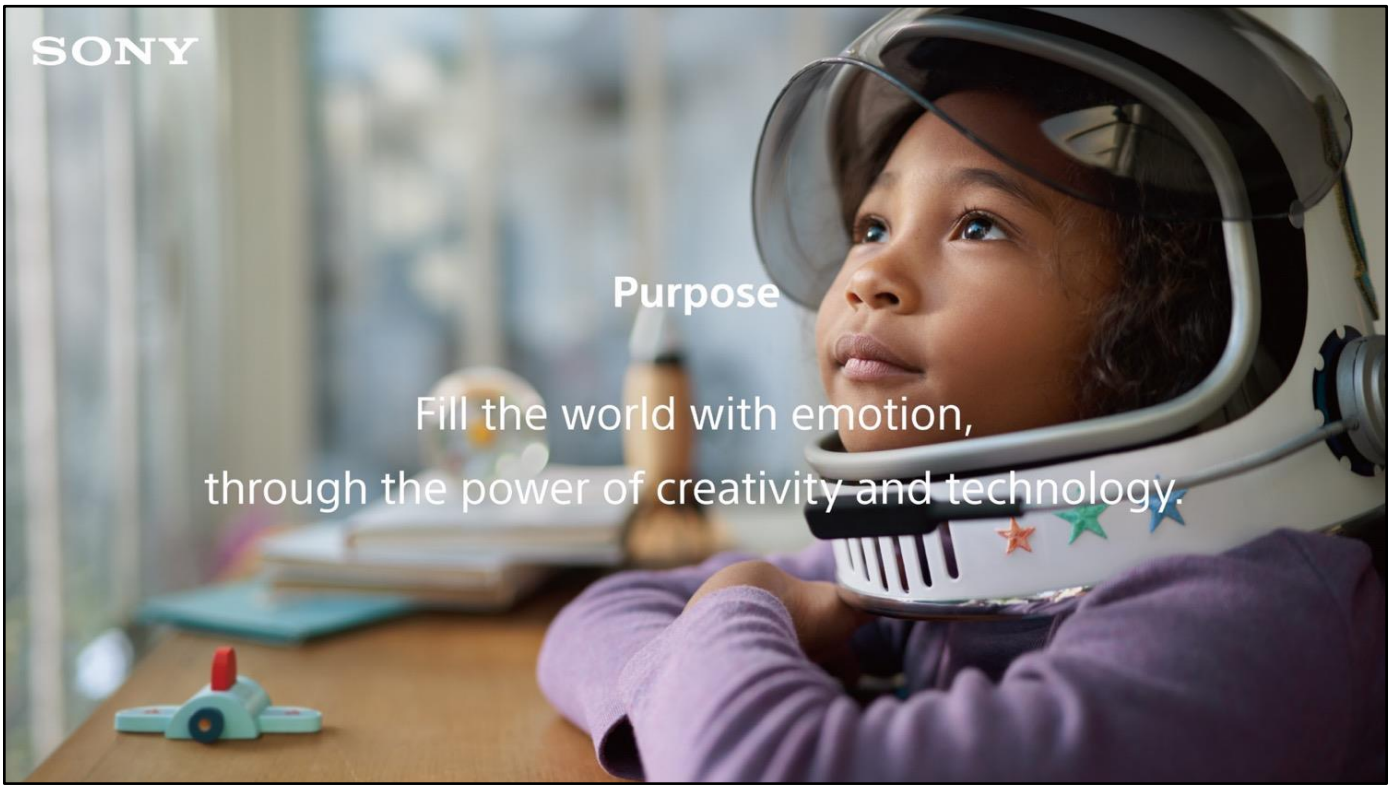
SONY

Corporate Strategy Meeting

Chairman, President and CEO,
Sony Group Corporation

Kenichiro Yoshida

2022.5.18

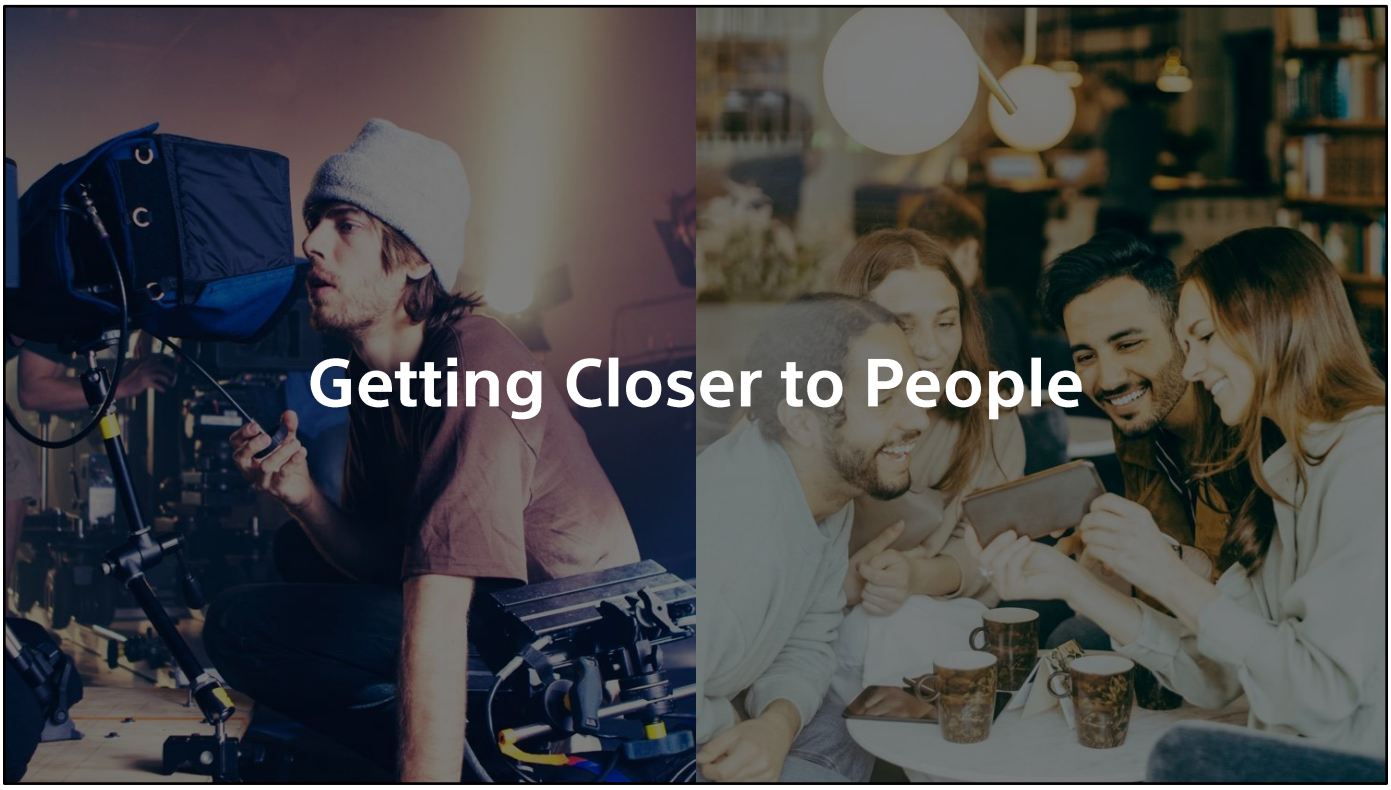


Hello everyone. Thank you for joining us today.

First of all, I would like to express my condolences to those who have been victimized by Russia's military action in Ukraine. We hope that this crisis will be resolved, and that peace will be restored as soon as possible. The Sony Group continues to provide support to mitigate the humanitarian crisis.

Purpose / Direction ～ Stakeholders

First, I would like to discuss our Purpose. The keyword in our Purpose is “Kando”.



Getting Closer to People

People are the ones who create Kando, and they are the ones who receive it. Our corporate direction is getting closer to people: both creators and users.

However, there is another group to whom our management team needs to get closer. That is our employees who share our Purpose and who drive our businesses forward.

We are continuously devoted to managing Sony over the long-term based on Kando and on people, including our employees.

Responsibility



Renewable Energy



Recyclable materials for packaging



Employing recycled plastic



Package with reduced plastic



Ocean Plastic Pollution Prevention



Low energy use

Contribution



Original Blended Material



Material made from rice husks



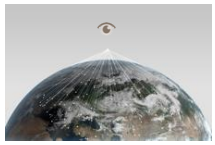
Synecoculture™



Recycled Plastic (SORPLAS)



Environmental Awareness Through Games with the United Nations



Project Watching Over the Earth

Responsibility and Contribution to People, Society and the Earth

As a company centered on people, we consider it important to fulfill our responsibility to society, in which people exist, and to the global environment, and to contribute through our technologies and businesses.

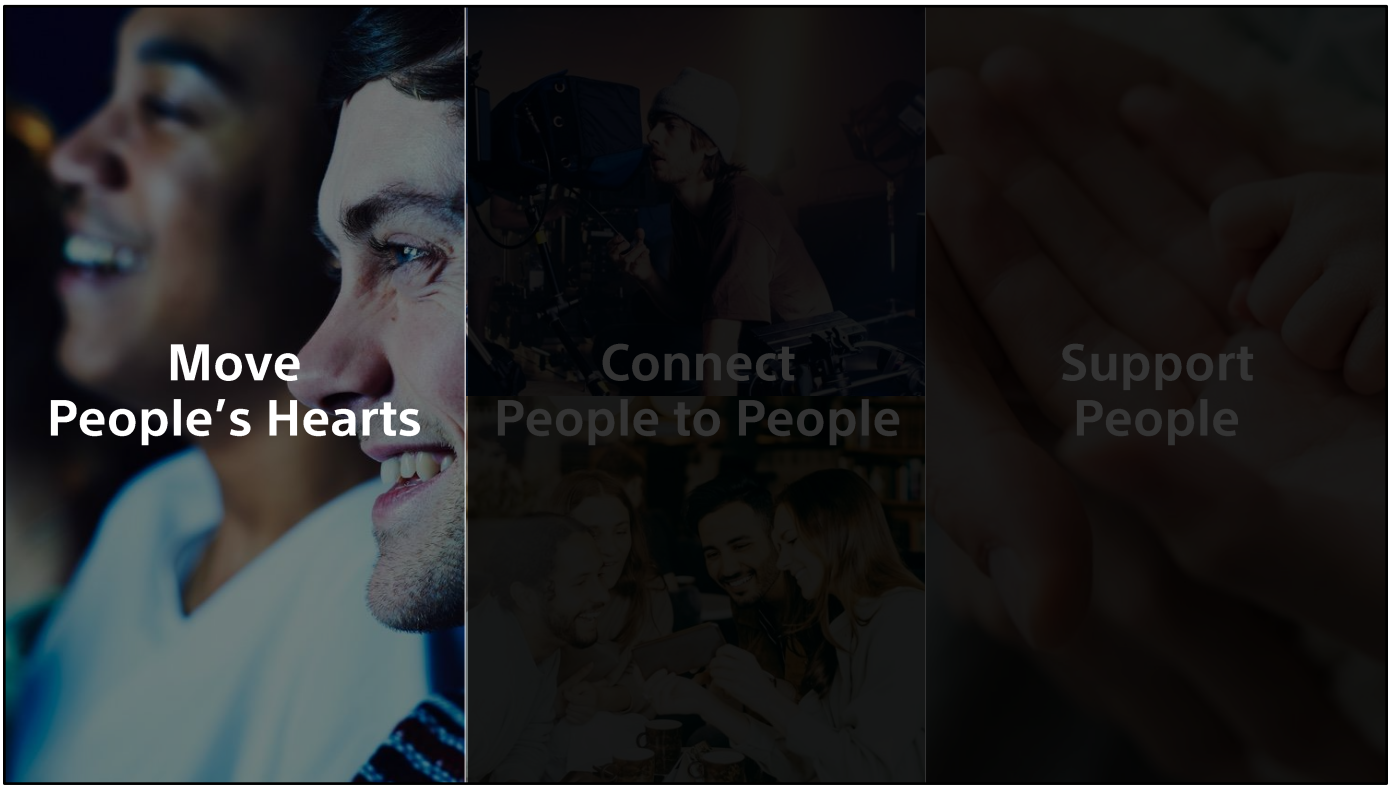
In the climate change area, accelerate the target year for achievement of carbon neutrality, including scope 3, to 2040

Accelerate the target year for achievement of 100% renewable energy to 2030



RE100

The Road to Zero plan we have been pursuing since 2010 is an example of our emphasis on responsibility. Today we announced that we would be accelerating, by 10 years, our targets of achieving carbon neutrality and 100% renewable electricity use for the entire Sony Group.



Investment and Growth of Three Business Domains Centered on People

The Sony Group has six business segments that are centered on Kando and people. However, in addition to that, I think of them as three different business domains. These are businesses that move people's hearts, businesses that connect people to people, and businesses that support people.

For 4 years since I became President in 2018, we have been continuously investing in the growth of each of these three business domains.

Businesses that Move People's Hearts

First are our businesses that move people's hearts. These are businesses that create content IP, or Kando itself, together with creators, and deliver it to users through Direct-to-Consumer ("DTC") services.

