

# **Game & Network Services Segment**

Senior Executive Vice President  
Sony Group Corporation

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Representative Director and President, Sony Interactive Entertainment Inc.

**Jim Ryan**

# PlayStation: The Road to Profitable Transformation

## 1. Thriving Core Business

**PS5**

**Building**  
Our Biggest  
Ever Platform



**PS4**

**Maintaining**  
Our Longest  
Ever Tail

## 2. Powerful New Growth Vectors

COMMERCIAL



PORTFOLIO

BUNGIE

HORIZON  
FORBIDDEN WEST

THE SHOW

AUDIENCE



PC

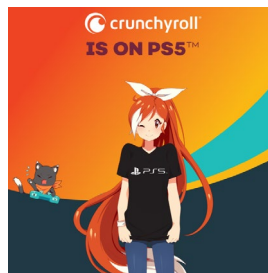


MOBILE

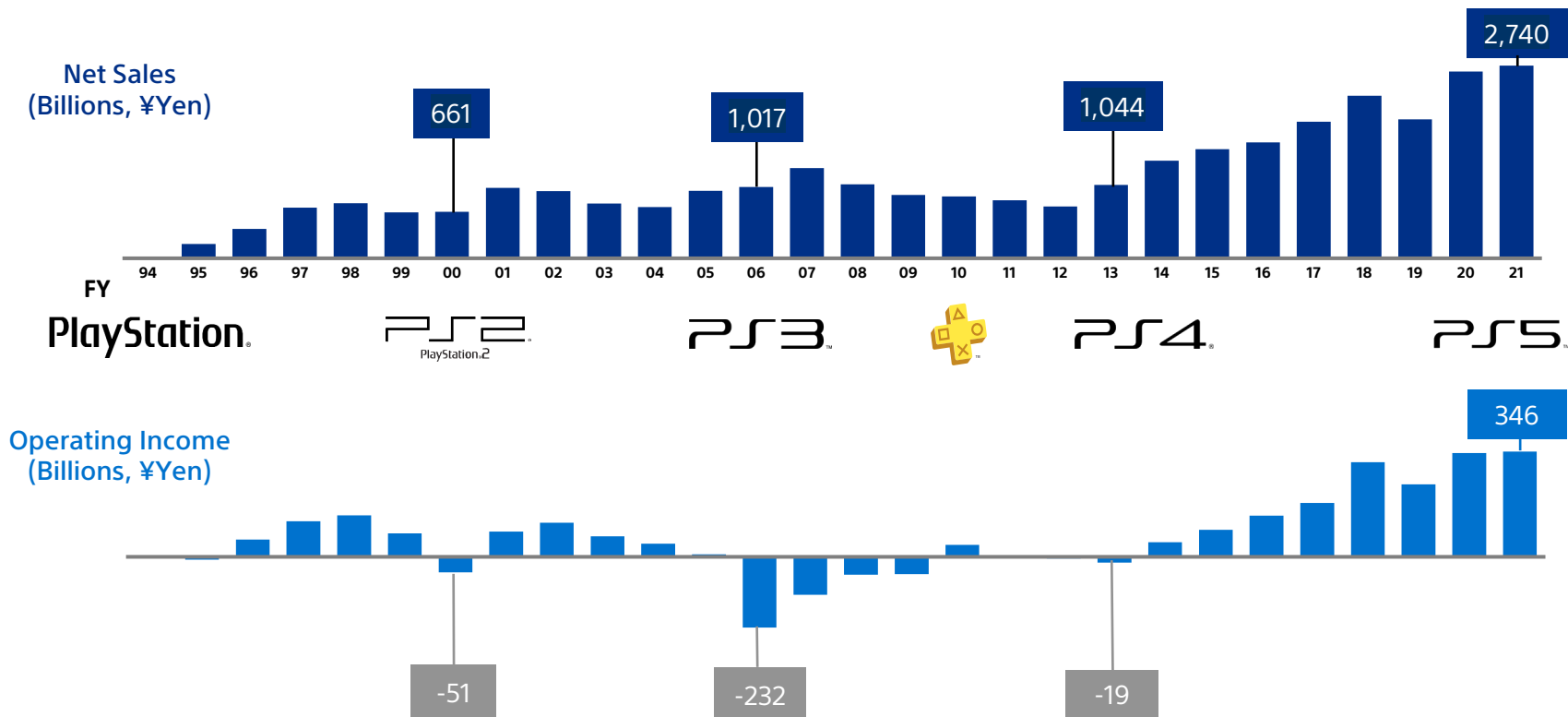


BEYOND  
CONSOLE

## 3. Transformative Sony Group Collaboration



# FY21: Record Earnings in a Transition Year





# Building Our Biggest Platform Ever

Unprecedented  
Demand

Category  
Growth

Incredible  
Game Lineup

Strong Brand

Highest  
Engagement  
Ever

Tackling PS5  
Supply Issue

# PS5 – Unprecedented Demand

## Purchase Interest in PlayStation Console

(One Year After Each Console's Launch Year, North America Only)



**November 2021**

**55%**

expressed interest  
in PS5



**November 2014**

**28%**

expressed interest  
in PS4

Source: NielsenIQ - BASES  
Platform Volumetric, 2014 and 2021

## Sell-Through Time of 80K HW Units at US Retailers

(End of 1st Full FY for PS5 vs. End of 1st Full FY for PS4)

**PS5**

*US retailer events sold PS5s at  
a rate of nearly 1,000 units per minute\**

**80K**  
UNITS

**IN**

**82**  
MINUTES

**PS4**

*PS4 units in the US were selling at 6 per minute,  
at the same stage in product lifecycle*

**80K**  
UNITS

**IN**

**9**  
DAYS

\*Across 3 different leading U.S. retailer events

Sony Group Corporation | 5

# Unprecedented China Demand

Week 72 Sell-Through  
After Global Launch

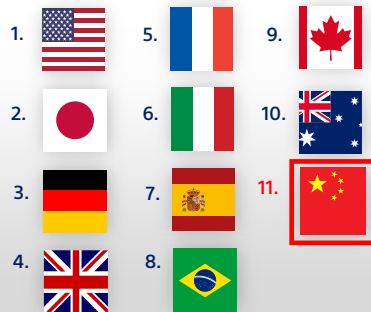
Active Console Volume Ranking  
(As of March 2022)

