

A large, diagonal red graphic element that tapers from the top left towards the bottom right, creating a sense of movement and depth. It serves as a background for the 'MUSIC' text.

**MUSIC**

# **MUSIC SEGMENT (SMG)**

Chairman, Sony Music Group  
CEO, Sony Music Entertainment

**Rob Stringer**

# AGENDA



## SMG & Market Performance

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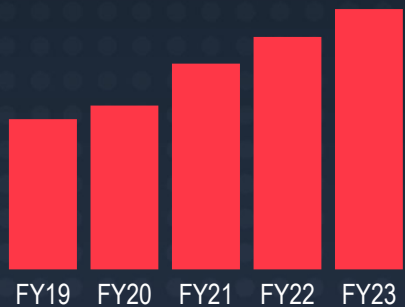
### SMG Creative Focus & Growth Strategies



# HISTORIC SMG FINANCIALS IN KEY METRICS

## Revenues

FY23 all-time high;  
Up **+\$3.6B** since FY19



**14.8%**  
4 Year CAGR

## Streaming Revenues

Outpaced market growth<sup>1</sup>;  
Increased **~\$3.1B** since FY19



**19.7%**  
4 Year CAGR

## Adj. Operating Income<sup>2</sup>

Industry-leading  
OI margins



**17.1%**  
4 Year CAGR

## Adj. OIBDA<sup>2</sup>

Industry-leading  
**mid-20%** margins



**15.7%**  
4 Year CAGR

<sup>1</sup> Source: IFPI

<sup>2</sup> Adj. Operating Income and Adj. OIBDA (Adj. OIBDA = Operating Income + Depreciation and amortization expense – the profit and loss amount that Sony deems non-recurring) are not measures in accordance with IFRS or US GAAP. However, Sony believes that these disclosures may be useful information to investors.

\* Revenues and Streaming Revenues are based on US GAAP for the period for FY19 and FY20, and on IFRS for FY21 and onwards; CAGR is calculated as a simple comparison between FY19 result based on US GAAP and FY23 result based on IFRS



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# CHART AND MARKET SUCCESS IN CY23

## Global

### Recorded Music

**30 Weeks**

#1 Billboard Global Tracks



Miley Cyrus



Mariah Carey



Doja Cat



Tate McRae



Bad Bunny



Grupo Frontera & Bad Bunny



SZA

**4 of Top 10**

Spotify Global Albums



Bad Bunny



SZA



Peso Pluma



Harry Styles

## US

**5 of Top 10**

Billboard Hot 100 Artists



SZA



Luke Combs



Miley Cyrus



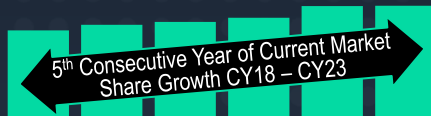
21 Savage



Peso Pluma

**27%+**

Current Market Share



## Regional

**5 of Top 10**

Tracks in United Kingdom



Miley Cyrus



RAYE



Calvin Harris



Harry Styles



Libianca

**3 of Top 5**

Billboard Latin Artists



Bad Bunny



Peso Pluma



Fuerza Regida

### Music Publishing

**#1**

Market Leader Since 2012  
(Based On Revenues)

**37 Weeks**

Interest in #1 Songs  
(Weekly Spotify Worldwide Chart in CY23)