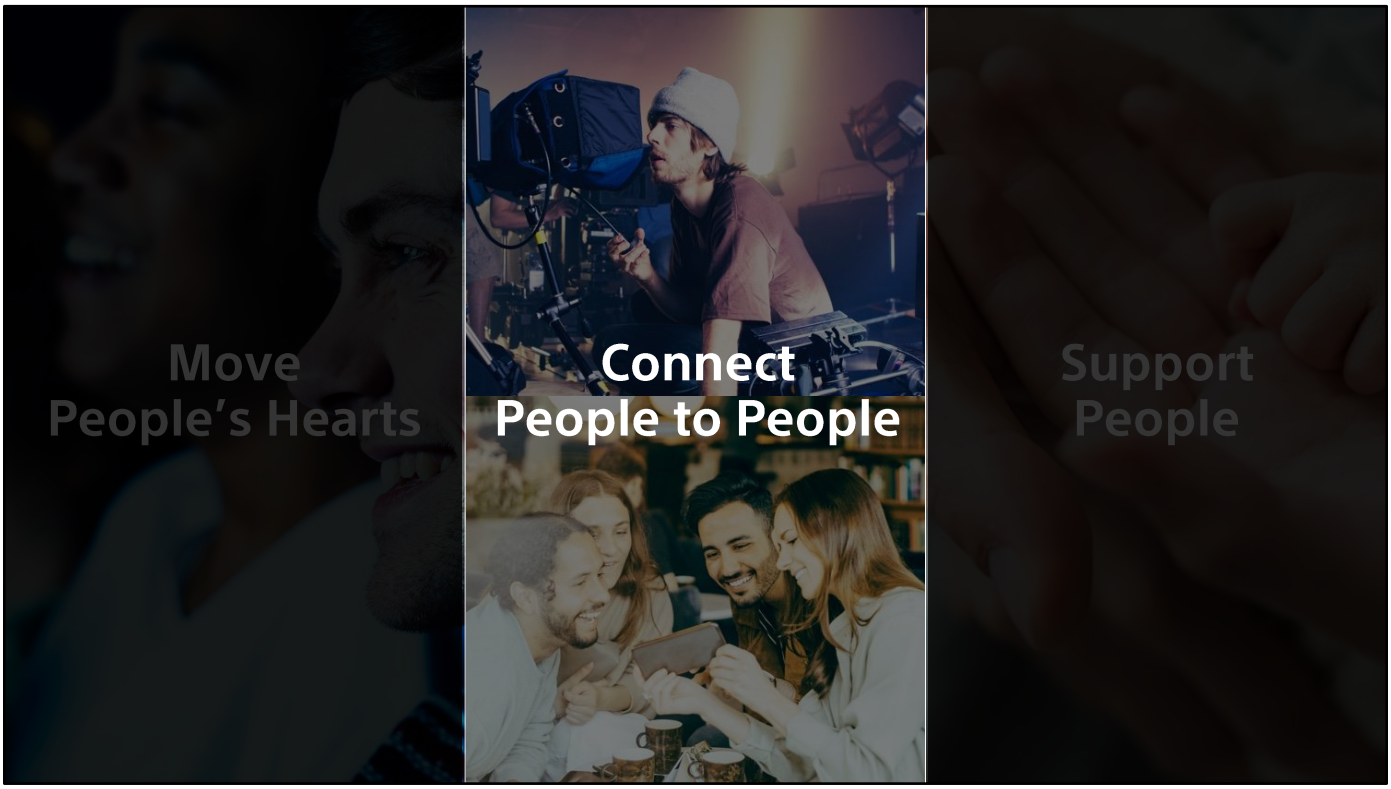


Over the past 4 years, we have executed over 1 trillion yen in strategic investments in this area.

Principal investments include the acquisition of EMI Music Publishing in 2018 in the IP area and the acquisition of Crunchyroll in 2021 in the DTC services area.



In the DTC space, we value our relationships with partners who deliver Kando to users. At the same time, we have a long-term vision of Sony directly connecting with 1 billion people interested in entertainment. The purpose of this direct connection is to learn from users.



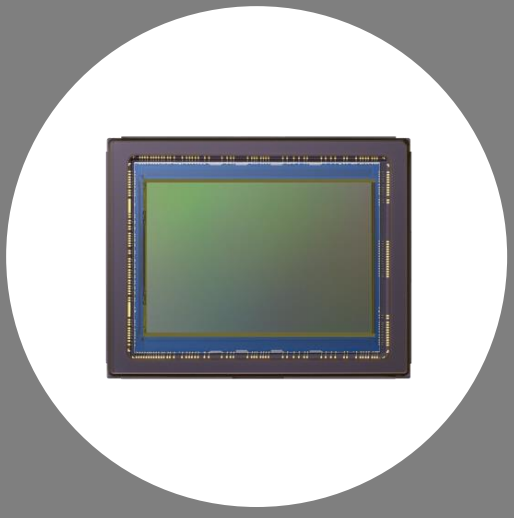
Businesses that Connect People to People

Businesses that connect people to people provide technology, products and services to create and experience Kando content.

Electronics Products

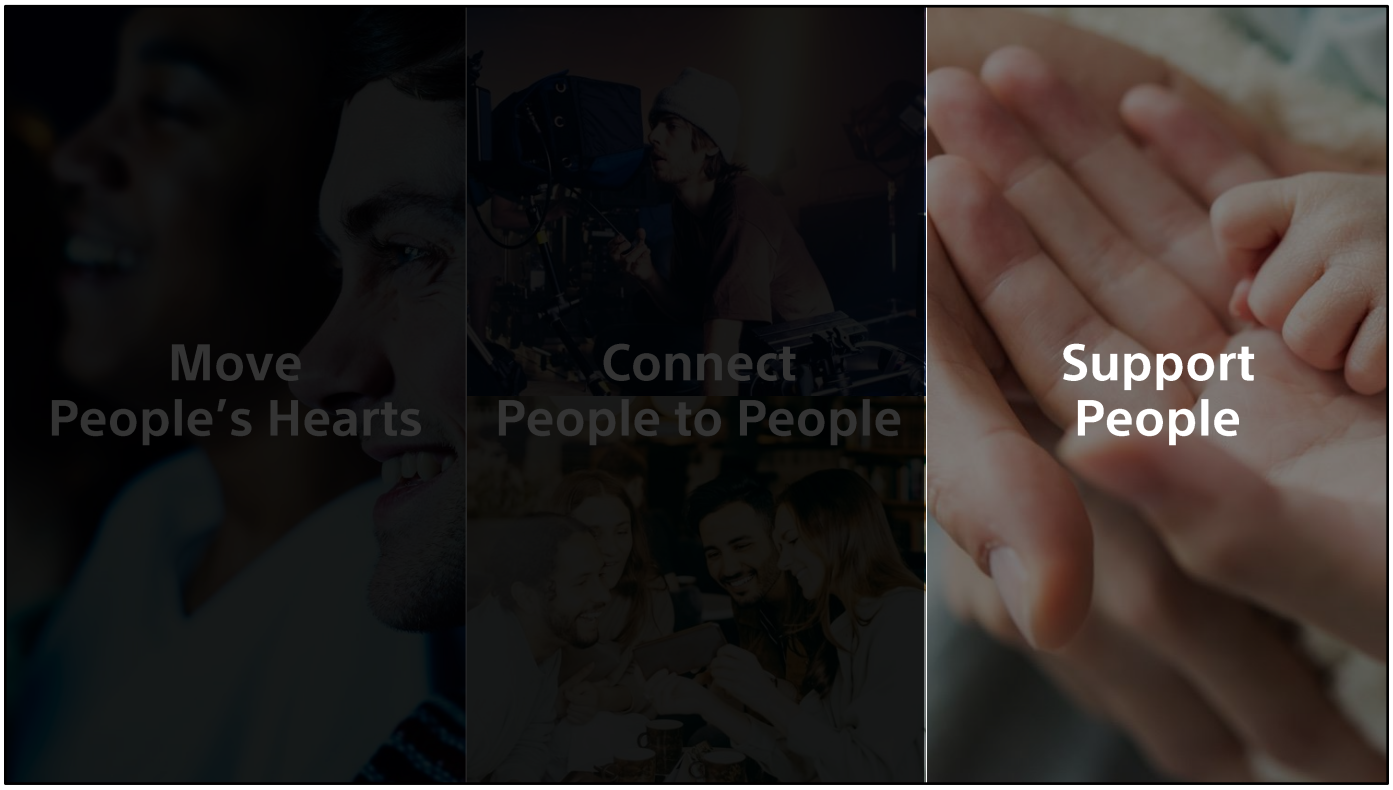


CMOS Image Sensor



At the core of this area are our electronics products and CMOS image sensors. Smartphone mobile devices, have turned users around the world into creators, and CMOS image sensors are a primary component of these devices. We have invested approximately 1 trillion yen over the last four years, and we retain the leading share in the image sensor market which is still growing.

Our efforts are centered on automotive and IoT sensing as growth drivers going forward.



Businesses that Support People

Health and assurance are a prerequisite for people to create and enjoy Kando. Our medical and financial services businesses are included in these businesses which support people.

Cell Analyzer



Cell Sorter



Cell Isolation System

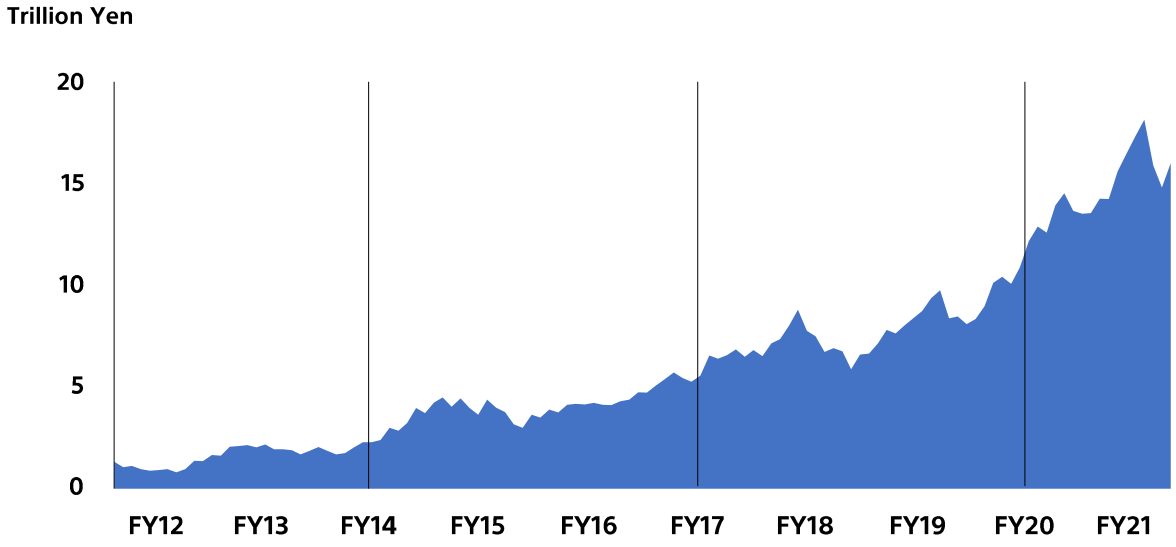


In the medical business, products that leverage our optical disc technology to study cells are contributing to research on cancer and viruses, and to the manufacture of cellular medicine.



The financial services business is a business that we made into a wholly owned subsidiary by investing approximately 400 billion yen in 2020. We provide peace of mind and convenience in daily life to over 8 million customers in areas such as life insurance, non-life insurance and banking.

Market Capitalization Trend

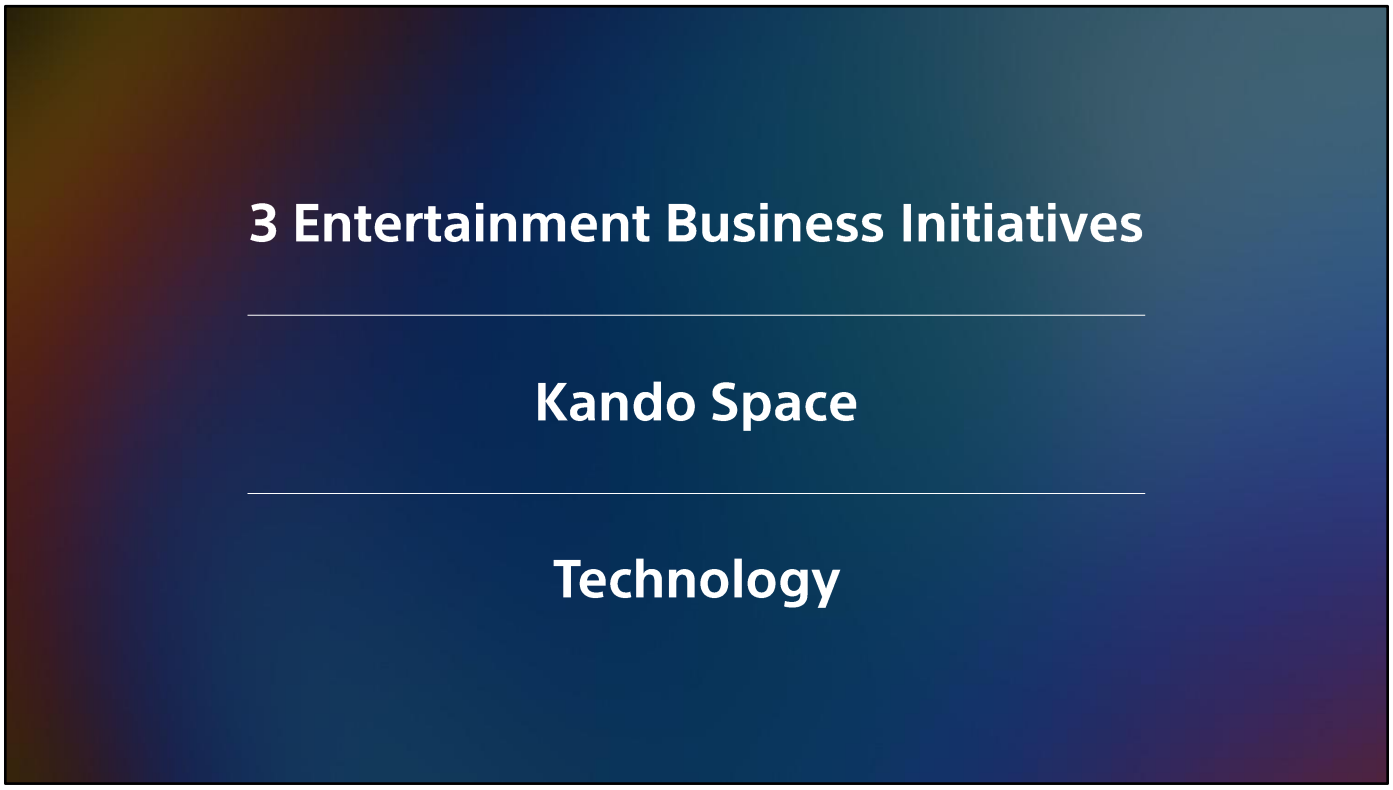


As I have just outlined, we have actively made investments in these three business domains to increase our corporate value.