Average Cumulative  
Spend Per Active Device:  
Week 72 After Global Launch

PS Plus Subs  
Week 72 After Global Launch

PS4

**250K**  
(Free Supply)

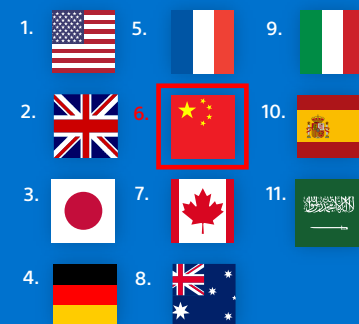


**\$69.81**

**89.9K**

PS5

**670K**  
(Constrained Supply)



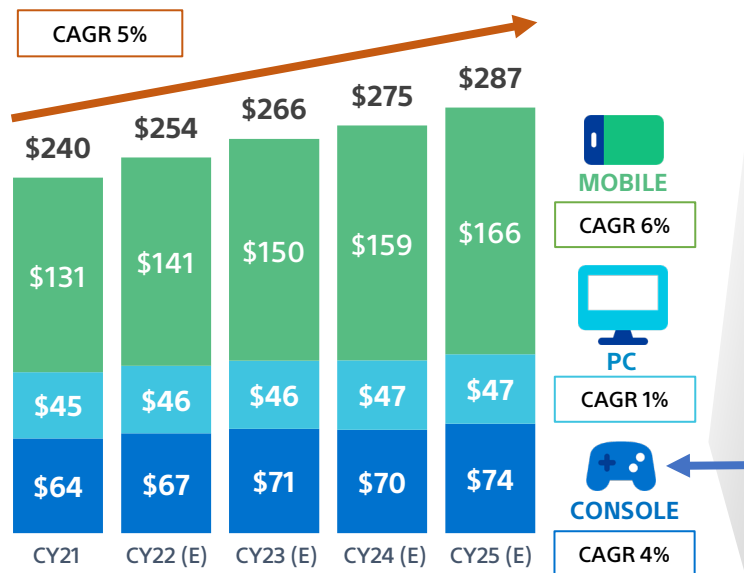
**\$223.34**

**295.7K**

# Gaming Category Growth

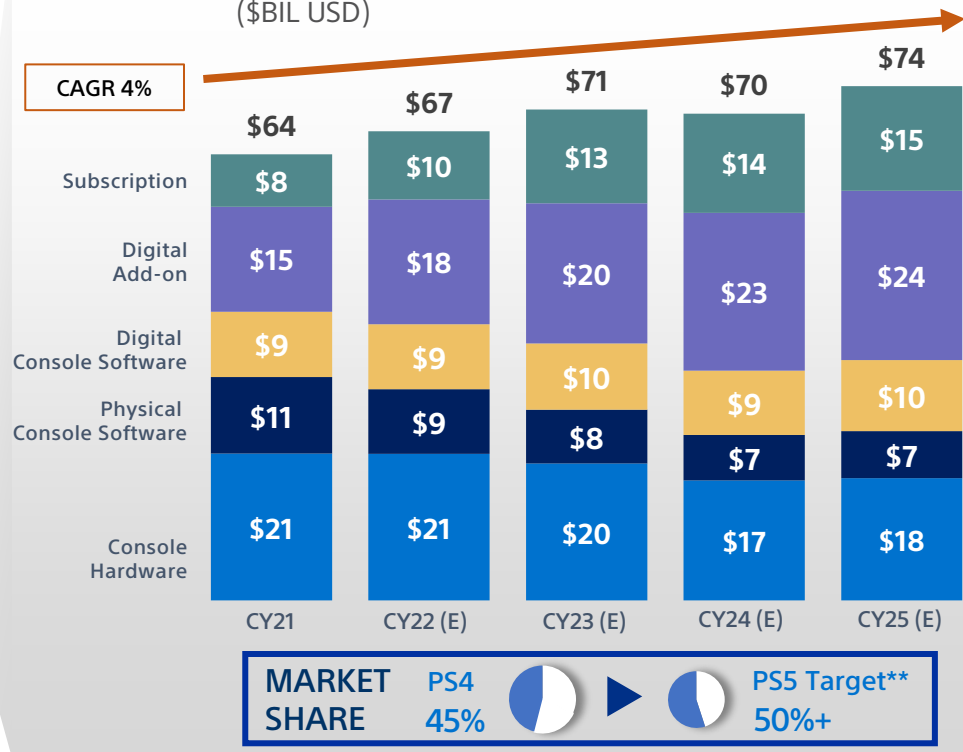
## WW Gaming Industry Size by Platform\*

(\$BIL USD)



## Console Industry Size by Revenue Type\*

(\$BIL USD)



