE partners during FY21-22



- **Our Games:**
  - The Last of Us II, **winning 'Innovation in Accessibility'** at The Game Awards 2020





- **Our Workforce:**
  - PlayStation Career Pathways Program established to inspire and enable **more diversity within the gaming industry**

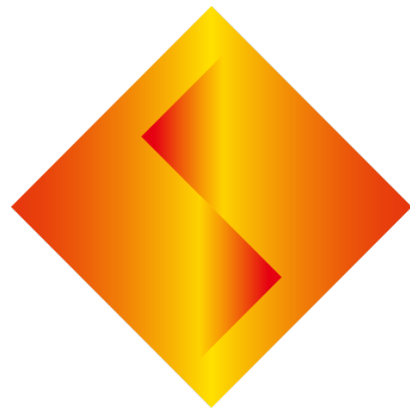




## Key Monitoring Metrics

## Key Monitoring Metrics for FY20

 <b>HW Sales</b> (PS5 Cumulative Sell-in)		<b>7.8M</b>
 <b>PlayStation Plus</b> <b>Subscribers</b>		<b>47.6M</b>
<b>Platform Engagement</b>	<b>MAU</b>	<b>109M</b>
	<b>Total Game Play (Hours)</b>	<b>60.9B</b>



**Sony**  
**Interactive**  
**Entertainment**

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- (x) Sony's ability to forecast demands, manage timely procurement and control inventories;
- (xi) foreign exchange rates, particularly between the yen and the U.S. dollar, the euro and other currencies in which Sony makes significant sales and incurs production costs, or in which Sony's assets, liabilities and operating results are denominated;
- (xii) Sony's ability to recruit, retain and maintain productive relations with highly skilled personnel;
- (xiii) Sony's ability to prevent unauthorized use or theft of intellectual property rights, to obtain or renew licenses relating to intellectual property rights and to defend itself against claims that its products or services infringe the intellectual property rights owned by others;
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- (xv) shifts in customer demand for financial services such as life insurance and Sony's ability to conduct successful asset liability management in the Financial Services segment;
- (xvi) risks related to catastrophic disasters, pandemic disease or similar events;
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- (xviii) the outcome of pending and/or future legal and/or regulatory proceedings.

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