We have set growth in earnings per share as a discipline for management, and we have positioned investment in Sony through the repurchase of our shares as part of our strategic investment.

Going forward, we plan to continue to make repurchases in a flexible manner.

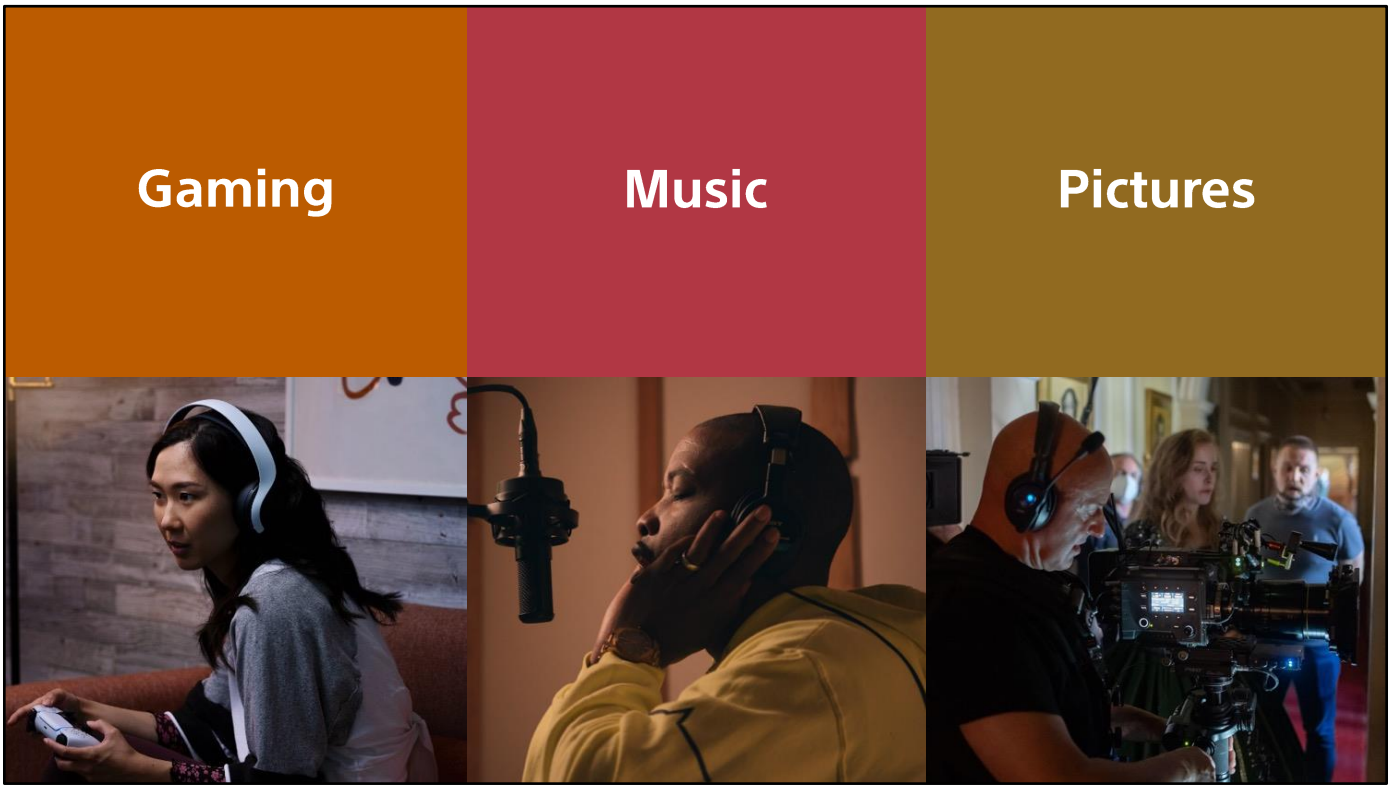
We intend to keep managing Sony with a focus on Kando and people over the long-term, and we plan to increase our corporate value through strategic investments in content IP, DTC and technology.



Initiatives in our Three Entertainment Businesses

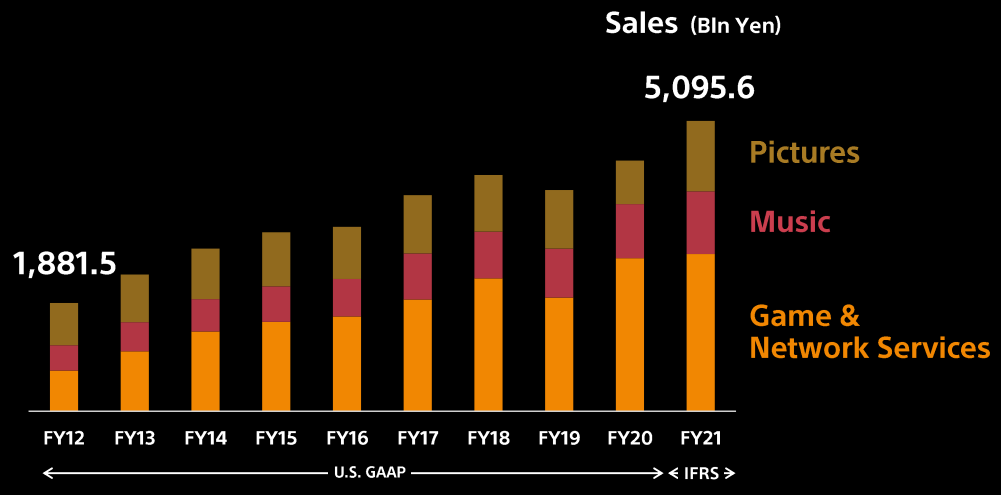
So far, I have discussed investment and growth across the Sony Group.

From here, I would like to talk about three points.



The first is about our game, music and pictures businesses that move people's hearts.

Growth of Businesses that "Move People's Hearts"



These three businesses have continuously grown since the fiscal year ended March 31, 2013 when we established Kando as the keyword of our management. In the previous fiscal year, their total sales exceeded 50% of our consolidated sales for the first time and their operating income accounted for two-thirds of consolidated operating income.

Cumulative Sales of PS4

117 million+ units

(As of March 31, 2022)



Cumulative Sales of PS5

19 million+ units

(As of March 31, 2022)



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Initiatives in the Gaming Area

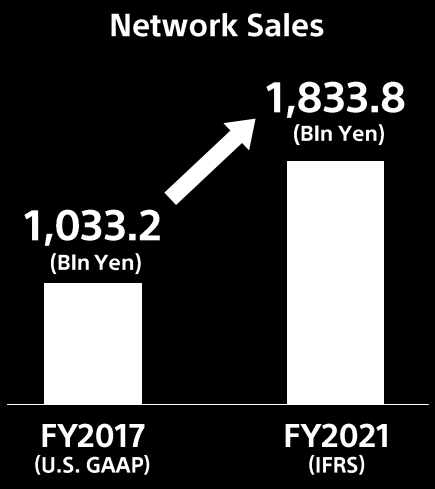
In the gaming area, we are trying to get closer to creators through the creation of content IP while also getting closer to users through DTC services.

Console Business/ PlayStation Direct

The PlayStation®4 and PlayStation®5 (“PS5™”) consoles are one axis of this business.

We plan to further grow the console business with the 18 million PS5™ units we expect to sell this fiscal year.

We are also continuing to develop PlayStation’s own online electronic commerce store in various regions.



Over 100 Million

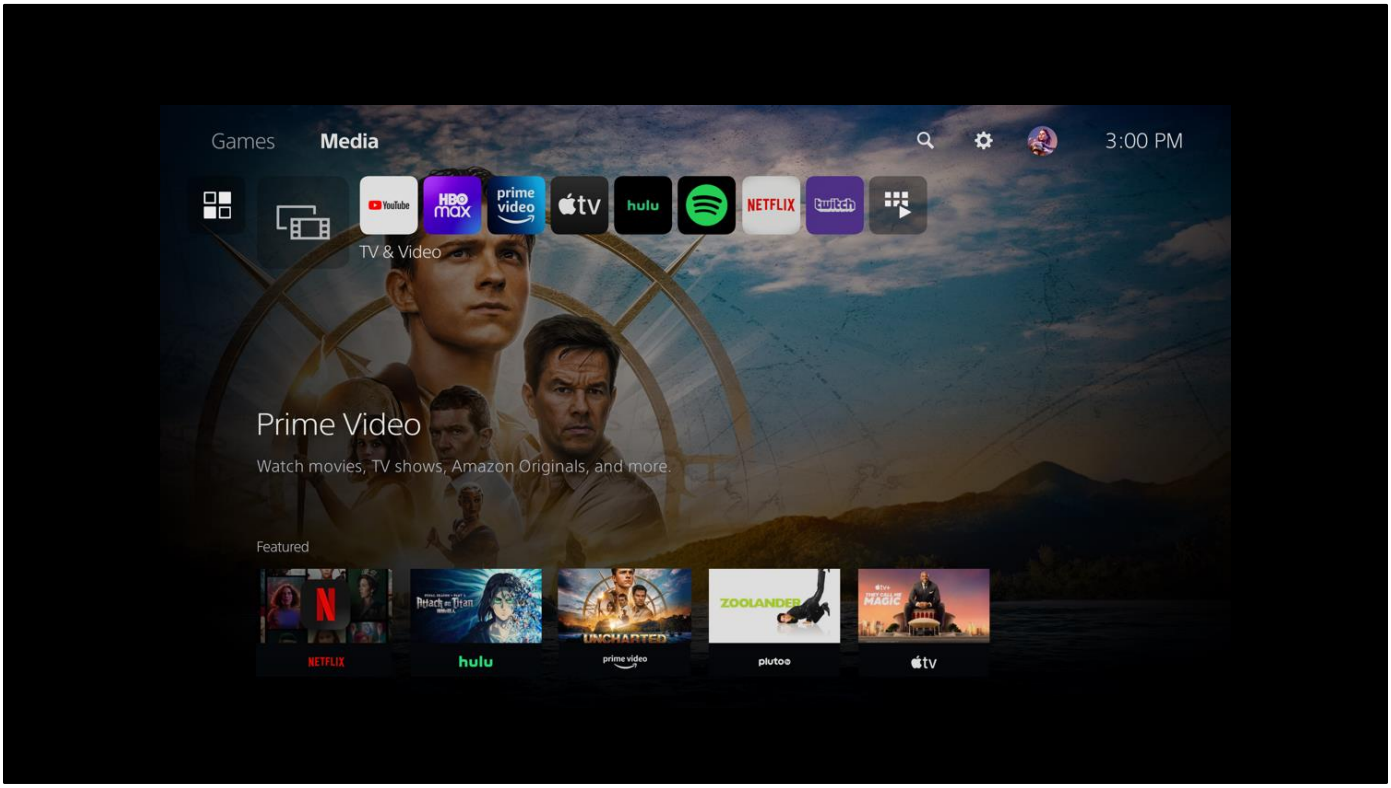
Monthly Active Users
(As of March 2022)

PlayStation™Network

The PlayStation Network, which is the largest DTC service in the Sony Group, is another important service for this business. It generates more than 1 trillion 800 billion yen in sales over the network and more than 100 million accounts access the service currently.



In order to strengthen PlayStation™Network, we will significantly renew the subscription service, PlayStation®Plus, to include the cloud streaming service that we have been providing since 2015 and roll out the service in June.



As is shown here, we are working on further Group collaboration regarding the PlayStation™Network.



PlayStation Studios

As a provider of this business, we value our relationships with third party studios.

At the same time, we have made several acquisitions and equity investments over the last year in PlayStation Studios, which are our first party studios.

In addition, to provide access to our games to as many users as possible, we are rolling out our PlayStation Studios titles onto PC.



Finally, there is Bungie, which we agreed to acquire this year and for which we have high expectations. We believe it will be a catalyst to enhance our live game services capabilities, which I will discuss later. Our acquisition of Bungie also represents a major step forward in becoming more multi-platform.