\*Source: Projections from IDG Consulting, 2022\_Q1

\*\*Internal SIE PS5 target

# The Strongest Gaming Brand

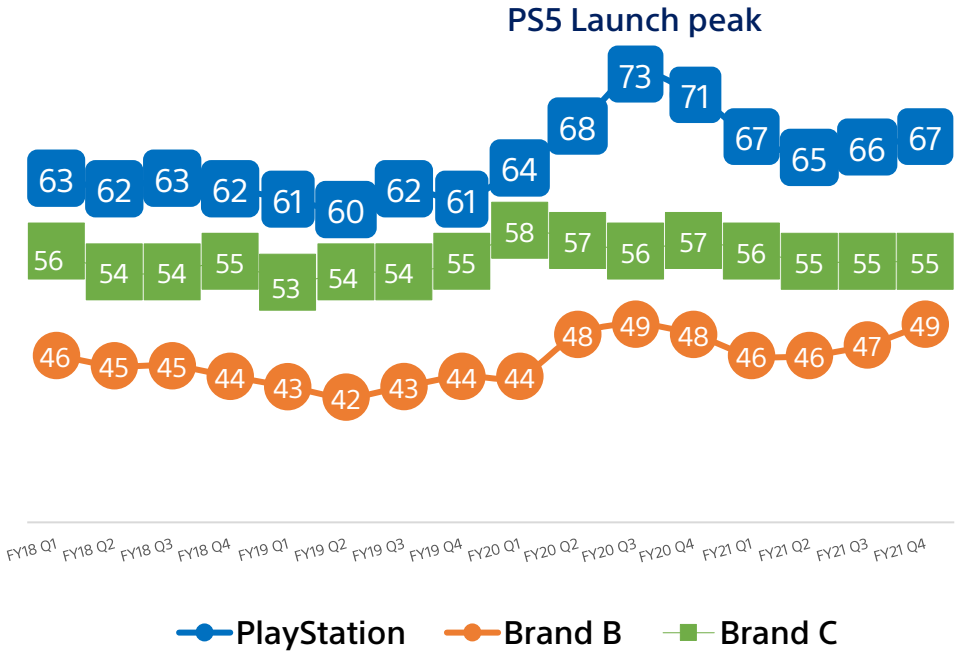
PlayStation in Top Global Brands

## #7 PlayStation

↑ Rising to No. 7 from No. 9 YOY



Brand Momentum vs. Rest of Category



# PlayStation Games Have Never Been Better

Incredible Content

...With the Best Yet to Come

**PLAYSTATION STUDIOS TITLES**

**MARVEL**  
**SPIDER-MAN**  
*MILES MORALES* **85**

**RATCHET**  
**CLANK**  
RIFT APART **88**

**RETURNAL** **86**

**HORIZON**  
FORBIDDEN WEST **88**

**GT**  
**GRAN TURISMO** 7 **87**  
THE REAL DRIVING SIMULATOR

**THE SHOW** 22 **78**

**THIRD PARTY TITLES**

**grand theft auto**  
V

**"DEATHLOOP"**

**GENSHIN**  
IMPACT

**NBA 2K**

**EA SPORTS FIFA**

**GHOSTWIRE**  
T O K Y O

**GOD OF WAR**  
RAGNARÖK

**MARVEL**  
**SPIDER-MAN 2**

**MARVEL**  
**WOLVERINE**

PORTKEY GAMES  
**HOGWARTS**  
LEGACY

**FORSPOKEN**

**AVATAR**  
FRONTIERS OF PANDORA

**FINAL FANTASY XVI**

# PS5: Highest Engagement Ever...

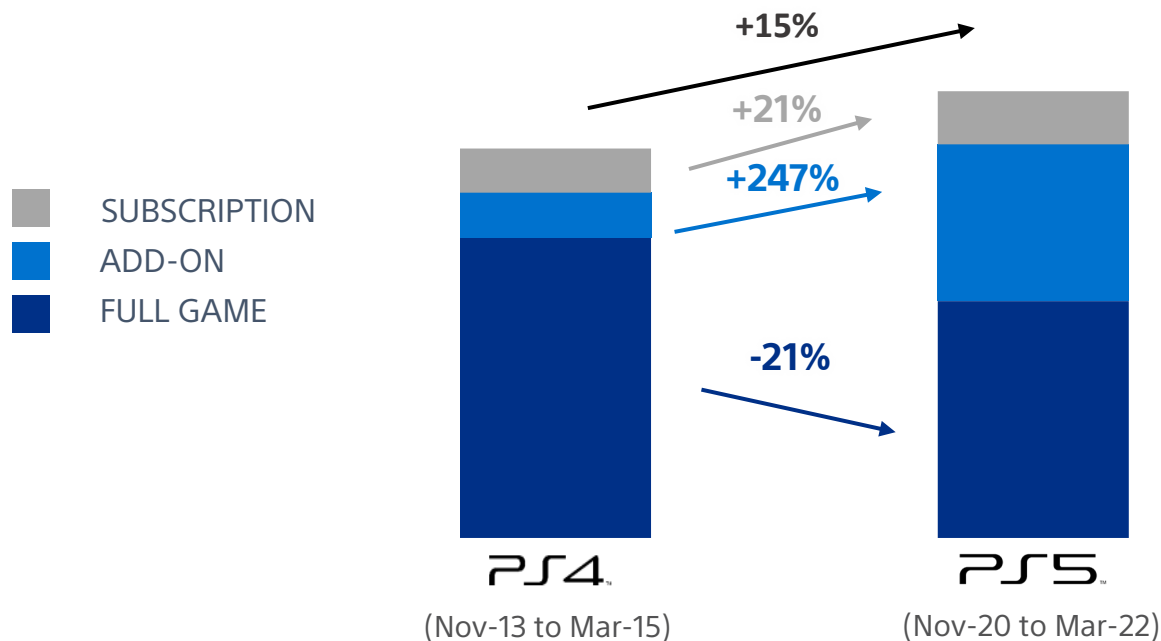
Metrics	PS4 (March 2015)	PS4 (March 2022)	PS5 (March 2022)
<b>Gameplay Attach (%)</b> (Gameplay MAU/Platform MAU)	92%	87%	94%
<b>Gameplay DAU/MAU</b> (Avg. Gameplay DAU/Gameplay MAU)	39%	38%	46%
<b>MAU Retention Rate</b>	86%	82%	88%
<b>Monthly Gameplay Hours/User</b>	44.1	39.7	50.0
<b>Paid Plus Subs Attach (%)</b> (Paid Plus Subs/Active Consoles in 12 months)	33%	61%	82%
<b>LTD Store Transactions Attach (%)</b> (Paid Store Transacting Accounts <sup>1</sup> /Active Users)	36%	34%	62%
<b>LTD Game Transactions Attach (%)</b> (Paid Game Transacting Accounts <sup>2</sup> /Active Users)	67%	47%	71%

<sup>1</sup>Store transactions include digital full game and add-on transactions from conformed spend. Platform is defined by target content type or transaction device type

<sup>2</sup>Game transactions include digital full game, physical full game, and add-on transactions from conformed spend. Platform is defined by target content type or transaction device type

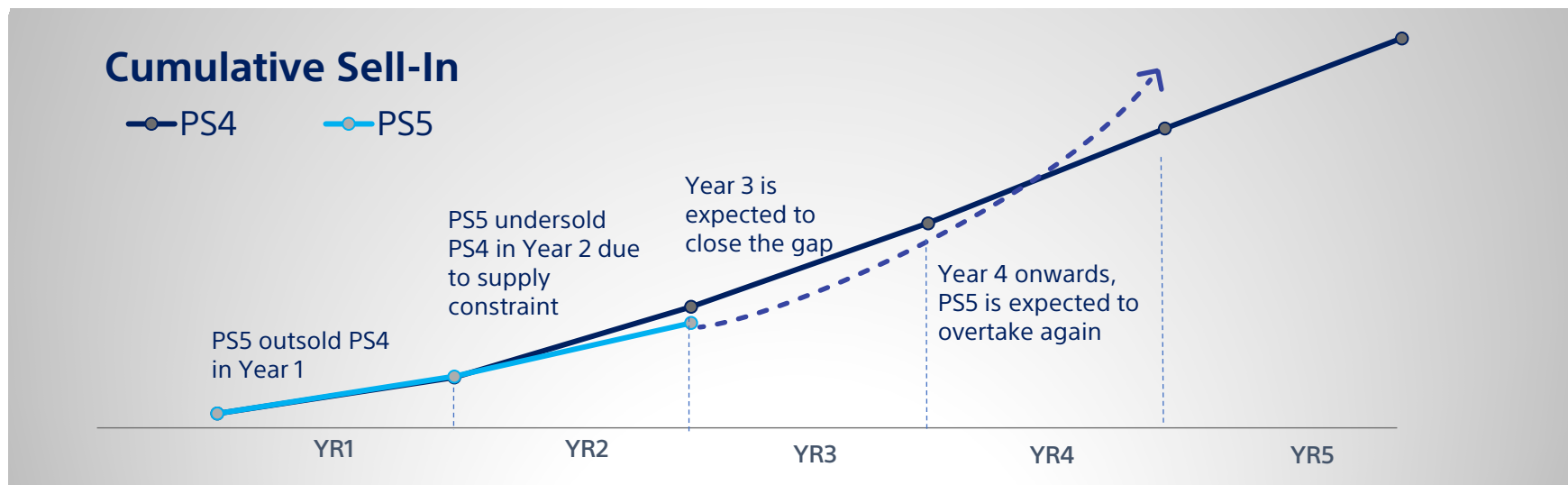
## ...And Game Monetization is Stronger

PS5 Game Spend: 15% Higher Than PS4



Average Game Spend Per Connected Device (USD)