**29% Share**

SMP Share of Top 100 Songs



Quarterly US Billboard Hot 100 in CY23

**#1 Chart Share**

CY23 Spotify Top 100



Sweden



Spain



Italy



Germany



France



US



Australia



Netherlands



UK



# GLOBAL CREATIVE SUCCESS

CY23

## Miley Cyrus

#1 IFPI Single  
Grammy '24 Winner



## SZA

#2 IFPI Album  
Grammy '24 Winner



## Bad Bunny

Spotify's Most Streamed  
Album Globally of 2023



## Olivia Rodrigo

#1 Debut On Billboard  
200 With All 12 Tracks  
Charting in Top 40



## Travis Scott

#1 for 4 Weeks On  
Billboard 200



## Rod Wave

#1 Billboard 200 Album  
18 Songs Charted



## Peso Pluma

#1 Latin Album  
Grammy '24 Winner



## Ashley Gorley

75 #1 Songs On Billboard  
Country Airplay chart



## Tate McRae

Top 10 Debut On  
Billboard 200



## RAYE

Most Brit Award Wins In  
History With 6 in 2024



## Future

2 Albums Debuted #1  
On Billboard 200 in  
March and April 2024



## Beyoncé

#1 Billboard 200 Album  
#1 Billboard Hot 100  
Single



CY24



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# CONTINUED GLOBAL MARKET GROWTH

## Recorded Music

**\$28.6B<sup>1</sup>**



- ▶ 9<sup>th</sup> consecutive year of growth in CY23
- ▶ Projected mid-to-high single digit CAGR through CY27<sup>3</sup>

## Music Publishing

**\$9.0B<sup>2</sup>**



- ▶ 11<sup>th</sup> consecutive year of growth in CY23
- ▶ Projected mid-to-high single digit CAGR through CY27<sup>3</sup>

## Growth Drivers

Paid  
Subscription

Digital  
Ad Spend

New Revenue  
Channels

ARPU<sup>4</sup>  
By Country

Sync  
Market

Physical  
Business



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# AGENDA

SMG & Market Performance

**SMG Creative Focus & Growth Strategies**





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# SMG CORE VALUE PROPOSITION

## BROAD & GROWING ECOSYSTEM

**Repertoire Centers**



NASHVILLE

LATIN

**Label Services**



**Artist Services**



ARISTA

**DIY Distribution**



ALAMO RECORDS

**Music Publishing**



SONY MUSIC PUBLISHING

SANTA ANNA



**Select Recent Expansions**

RIMAS



NAPALM RECORDS



**+24%** New Tracks Released to DSPs<sup>1</sup> in FY23 vs FY19

**+28%** Songs Administered Since FY19

Note: 1) DSP stands for Digital Streaming Platforms (e.g., Spotify, Apple Music, etc.)