Adele



Harry Styles



Lil Nas X



Hikaru Utada

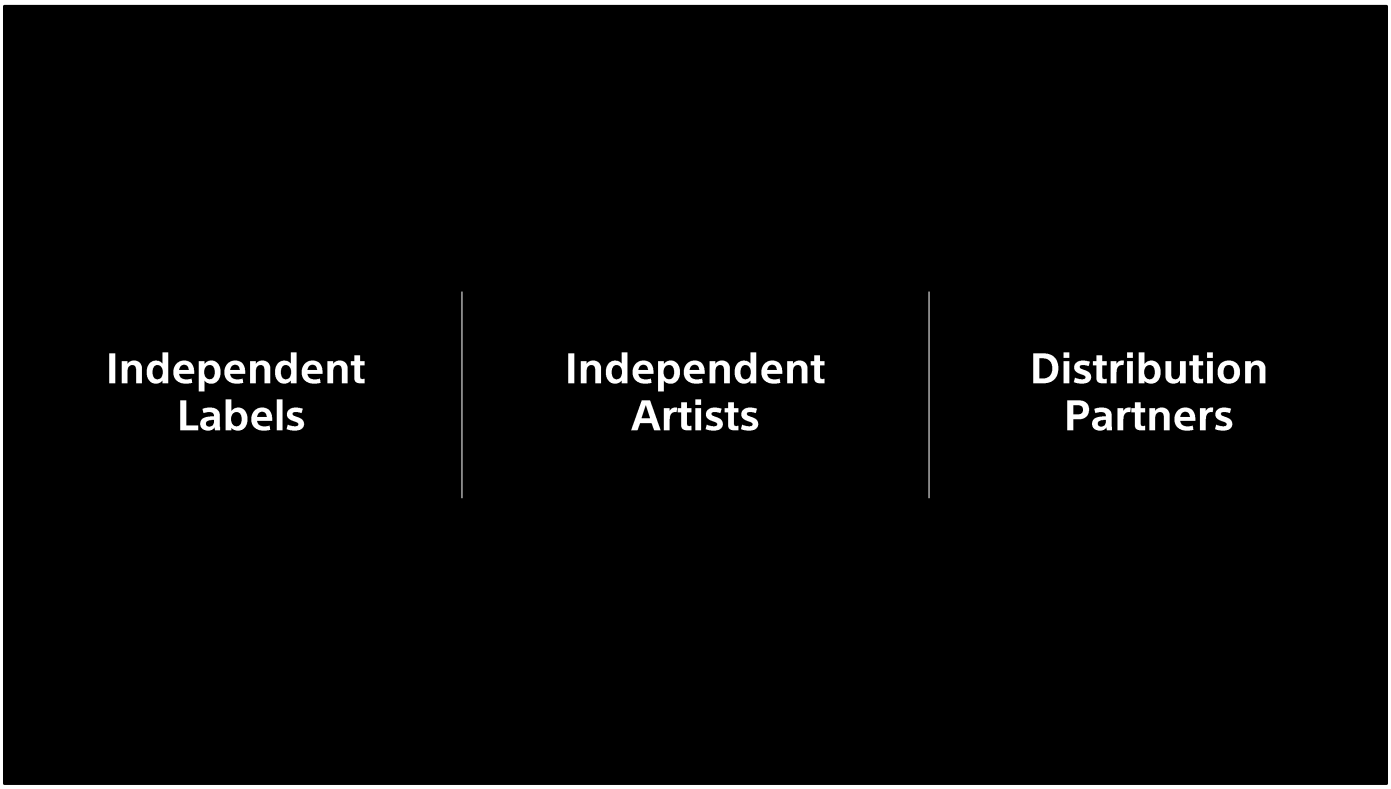


YOASOBI

Initiatives in the Music Area

In the Music space, we aim to be the closest company to artists and songwriters, and we are focused on supporting them from the creative side.

This market has been expanding since 2014 due to the growth of streaming services. As a leader in the industry, Sony is continuously producing hits from artists such as Adele and YOASOBI.



The forces driving the growth of the music market aside from the major labels are independent labels, independent artists and distribution partners that are diversifying.



Independent Labels

We provide various support primarily to independent labels through The Orchard.

We have also acquired Som Livre, the largest independent label in Brazil, a growing market, and we are strengthening its ties with The Orchard.

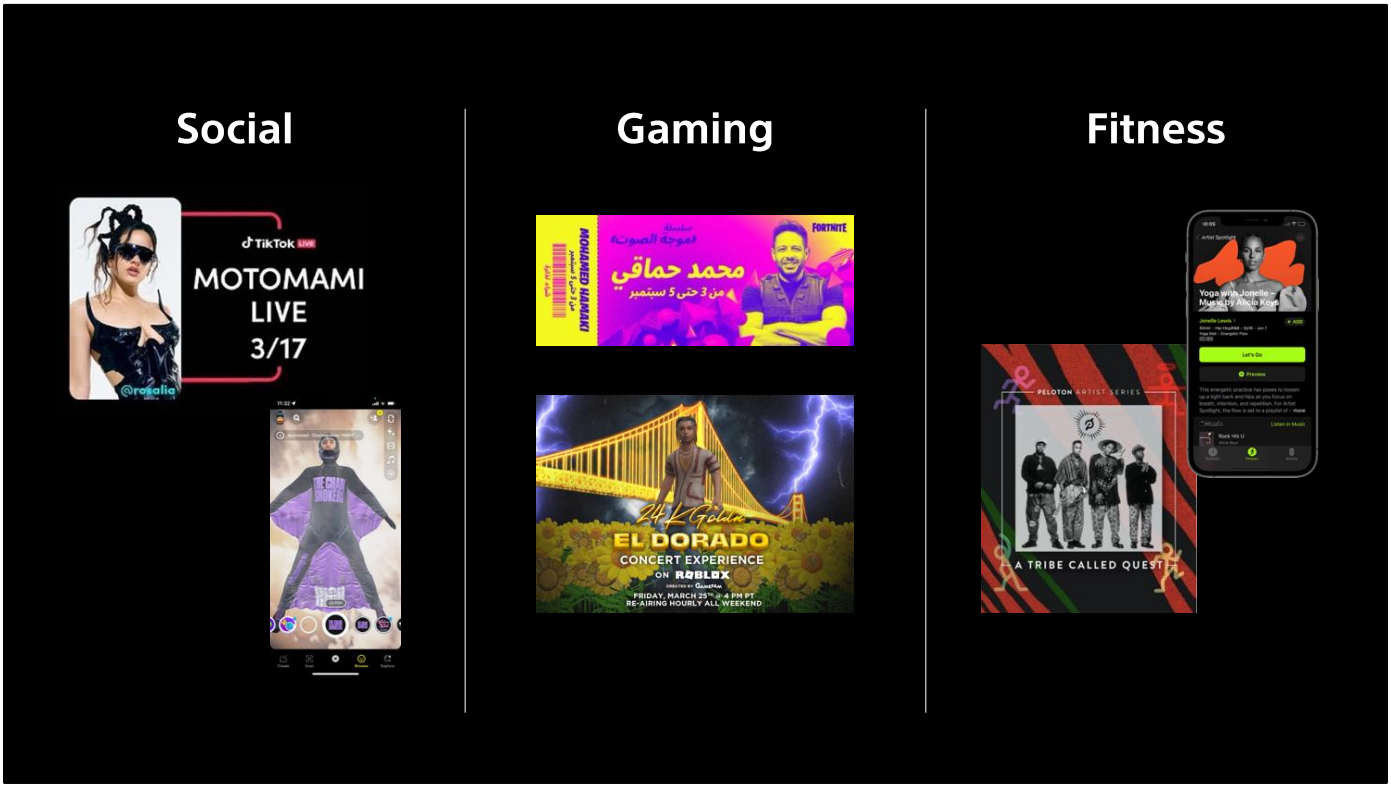
In addition, we are promoting efforts to make more artists in growing emerging markets known to the world. In India, we established a new label to further expand our relationship with local music creators.

We are also supporting the spread of works from African artists globally, such as Wizkid, who claimed Number 1 on Billboard's World Album Chart last year.



Independent Artists

We are strengthening our support of independent artists through the acquisition of AWAL, which, together with The Orchard, provides them with recording and distribution services.



Expansion of Distribution Partners

On the DTC side, which delivers the music of artists, we mainly collaborate with partners who operate music streaming service platforms. Such platforms are continuing to grow. In addition, we are collaborating with service partners in various other genres, to expand the reach of our artists.

MAISONdes



NiziU



<u>Artist discovery through social media and Creating hits</u>

The way music is made and enjoyed is expanding in the social media space. In Japan, social media is leading to the creation of new hits by enabling people to find and popularize new creators.

Music is not just delivered; a community is created that connects artists and fans. Sony is working to provide venues for those connections to take place and services to connect those people.

Wellness-Focused Program for Creators



Supporting Artists' Wellness

Our support for music creators who produce emotionally impactful content that moves people's hearts is not limited to the creative side. We are also conducting initiatives across the globe to support the wellness of our talent.

Nonfiction & Documentary TV Production



Leading TV Production Studio in UK



Initiatives in the Pictures Business

Next is Pictures. As in Music, this business works to support creators, as well as to create and expand content IP.

Strengthening Television Productions / IP Creation Capability

Due to the growth of video streaming services, digital viewing on TV and mobile is increasing. At a time when both quality and quantity are being sought, we have made several acquisitions in the Television Productions space and are working to strengthen our IP creation capability.

U.S. Box Office ($ in millions)

Star Wars: Episode VII - The Force Awakens	$936.7
Avengers: Endgame	$858.4
Spider-Man: No Way Home	**$804.6**
Avatar	$760.5
Black Panther	$700.4

As of 5/10/2022
Source: https://www.boxofficemojo.com



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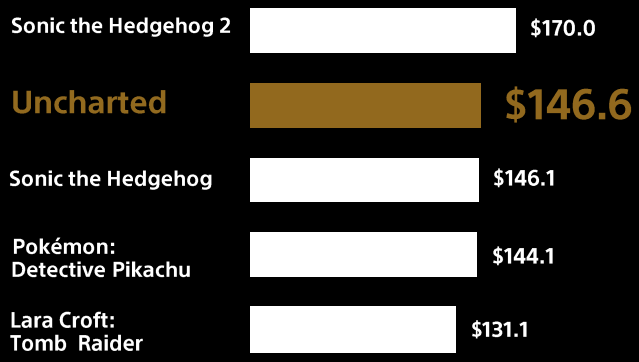
Expansion of Sony Pictures Universe of Marvel Characters

Meanwhile, in the Motion Pictures space, we are emphasizing theaters which are rooted in physical presence and live experience, and we find that this approach strongly motivates various creators to come work with us.

The theatrical release which has had the largest success for us is Spider-Man: No Way Home, which overtook Avatar in terms of cumulative box office revenue in the United States and now ranks as the third highest in history.

We expect to continue to expand the world of Sony Pictures Universe of Marvel Characters going forward, as we did in April of this year with the release of Morbius, a Marvel character.

U.S. Box Office ($ in millions)



As of 5/11/2022
Source: https://www.boxofficemojo.com



IP Development that Takes Advantage of the Diversity of the Group

Uncharted is an example of increasing the value of our IP across the Sony Group.







We plan to continue to increase the value of game IP, created by creators, by deploying it into new genres such as motion pictures and television shows.



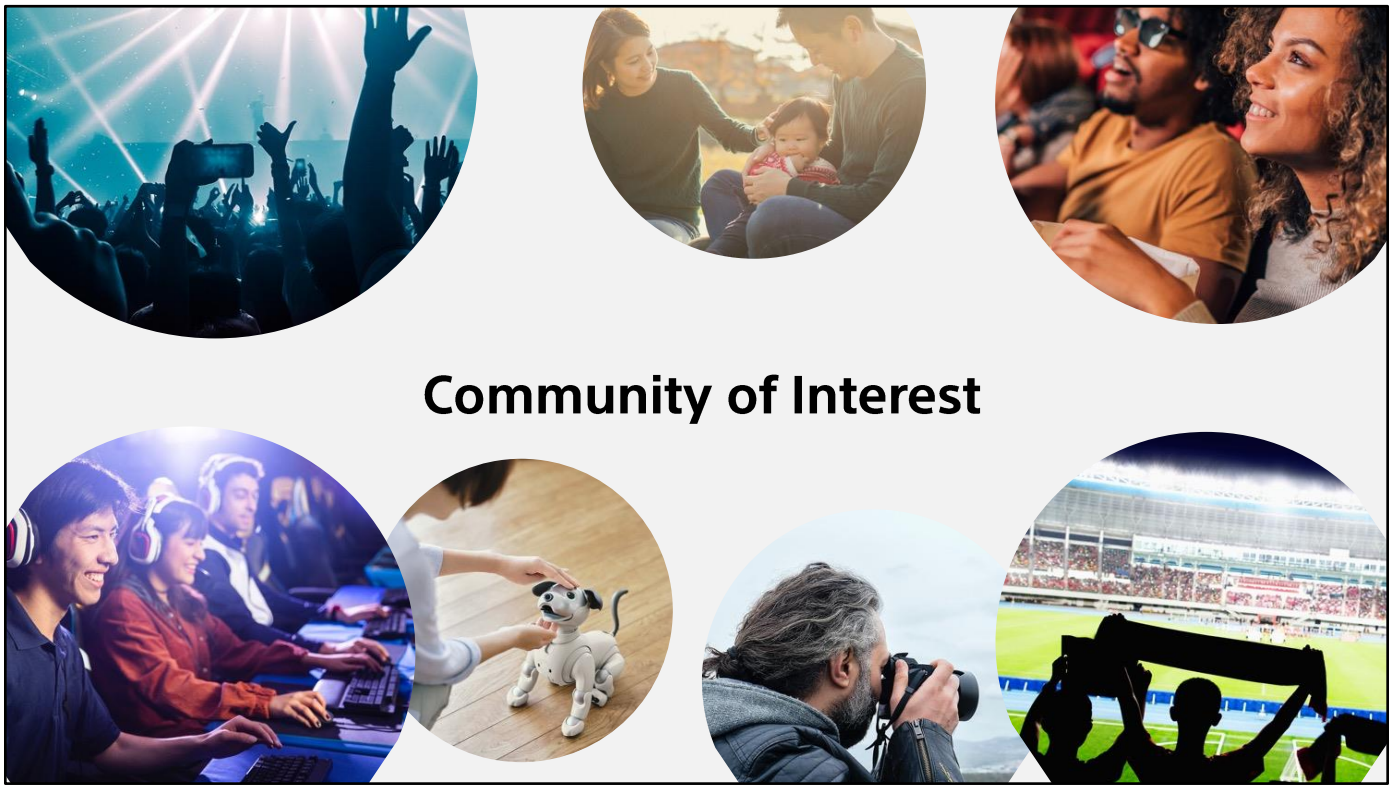


Although it resides in a different business segment, “Demon Slayer: Kimetsu no Yaiba”, is one of our most important IPs. The original comic has been adapted by Aniplex to various forms of entertainment including the anime series.