# PS5 Supply Issues: A Top Priority



## Short-Term Risks

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

## Mitigation Measures In Progress

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



# Maintaining Our Longest Ever Tail

Ongoing  
AAA Slate

Retain Post-COVID-19  
Digital Shift

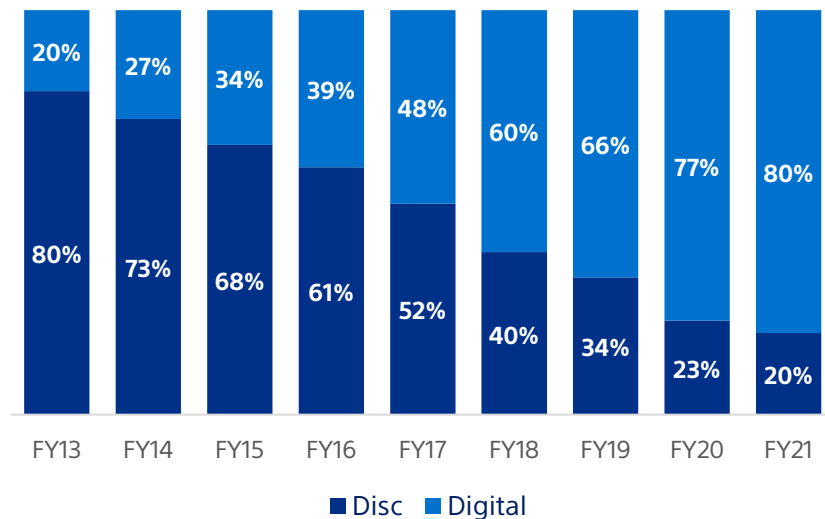
Continue  
Free-to-Play  
Growth

Loyal Subscriber Base  
and ARPU Growth  
Opportunities

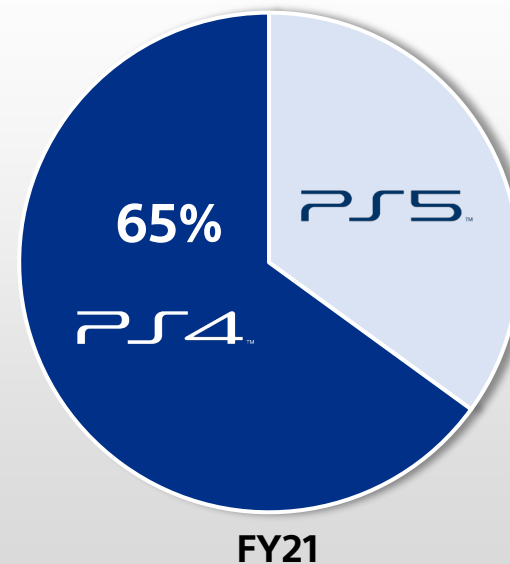
# Retain Post-COVID-19 Digital Shift

## PS4 REMAINS KEY DRIVER OF PS STORE REVENUE

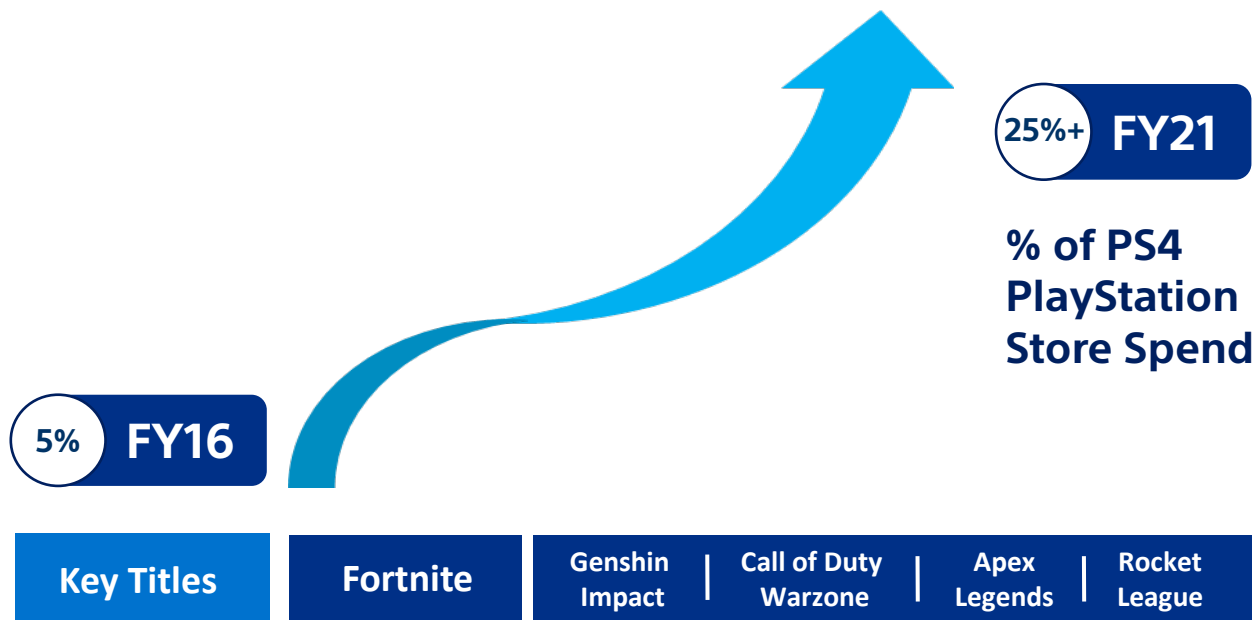
COVID-19 Accelerated Strong  
Digital Shift in PS4 Spend



PS Store Revenue % by Console

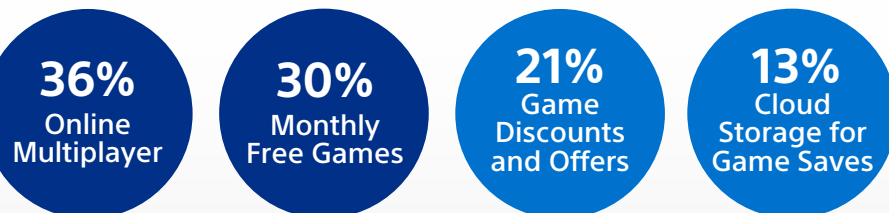


## Free to Play: A Significant Share of PS4 Spend

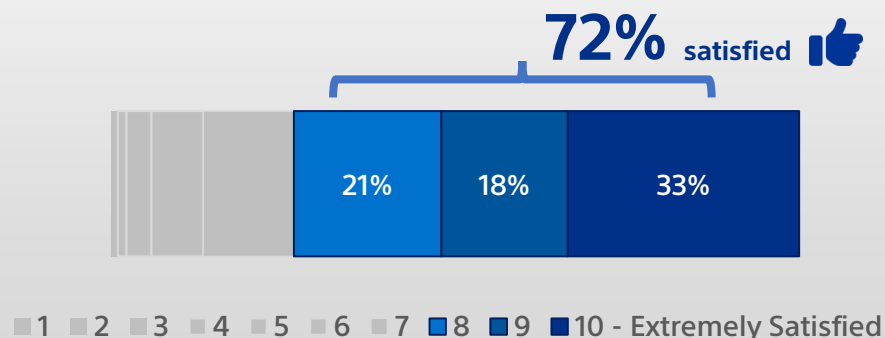


# PlayStation Plus on PS4: Sustained Performance

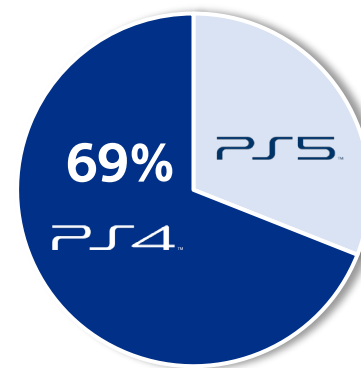
## Primary Reasons Why People Subscribe



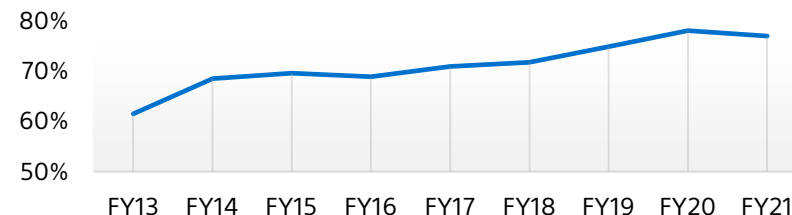
## Overall PS4 Plus Subscriber Satisfaction



## % of Total Subs Base (March 2022)



## PS4 Renewal Rate



# PS4 vs. PS3: Much Stronger Late Life Cycle

## MAU

PS3.



**March 2015**

(Final Month of FY14, 2<sup>nd</sup> Year of PS4)

**36.1M**  
users

PS4.



**March 2022**

(Final Month of FY21, 2<sup>nd</sup> Year of PS5)

**84.0M**  
users

## Average Annual Spend Per Active Console\*

**FY 2014**

(2<sup>nd</sup> Year of PS4)

**\$68**

**FY 2021**

(2<sup>nd</sup> Year of PS5)

**\$151**

\*Excluding the spend on console itself and on second-hand discs



# New Growth Vectors

**Commercial  
Expansion**

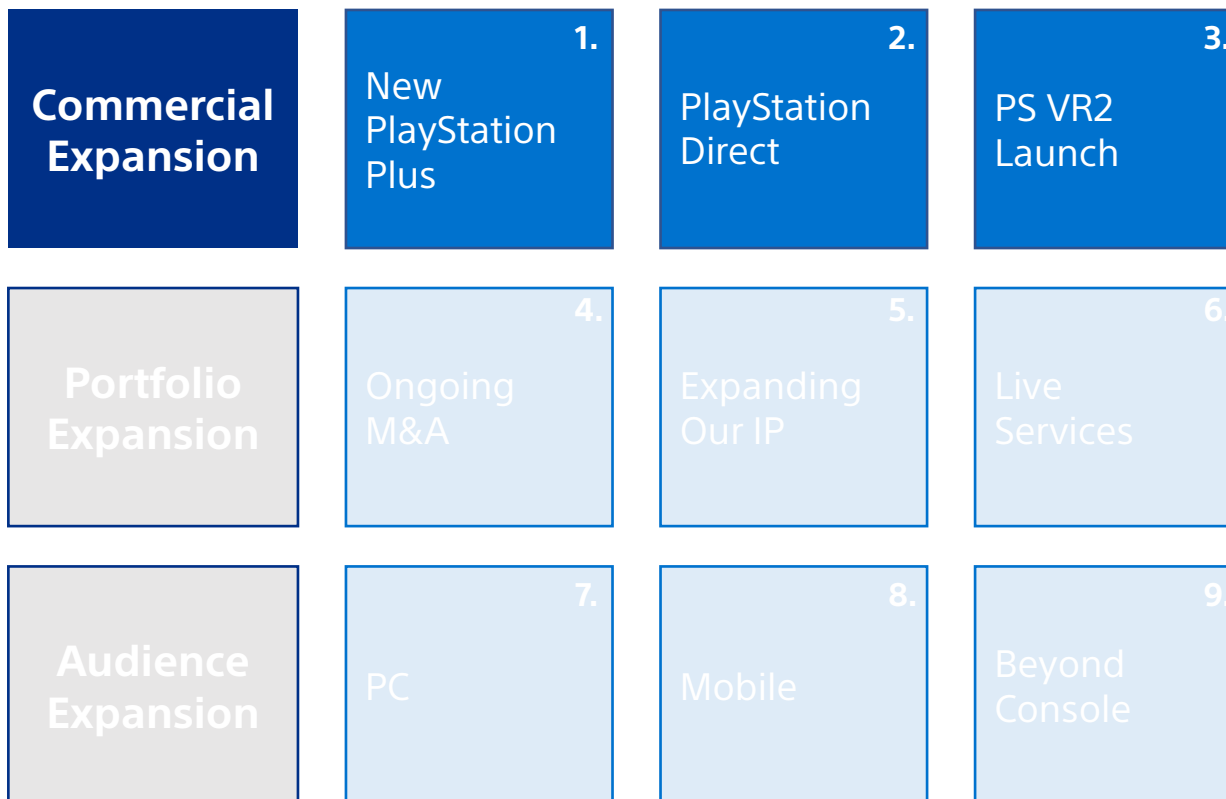
**Portfolio  
Expansion**

**Audience  
Expansion**

# New Growth Vectors



# New Growth Vectors



# 1. New PlayStation Plus

A New Service Proposition - Combining the best of both:



PlayStation®Plus

AND



PlayStation™Now

## TIER 1: ESSENTIAL

SAME AS PLUS TODAY

## TIER 2: EXTRA

CATALOGUE OF 400+  
PS4 & PS5 GAMES ON DAY 1

## TIER 3: PREMIUM

- CLOUD STREAMING  
IN MAJOR MARKETS
- TRY BEFORE YOU BUY
- CLASSIC GAMES

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

**OFFER BETTER  
CONSUMER VALUE**

**IMPROVE RETENTION**

**GROW THE BASE  
>50M IN FY22**

**INCREASE ARPU**

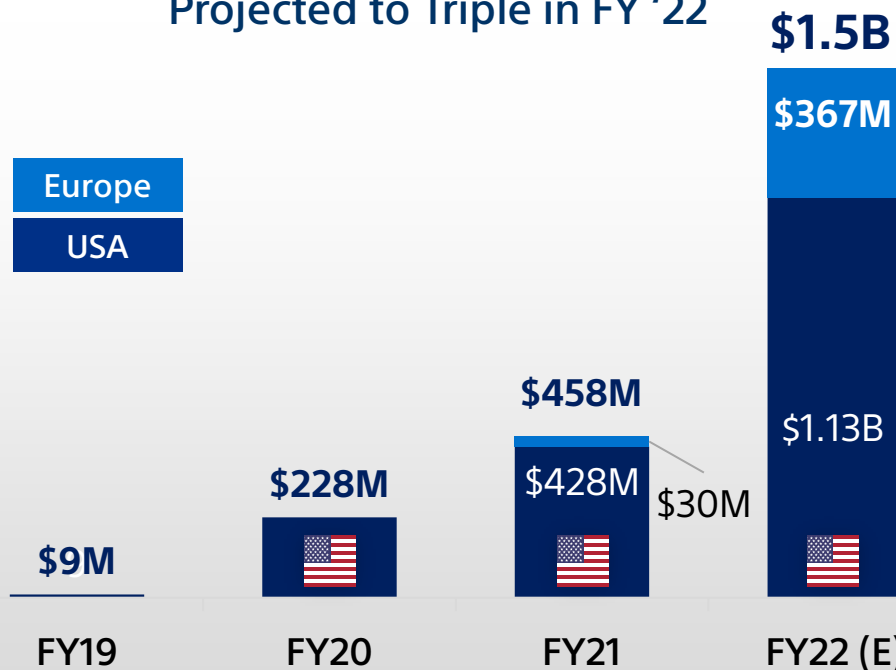
## 2. PlayStation Direct: Continued Growth

### Future European Expansion

Expected in Early Calendar Year 2023  
Iberia, Italy, Austria



### PlayStation Direct's Revenue Projected to Triple in FY '22



FY21 Unique Customers: **1.3M**  
 FY22 Unique Customers (Projected): **3.6M**

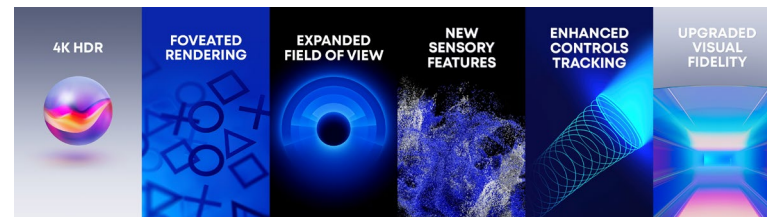
### 3. PS VR2: New Levels of Immersion



New controller with great ergonomics, haptic feedback and adaptive triggers



Connect to PS5 with a single cord to simplify setup and improve ease-of-use



Enhanced Resolution and Tracking













20+ major first-party and third-party titles confirmed for PS VR2 at launch

# Portfolio Expansion



## 4. Ongoing M&A Activities: FY21 to Date

Announcement Date	Company	Type	Description	Location	#FTE <sup>1</sup>
May 3, 2021	 <b>DISCORD</b>	Investment	Communication Platform	San Francisco, CA	-
June 29, 2021	 <b>HOUSEMARQUE</b>	Full Acquisition	Console Game Developer	Helsinki, Finland	80
July 1, 2021	 <b>nixxes</b>	Full Acquisition	PC Focused Porting Developer	Utrecht, The Netherlands	55
September 8, 2021	 <b>FIRESPRITE</b>	Full Acquisition	Game Developer (Console, PC, Mobile, VR)	Liverpool, UK	265
September 30, 2021	 <b>Bluepoint</b>	Full Acquisition	Console Game Developer	Austin, TX	69
November 4, 2021	 <b>DEVOLVER</b> DIGITAL	Investment	Indie Game Developer & Publisher	Austin, TX	-
December 10, 2021	 <b>[valkyrie]</b> entertainment	Full Acquisition	Game Developer (Console, PC, Mobile)	Seattle, WA	45
January 31, 2022	 <b>BUNGIE</b> <sup>2</sup>	Full Acquisition	Live Services Developer & Publisher	Bellevue, WA	826
March 21, 2022	 <b>haven</b>	Full Acquisition	Live Services Developer	Montreal, Canada	61
May 3, 2022	 <b>ACCELBYTE</b>	Investment	Backend-as-a-Service	Seattle, WA	-

1: Full-time employees (FTE) at time of acquisition. Investments will not include FTE.