DTC Based on Communities of Interest

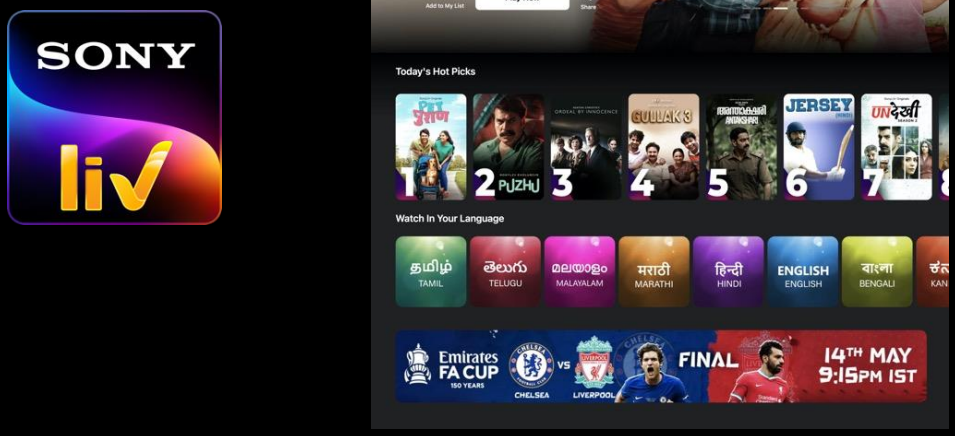
In addition to theaters, distribution partners are important for us to deliver Kando content to people. We are taking advantage of our position as an independent studio provider to accelerate our collaboration with various distribution partners.



I call the community of people who share Kando experiences and interests “Communities of Interest.” To get closer to user motivations and learn from them, Sony also focuses on direct delivery in specific areas.

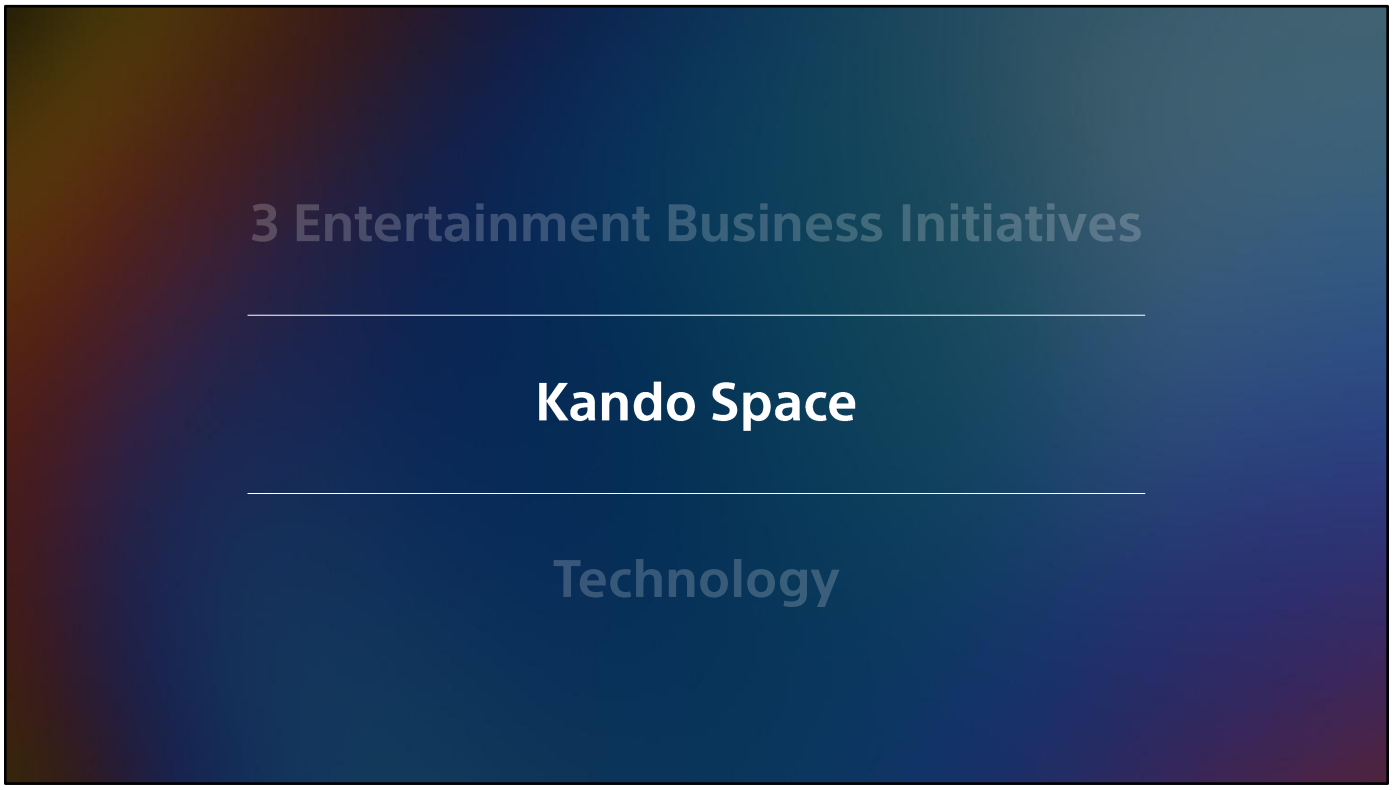


One of them is anime. In March of this year, we merged the service of Crunchyroll and Funimation.



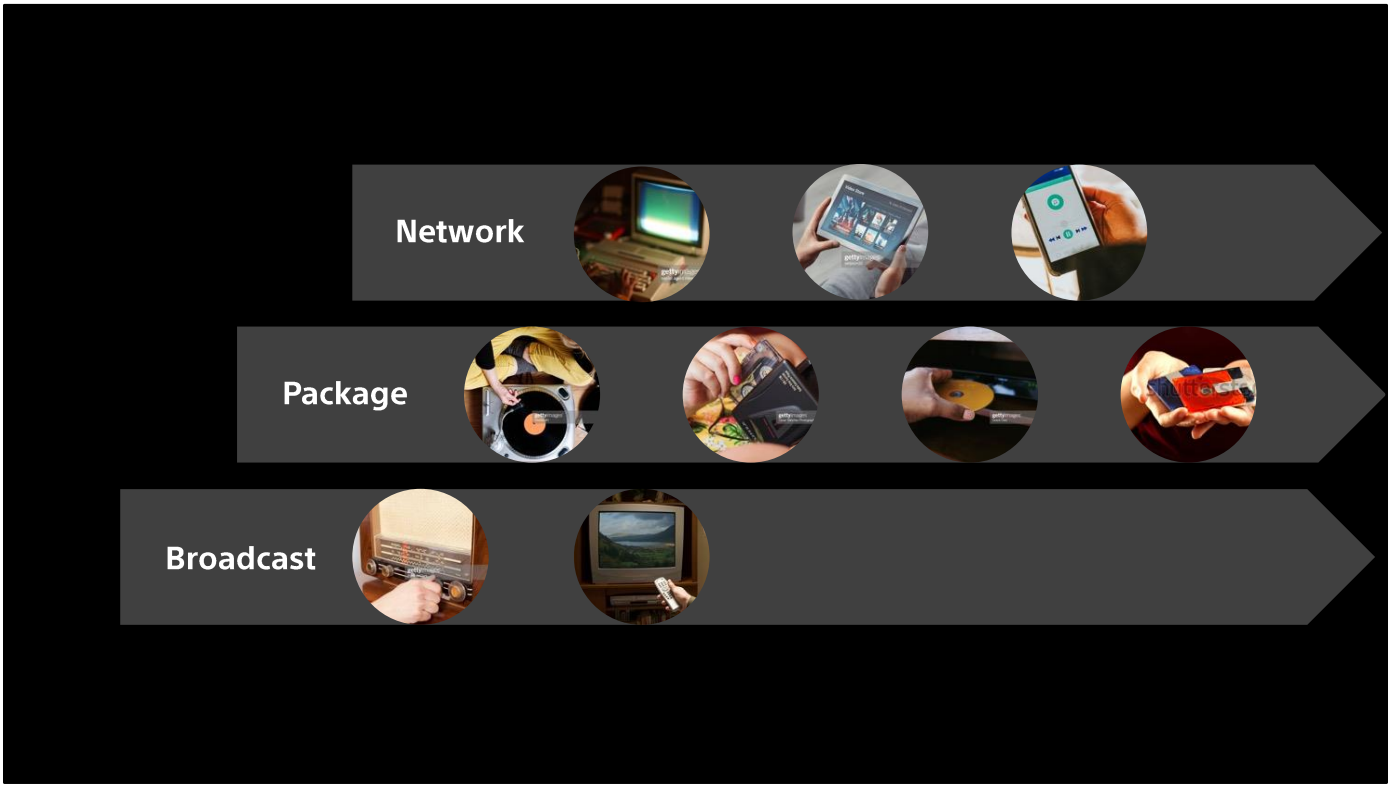
Another is India, where we are growing Sony LIV, a DTC service rooted in local culture.

Also, at the end of last year, we signed definitive agreements to merge Sony Pictures Networks India, a subsidiary of Sony Pictures, with Zee Entertainment. We believe the merger will help further accelerate the digital service businesses in the rapidly growing Indian market.



Kando Space / Metaverse and Mobility

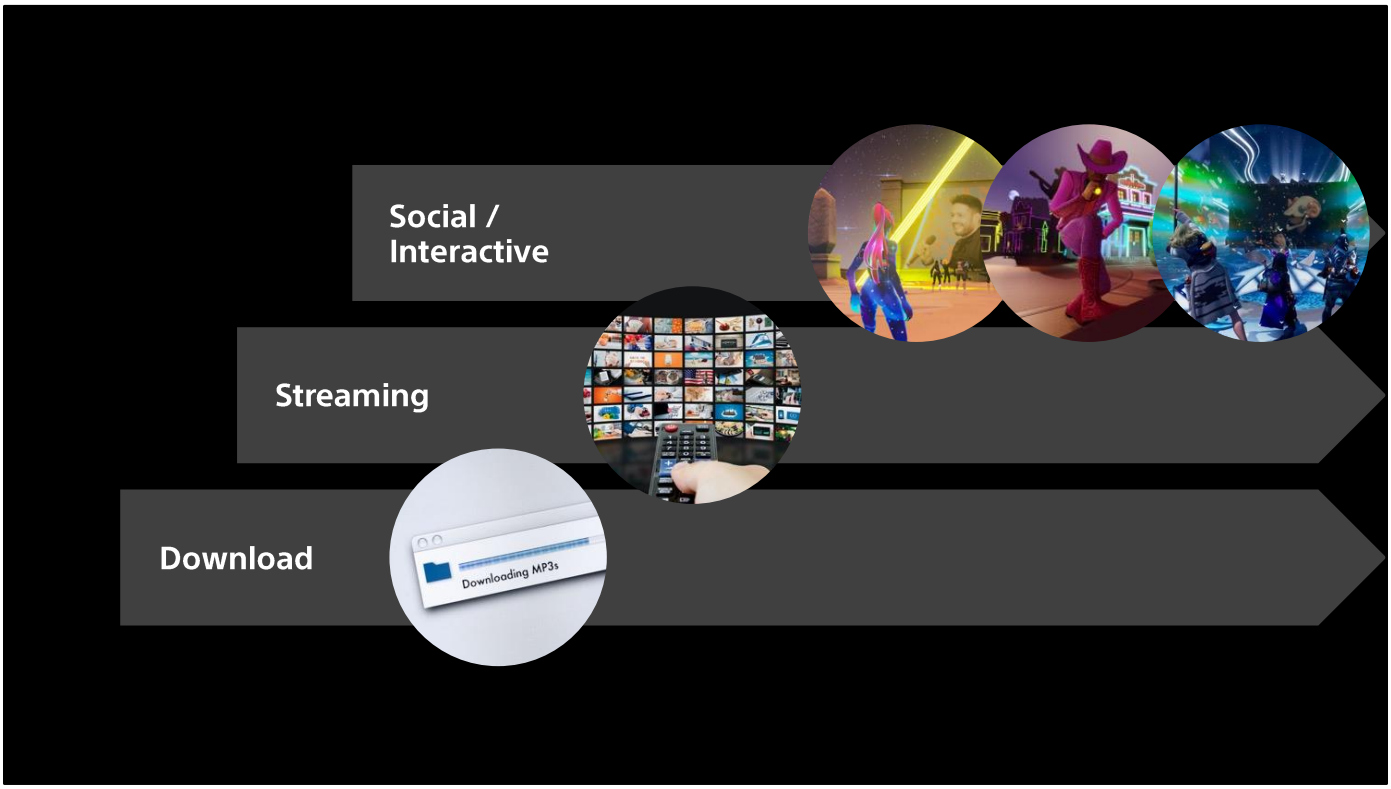
Next, I would like to talk about two Kando spaces that can be frontiers in the future: the Metaverse and Mobility.



Kando Space that Intersects and Expands

As I mentioned at the beginning, the keyword of Sony's management is Kando. Creating and delivering Kando is something that Sony has done since its founding.

The ways in which Kando is delivered have evolved thanks to technology. Kando can now be delivered via broadcasts, packaged media and networks.



The entertainment experience over the network is still evolving. From downloads to streaming, and now to social media, interactive experiences whereby people can share time and space are evolving.



I think that the essence of entertainment is to be live, whereby time and space are shared. Experiences over the network are also evolving into more live ones through technology.

The technology that connects people in this live network space derives from game technology centered on real-time CG rendering.

As a result, genres such as games, movies, and music have come to intersect in the network space, and the ways of enjoying each are expanding.

Hamaki



COBRA KAI



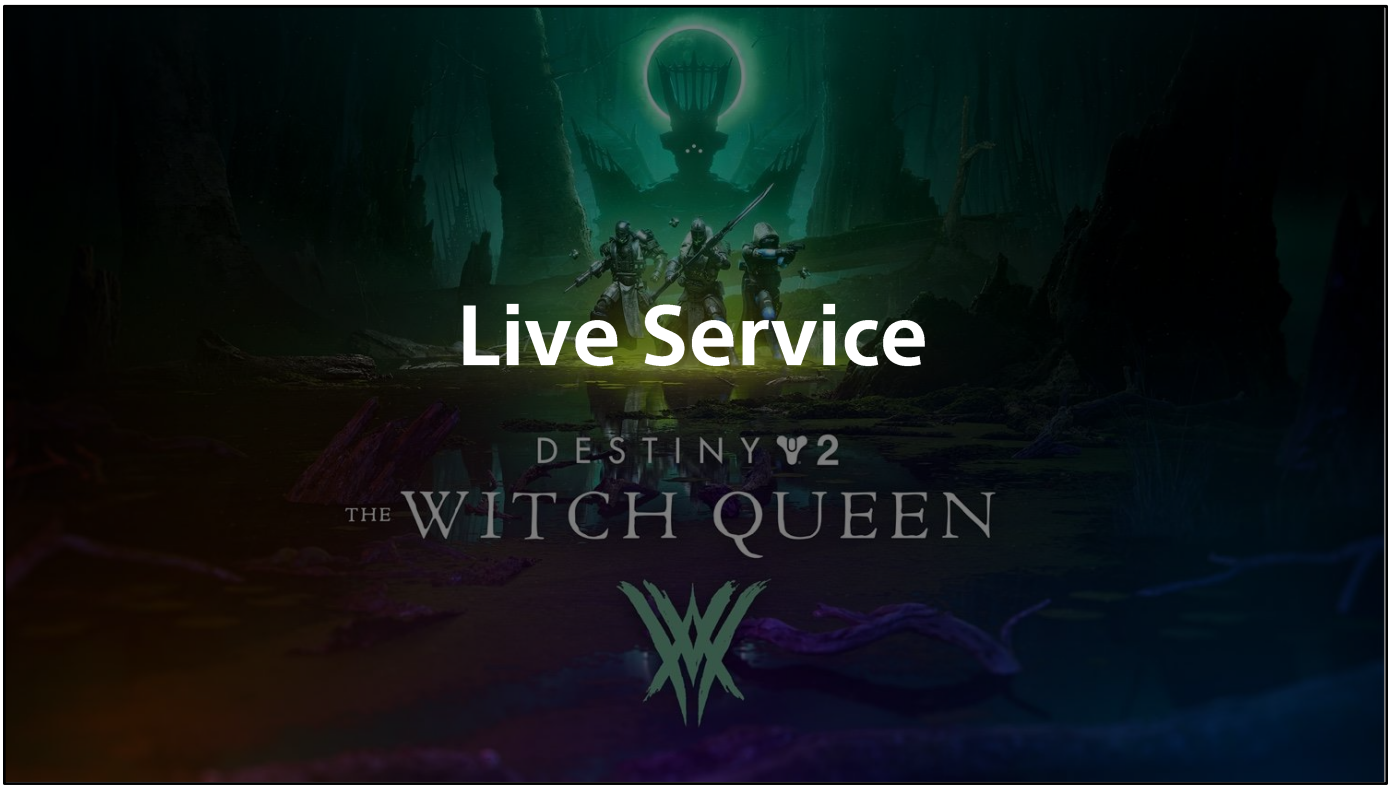
Kenshi Yonezu



Uncharted



Fortnite, from Epic Games, is one example. It has evolved into a social place where time and space are shared; it is not just a place for playing games. As a result, games have become a place of new expression for artists and a place to increase the value of non-game IP.



Efforts in a Live Network Space

In this way, the Metaverse is at the same time a social space and a live network space where games, music, movies, and anime intersect and expand. Now I will discuss some of our efforts in this area.

In the games space, our efforts center on Bungie, the acquisition of which we agreed to this year. Bungie's strength is in live services. Rather than having creators produce a game by themselves, they learn from user feedback to continuously evolve the story and realize an endless game world.

Subject to the completion of the acquisition, we would like to learn more about live services from Bungie, and we also plan to launch more than 10 live game services from the PlayStation Studios by the fiscal year ending March 31, 2026.



Sports are also live entertainment. I think there is an opportunity to create new Kando through technology here as well.

One example is the partnership with Manchester City Football Club.

The stadium is an important space for the sports community. By reproducing the stadium itself and the athletes in a network space, we are creating an experience where users can enjoy playing without restrictions on location.

Lil Nas X



24kGoldn



Zara Larsson



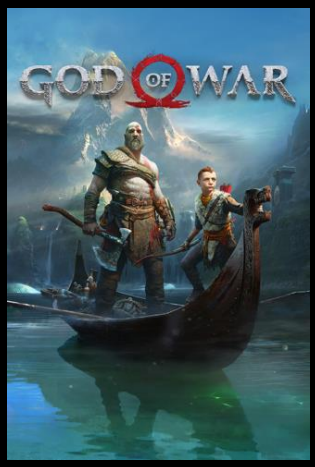
Kenshi Yonezu



When it comes to live experiences that share time and space, music immediately comes to mind. Sony Music artists have already performed many live performances in game spaces.



In addition to these efforts, we are working to create new live experiences by connecting artists and users such as the virtual concert by Madison Beer and the virtual space project that leverages our volumetric capture technology.





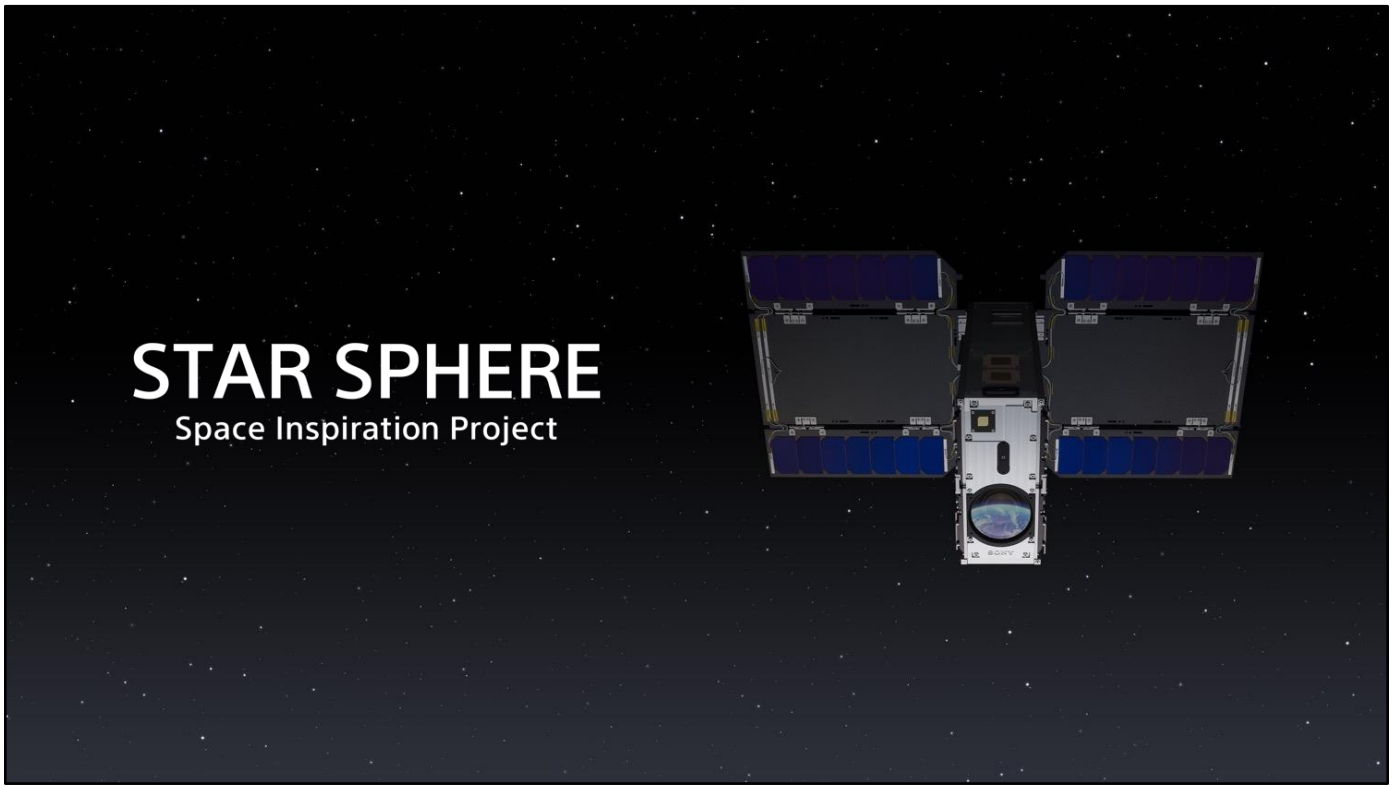




©KoyoharuGotoge / SHUEISHA, Aniplex, ufotable

Sony has a variety of entertainment businesses such as games, music, movies, and anime. In addition, Sony has the game technology we have been working on for many years.

We will work to leverage these advantages to create a live network space that connects creators and users, while also generating new Kando experiences.



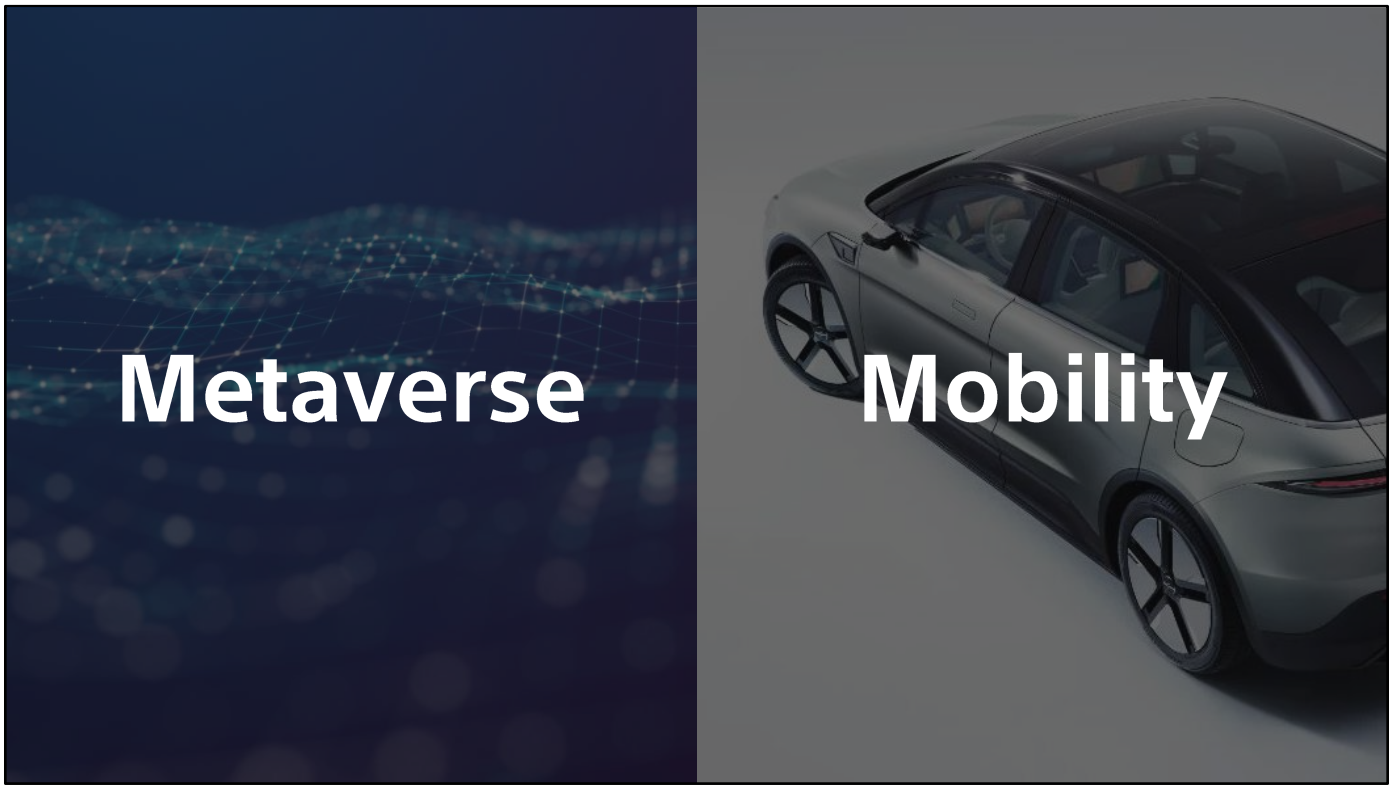
Proposals in Real Space

Sony is also working on new entertainment in real space.

STAR SPHERE is one example. It is a DTC service in outer space that uses cameras mounted on artificial satellites. The satellites are expected to be launched in October or later this year.