2: The acquisition is subject to certain closing conditions, including regulatory approvals.

## 4. Ongoing M&A Activities: Bungie Synergies

### Bungie to SIE

Live Services Expertise to PlayStation Studios

Help Build SIE Live Services Center of Excellence

Live Services Business Operations to Platform Business

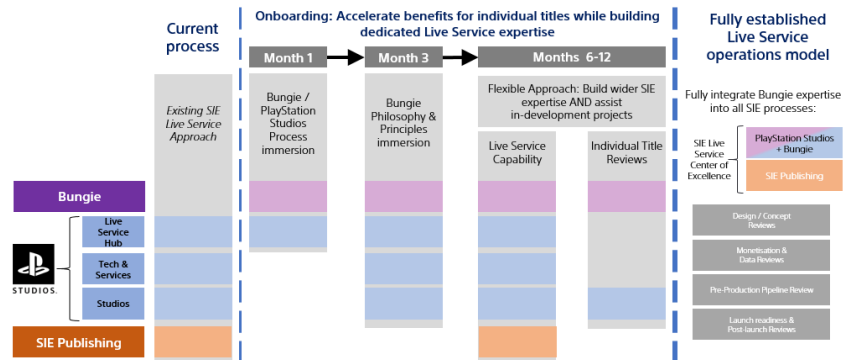
### SIE to Bungie

Leverage Scale of SIE Publishing & Platform (Marketing, Global Business Operations)

PlayStation Studios Central Services

G&A Support (Legal, Finance, Accounting, HR)