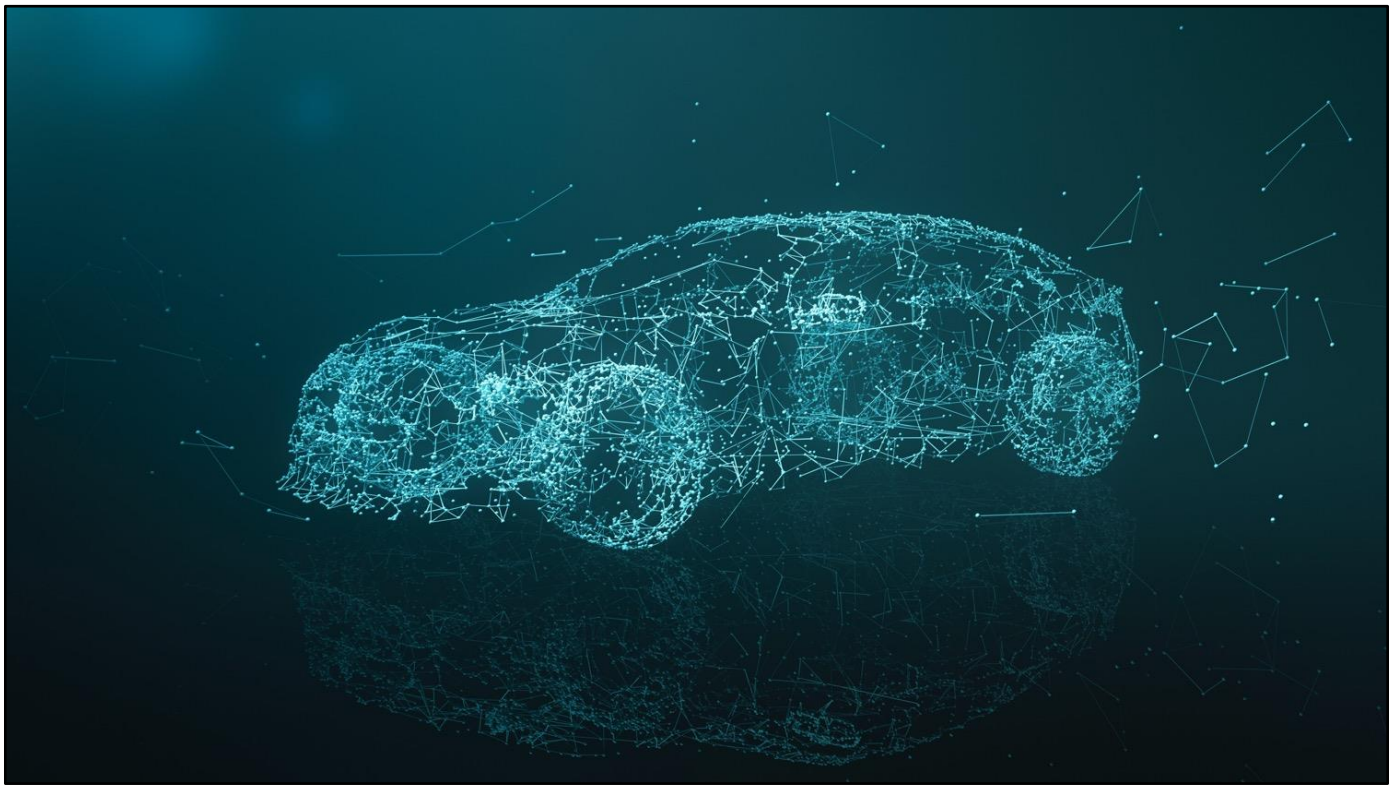
We also have LinkBuds which offer a new experience overlaying digital sound over that of the real world. In this area we are working with partners such as Microsoft and Niantic.



Contribution to the Mobility Space

Mobility is an area where we see great potential as another Kando space.

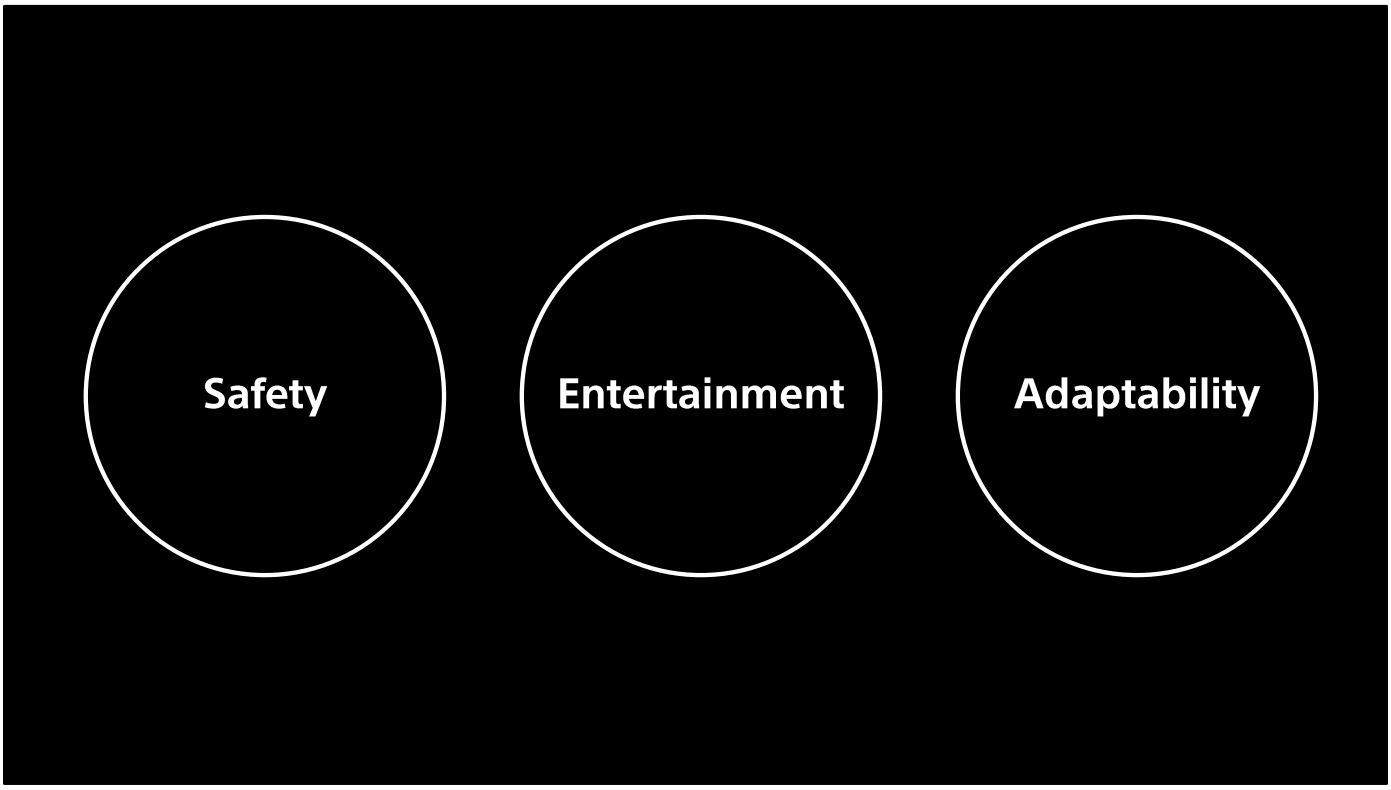
In 1979, Sony created a new lifestyle whereby people could carry around the Walkman and enjoy audio anywhere. Now we are aiming to turn the mobility space into a new entertainment space.



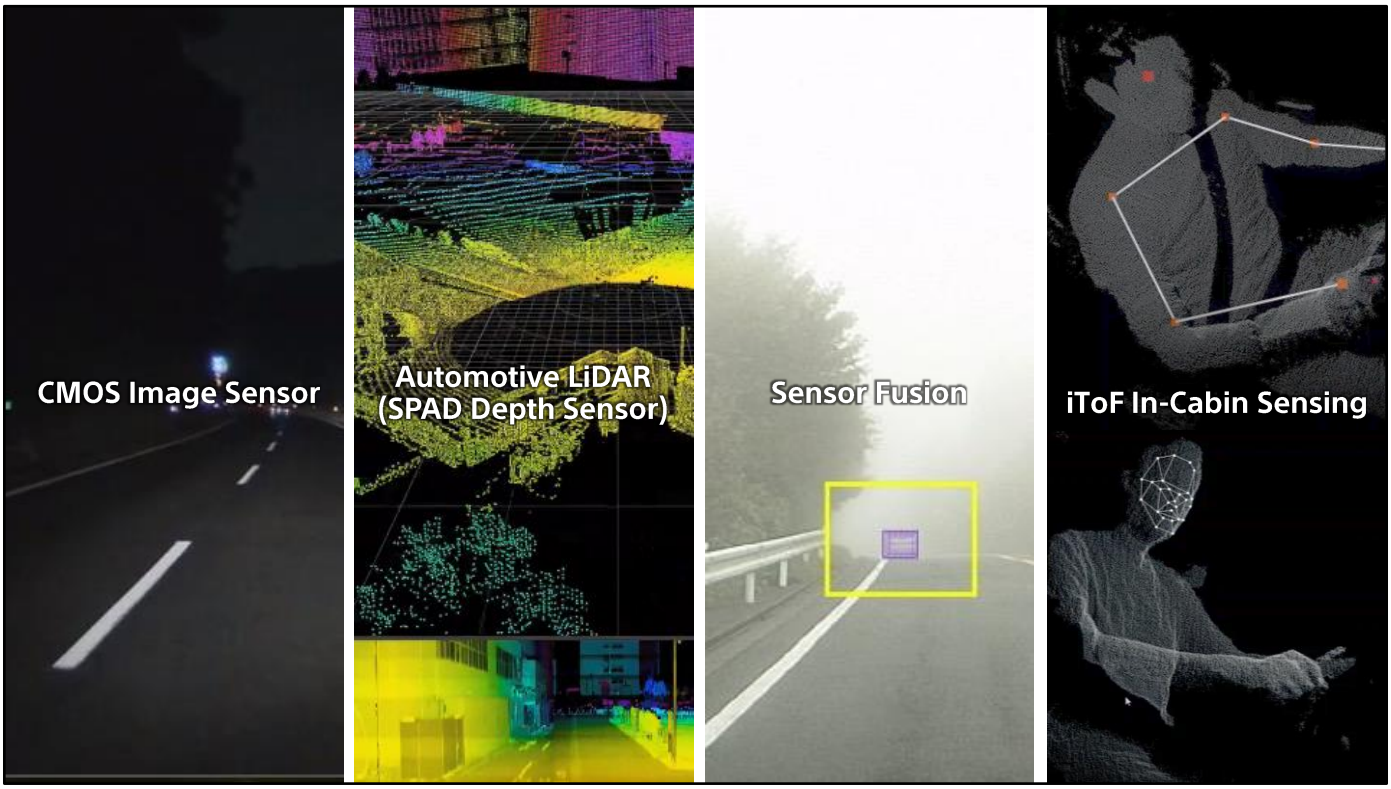
The megatrend that has transformed people's lives in the 21st century is mobile, and we believe mobility will be the next megatrend.

Currently, there are more than 1 billion vehicles in operation. The combination of mobility with information and communication technology will make these billion vehicles into services over the long term. In other words, the functions of the vehicles are being defined by software and can be updated through services.

From an environmental point of view, in addition to whether a car is electric, it is essential that cars can evolve after purchase.



Based on this structural change, Sony aims to contribute to the three areas of “safety”, by improving safety, “entertainment”, by transforming the mobility space into an entertainment space, and “adaptability” by supporting the evolution of the vehicle.



In the safety area, we will contribute to safer mobility through our sensor technologies such as CMOS image sensors and SPAD depth sensors for LiDAR.

These sensors are also a growth area for our image sensor business, and they are beginning to be adopted by many automotive manufactures.

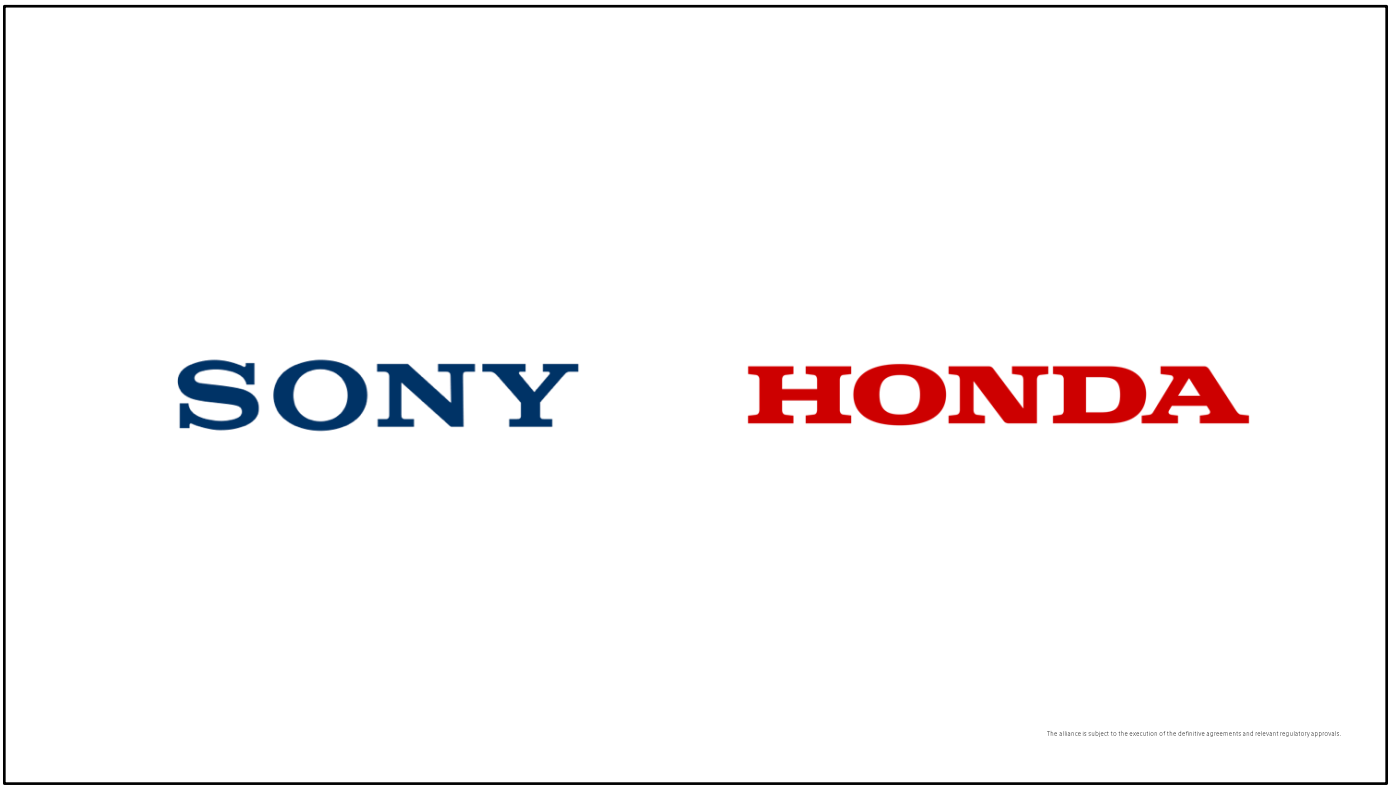


Adaptability enables the evolution of vehicles in terms of safety and entertainment.