### Integration Plan

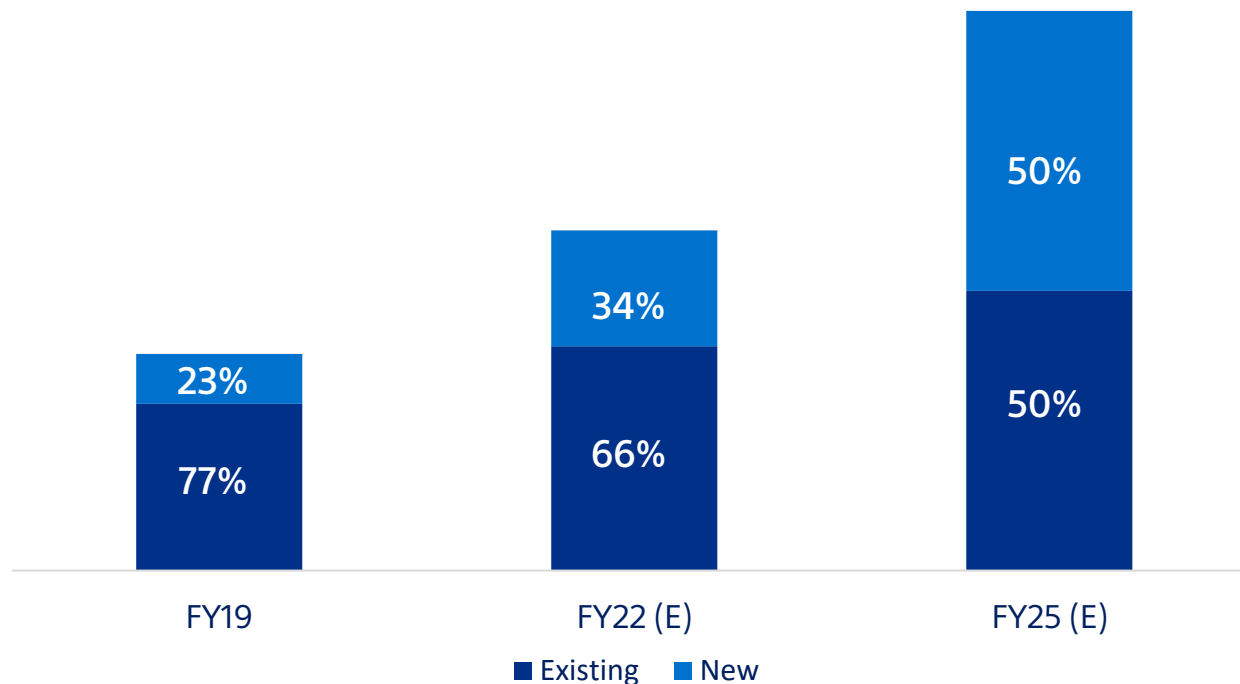


*Preparation for integration underway and will be mobilized once deal is closed*



## 5. Expanding Our IP: Increasing New IP Investment

PlayStation Studios Investment by IP Type



## 5. Expanding Our IP: Leverage Beyond Gaming

Broaden Franchise  
Awareness

Monetize Our Most Beloved Franchises  
Beyond the Gaming Category

Give Existing Fans More  
Ways to Engage



Movies



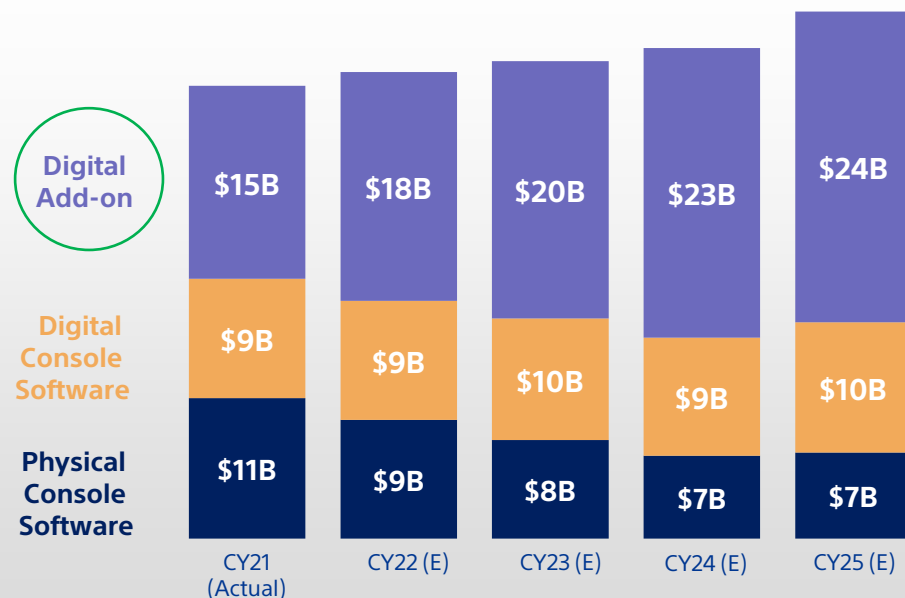
Retail



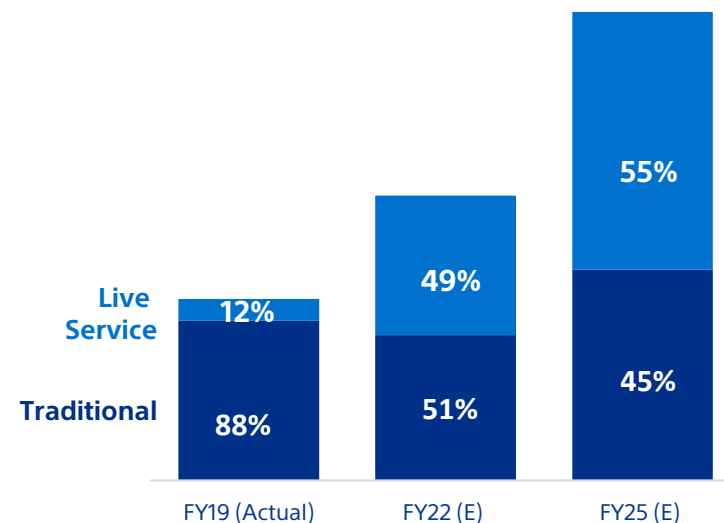
TV Series

## 6. Live Services: Invest to Capture Category Growth

Projected Gaming Category Growth\*



PS5 Investment by Business Model\*\*



\*Source: Projections from IDG Consulting, 2022 Q1

\*\*Source: PlayStation Studios internal projections

## 6. Live Services: Grow First-Party Monetization & Portfolio Diversity

### A More Diverse First-Party Portfolio

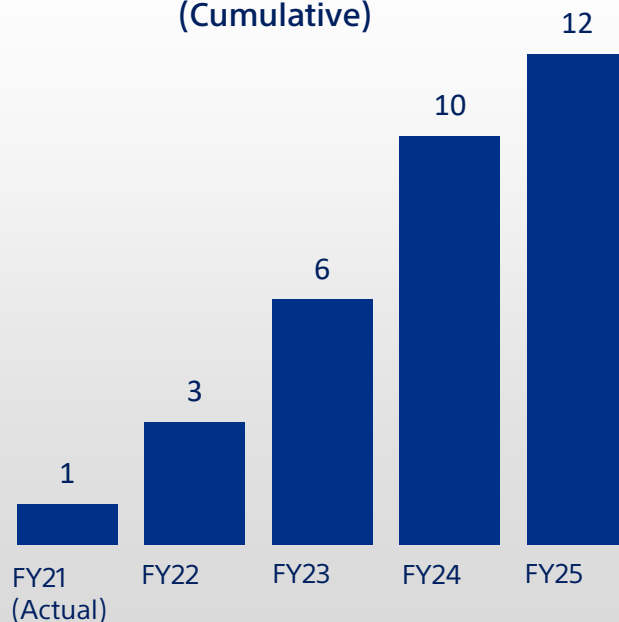
#### Single-Player Game Catalog



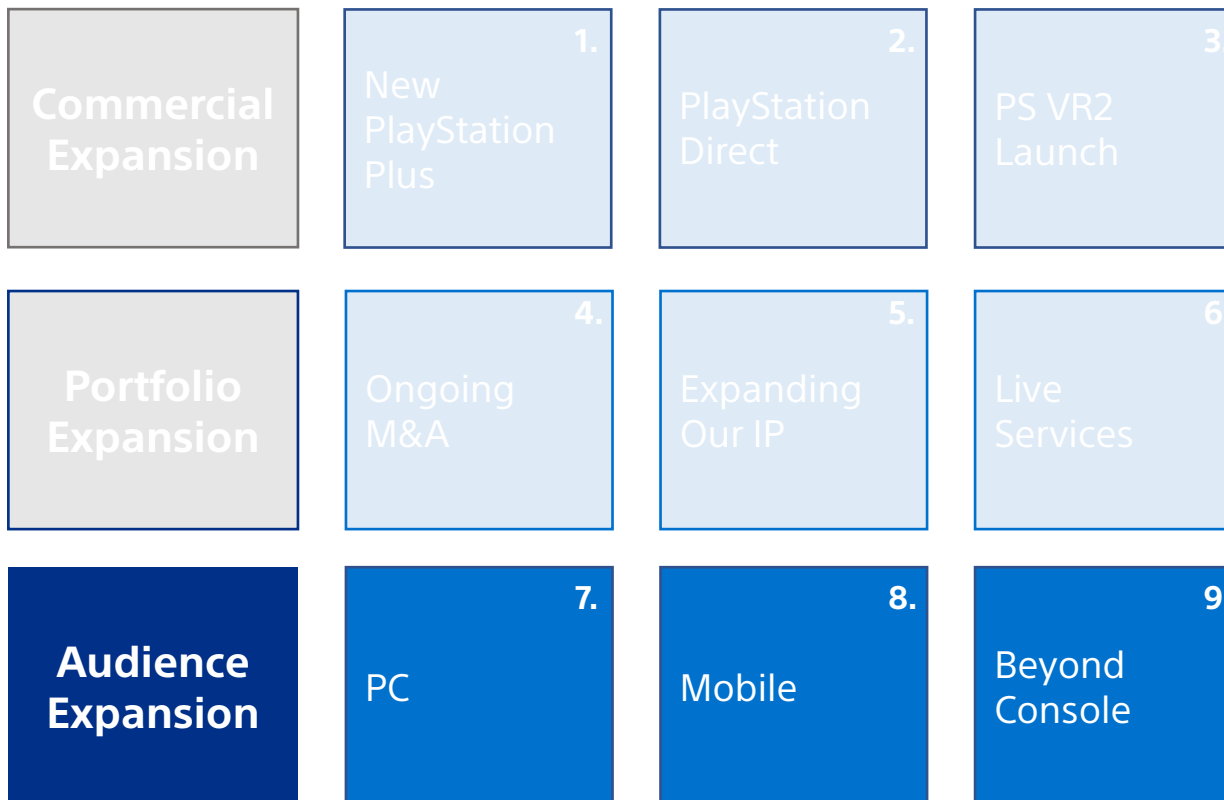
#### Live Services Game Catalog



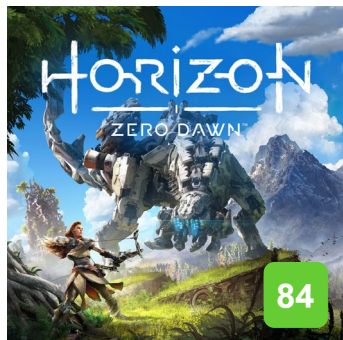
### Projected Number of SIE Live Service Franchises by Year (Cumulative)