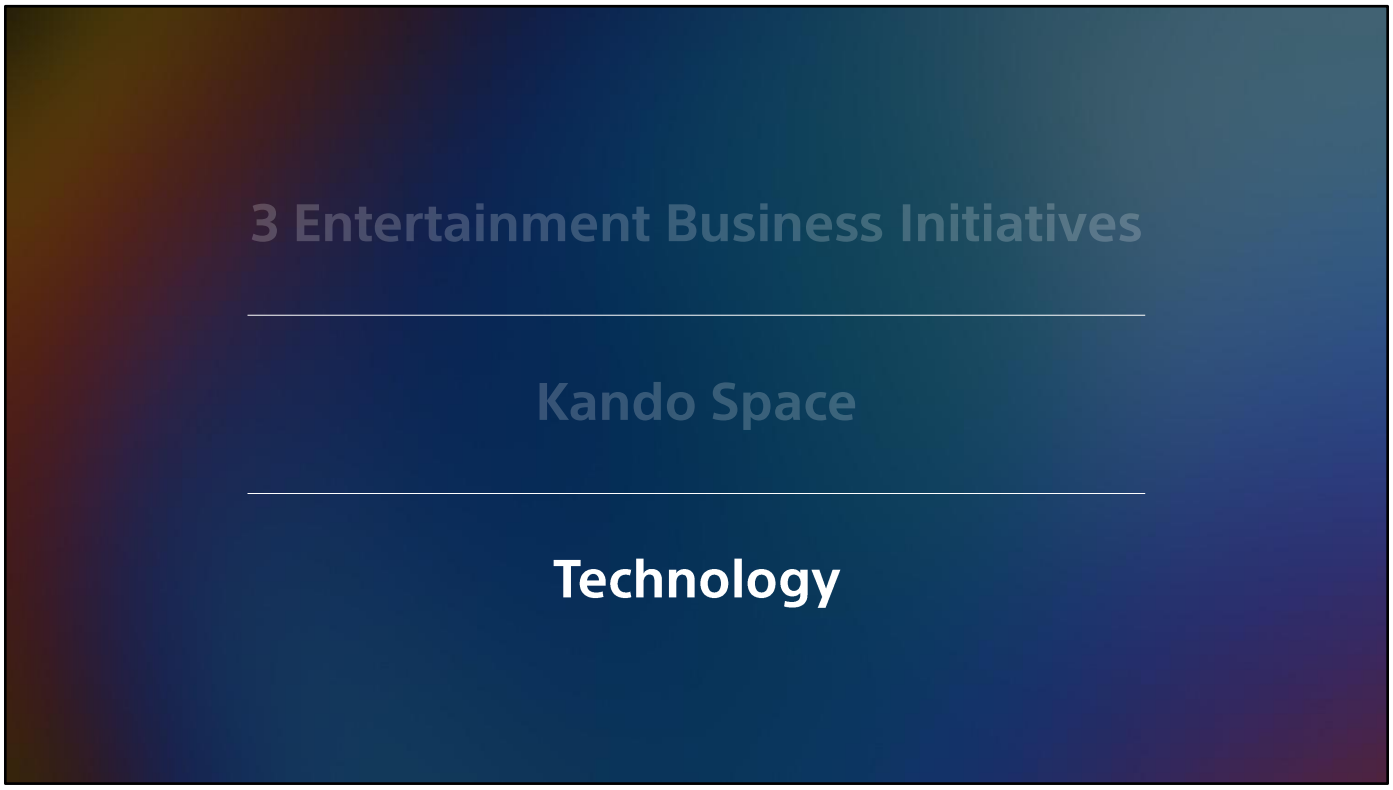
We aim to contribute to the advancement of mobility, which continues to evolve in terms of safety and functionality, by leveraging the cloud services knowledge cultivated through games and aibo.



We have been working on the research and development of “VISION-S”. As a result of these efforts, we have learned that to contribute to the evolution of mobility, we need to commercialize the vehicle and present it to the world, but that we cannot do this on our own.

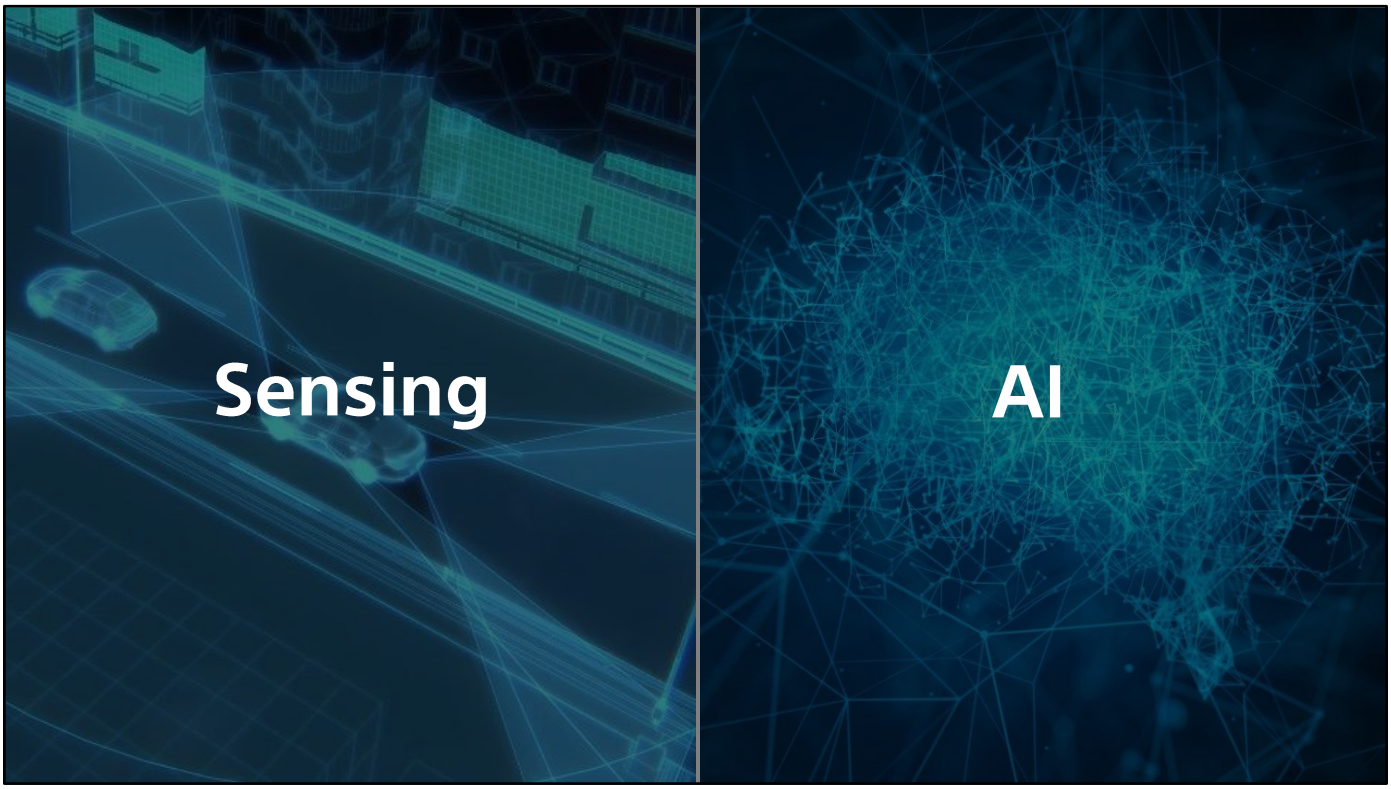


Thus, we announced a strategic alliance with Honda. Through a joint venture we aim to establish in the future, we aim to start selling electric vehicles in 2025 by combining Sony's technology in the three areas I discussed with the mobility development capabilities that Honda has cultivated over many years and their technology and knowledge of vehicle body manufacturing.



Technology

So far, I have discussed three businesses that deliver Kando, as well as new Kando spaces as our growth area. Lastly, I will discuss technology.



Sensing and AI technology play an important role in ADAS, which supports the safety of mobility.

Sensing and AI technology are not limited to mobility. They support the evolution of entertainment as well.

In the area of audio and video that we have been working on, the importance of sensing technology that captures the real world and Deep Learning that learns from the world as well as AI technology is increasing.

For example, we have Real-Time Eye AF installed in our α™ (Alpha™) mirrorless cameras. By combining the image sensor, imaging processing engine and AI, we are evolving recognition capabilities to the eyes of animals and birds.

In addition, AI has started to be used in game and movie production and sensing technology is also being used in 3D model production.

Display Application of the Year



Also, in the sensing and AI space, virtual production technology that uses Crystal LEDs like the one used here is an example of technology that gets closer to creators.

This month, Sony's virtual production won the award shown here at the world's largest electronic display society.

In the virtual production area, in collaboration with Epic Games, into which we decided to make an additional investment last month, we plan to provide a live video capturing solution that allows creators to check the image combined with the CG background on the set.



In addition, Hawk-Eye's tracking system, converts athletes' movements into data using advanced AI technology, virtually recreating it as 3D content in real time. The partnership with Manchester City Football Club I mentioned earlier uses this system.



Technology that Gets Closer to Creators

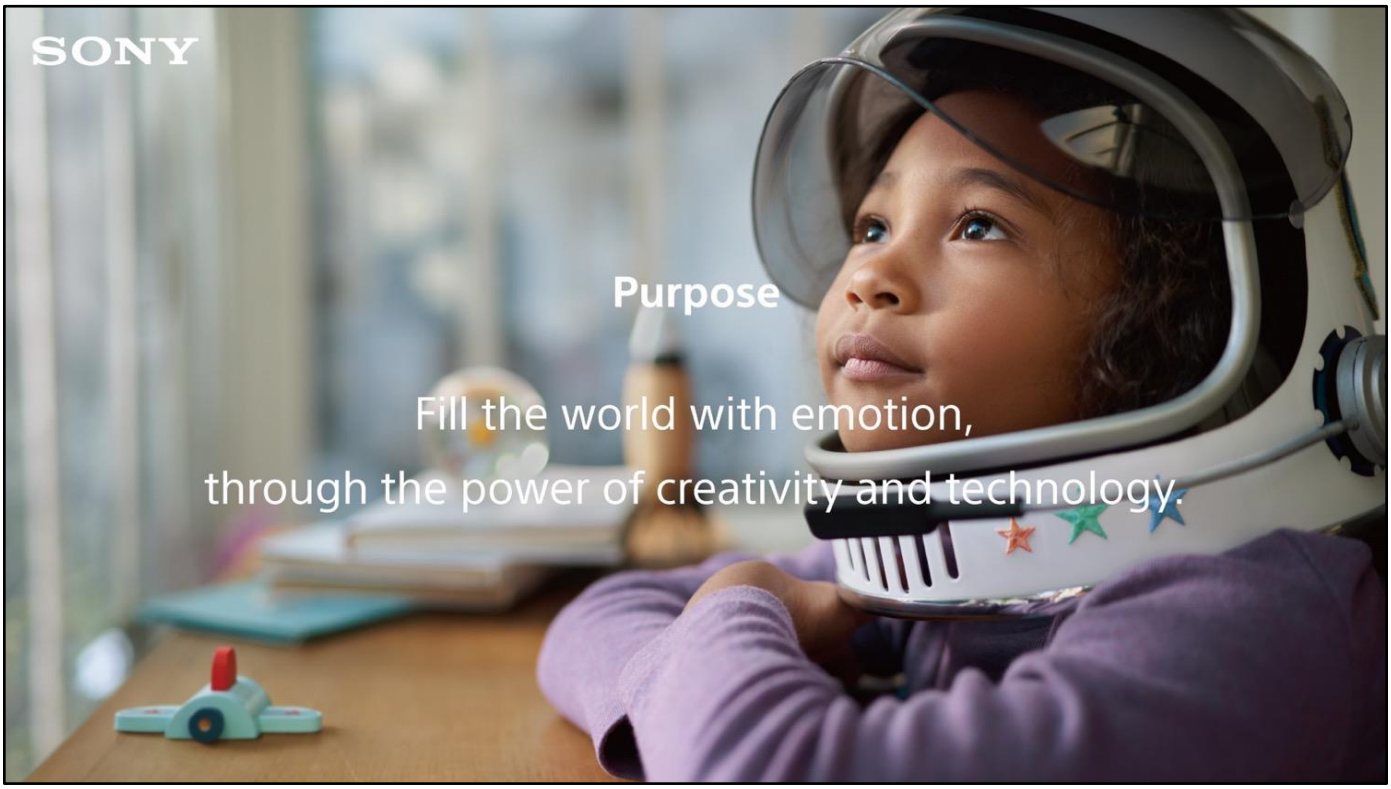
The next-generation virtual reality system, PlayStation®VR2, is a technology that gets closer to users. VR is a live network device that enables people in real space to enter virtual space.

This product uses technology that senses the movement of the user's eyes to create a high-resolution image in their central field of view.





Other examples of technologies that leverage our sensing and AI technology include an AI agent for racing that increases the value of the experience in the game space and aibo, which grows by interacting with people by nature of its innate curiosity.



The evolution of entertainment is found in our Purpose: creativity and technology.

As I have explained, Sony aims to grow by investing primarily in content IP, DTC, and technology, and by delivering Kando to the world along with our partners and our 110,000 employees.

In closing, I would like to show this video about the Sony Group's Purpose.

Thank you for your attention.


SONY

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(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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