# Audience Expansion



## 7. Exponential Growth to be Sustained by PC Titles Beyond FY22



Release Date  
Aug 7, 2020

LTD Unit Sales\*  
2,398K

LTD Revenue\*  
\$60M



Release Date  
May 18, 2021

LTD Unit Sales\*  
852k

LTD Revenue\*  
\$22.7M



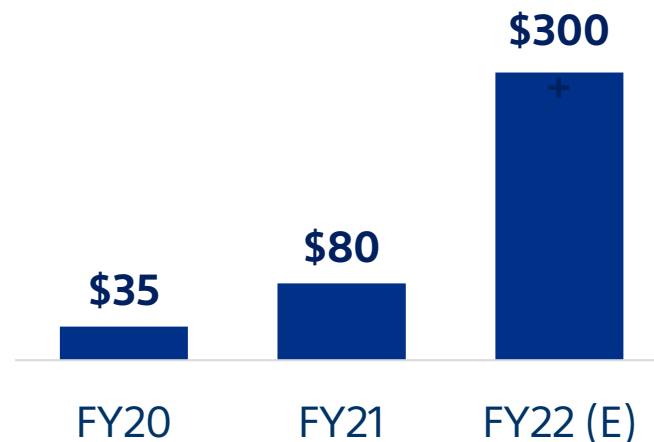
Release Date  
Jan 14, 2022

LTD Unit Sales\*  
971k

LTD Revenue\*  
\$26.2M

### Significant YOY Growth

PC Net Sales \$  
(In millions)



## 8. Mobile Strategy: Aggressive Growth Plans

Leverage partnerships to build leading mobile development and publishing capabilities within SIE

### Co-development of top IP with industry leaders

- Partner with respected, established and successful mobile developers
- Extend our franchises to more players and regions
- Remain faithful to the values of PlayStation Studios
- Acquire credibility, visibility, and learnings

### Establishing network of internal studios and projects

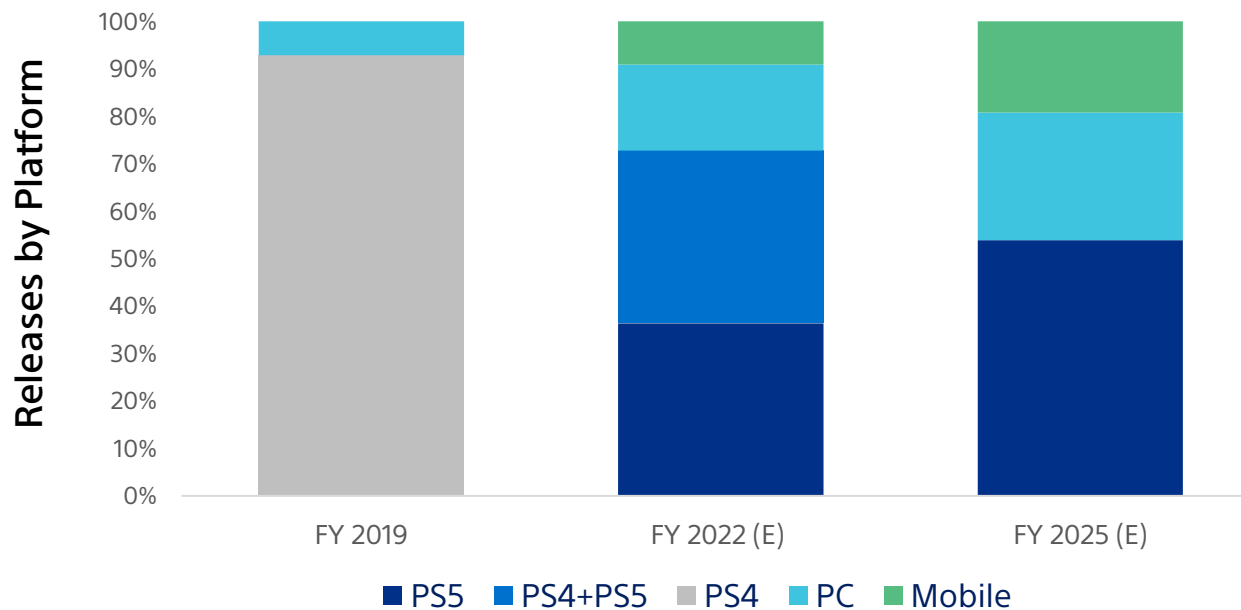
- Internal studios build mobile expertise
- Strategic partnerships with boutique teams
- Publish external games that fit within broader PlayStation Studios portfolio
- Expand to cross-platform where relevant

### Building world-class centralized publishing team and tools

- Leadership talent from top mobile companies
- Best practices, processes, and tools optimized for cross-studio learning
- Build publishing operation in parallel to production

# Evolving Shape of First-Party Portfolio

## Significant Growth of PC and Mobile Within Our Portfolio



## 9. Console and Beyond



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

### More Platforms

PC &  
Mobile

Virtual  
Reality

Cloud

Metaverse

### Better Experiences

PS Plus

Discord  
Integration

Store

PlayStation  
Direct

**SONY**

## **The Importance of Group Collaboration**

# Transformative Sony Group Collaboration



# ESG Initiatives: SIE is Turning Intention into Actions

## ENVIRONMENT



- **Our Community:**
  - Players submit **377 ocean & forest game creations in Dreams** – shown at **UN COP26**
  - SIE has invested in **633,000 trees** to be planted around to world, linked to **player activations** in game, in support of United Nations **Play4Forests 1 million trees goal**



- **Our Services:**
  - Our **PS Plus cloud streaming service** has achieved **78% renewable electricity & carbon neutrality** (2020 baseline)

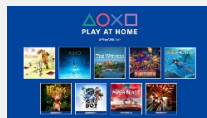


- **Our Products:**
  - **10% of the plastic** we used to manufacture **PS game boxes** was **recycled** from post-industrial waste in FY21

## SOCIETY



- **Our Community:**
  - More than **17,000 PlayStation products** such as **consoles and games** were donated to **Child's Play** for distribution in their **global network of 185 hospitals**



- **Our Products and Services:**
  - **60 million free games redeemed** as part of our **"Play At Home"** initiative during the COVID19 pandemic

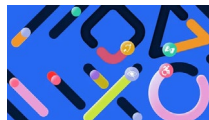


- **Our Workforce:**
  - **Employees donated \$3.3 million** towards more than **2,300 different causes**, including match-funding by our **PlayStation Cares** program (\$273,000 was towards causes aiding the Ukraine crisis)

## GOVERNANCE



- **Our Community:**
  - **PlayStation Career Pathways Program** created offering technology & gaming **scholarships, mentorships & internships** to underrepresented groups; starting with **MLB & Jackie Robinson Foundation** partnership



- **Our Products and Services:**
  - **PlayStation.com accessibility destination** launched covering **features available** on our consoles & PlayStation Studios games
  - PlayStation 5 accessibility enhanced adding **six screen reader languages** (total now 15) & **mono audio headphones option**



- **Our Workforce:**
  - Achieved **top score** & awarded as one of the **Best Places To Work** for **LGBTQ+ & Disability Inclusion** by both **HRC & Disability:IN**

# PlayStation: The Road to Profitable Transformation

## 1. Thriving Core Business



## 2. Powerful New Growth Vectors

COMMERCIAL  
EXPANSION

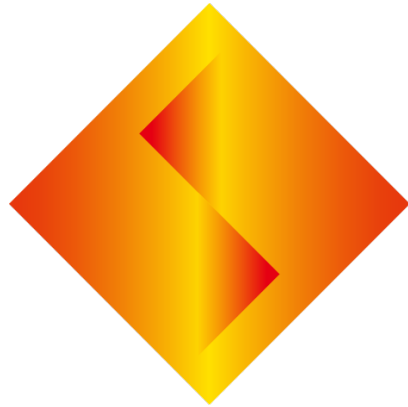
PORTFOLIO  
EXPANSION

AUDIENCE  
EXPANSION

## 3. Transformative Sony Group Collaboration

# SONY





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

# SONY

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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;
- (xiv) 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;
- (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, geopolitical conflicts, pandemic disease or similar events;
- (xvii) 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
- (xviii) 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 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.