# GLOBAL EXPANSION FOCUS

## Strategic Action Principles

The Orchard / AWAL  
Integration

Expanding  
Repertoire Centers

Catalog  
Acquisitions

Strategic JV  
Partnerships

Ancillary Revenue  
Streams

### Latin America

#1

Market Share in All  
Territories in The Region



Som Livre



Rimas



Altafonte

**+19%** Market  
Growth

**\$1.5B** Market  
Size

### Asia

#1 Major Label  
Group in India



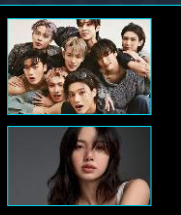
Catalogs /  
Acquisitions

Only Major Label Group on  
China DSP Top 10 Charts<sup>1</sup>



SME Signed /  
Distributed Tracks

Maximizing K-Pop  
in Global Market



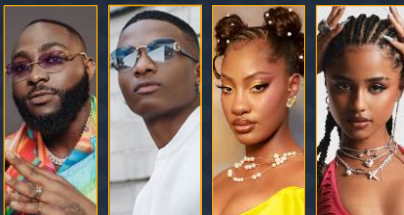
ATEEZ /  
LISA

**+21%** Market  
Growth

**\$3.7B** Market  
Size

### Middle East & Africa

Global Appeal of African  
Artists & Songwriters



Davido

Wizkid

Tems

Tyla

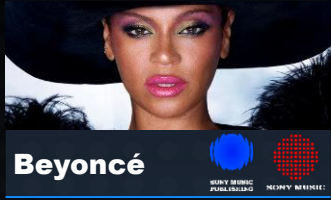
**+19%** Market  
Growth

**\$0.2B** Market  
Size

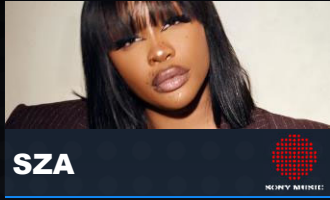
# CONSTANTLY EVOLVING CATALOG



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**Beyoncé**



**SZA**



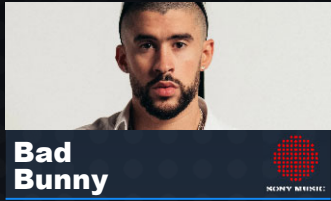
**Travis Scott**



**Michael Jackson**



**Luke Combs**



**Bad Bunny**



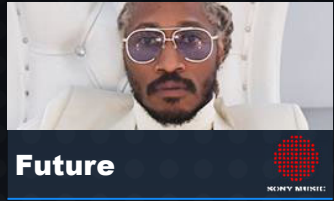
**AC/DC**



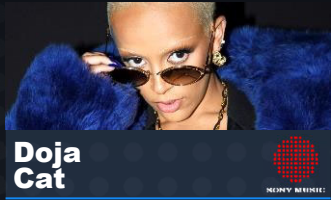
**Rod Wave**



**Harry Styles**



**Future**



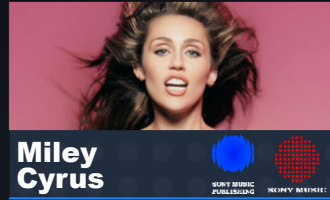
**Doja Cat**



**Tyler, The Creator**



**Chris Brown**



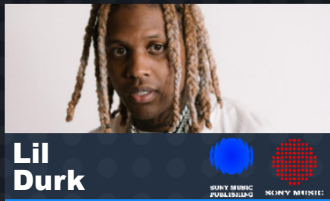
**Miley Cyrus**



**Bruce Springsteen**



**Queen**



**Lil Durk**



**The Beatles**



**Elvis Presley**



**Depeche Mode**

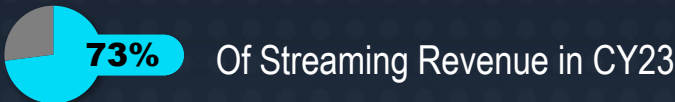




# CONTINUED GROWTH IN STREAMING

## Paid Streaming

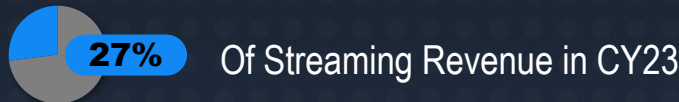
**500M+** Paid Streaming Accounts in CY23<sup>1</sup> **+15.3%** 3-yr CAGR



- ▶ Accelerated product innovation, strengthening the value of paid music product
- ▶ Recent price increases, with more anticipated in the future, further widening the price gap

## Free (Ad-Supported) Audio & Video

**2.5B+** Monthly Active Users in CY23<sup>1</sup> **~720M** in Mature Markets in CY23<sup>1</sup>



- ▶ Product features improved over time, diverging from its original goal of converting users to paid
- ▶ Significant revenue potential exists in revisiting the stagnant freemium model

**Better monetization of the free (ad-supported) tier needed in mature markets to reflect its value proposition**

# EXPLOSIVE GROWTH IN SHORT-CLIP

## Industry Music Streams<sup>1</sup>

FY18

**~5  
Trillion**

Beginning of  
short-clip era

FY23

**~87  
Trillion**

19x growth driven  
mostly by short-clip

- ▶ Significant revenue potential, yet some top platforms need to offer more value
- ▶ Short-clip platforms are becoming core medium of consumption for younger users in terms of time spent<sup>2</sup>
- ▶ **71%** of daily video creations on TikTok have music as a central feature<sup>3</sup>





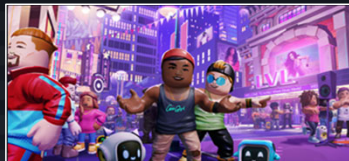
# EMERGING CHANNELS

## Gaming & Immersive

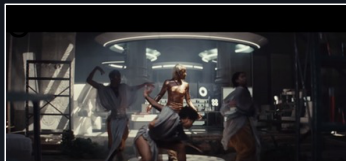
- ▶ Created immersive experiences for artists and brands on third-party platforms
- ▶ Created **virtual production music videos** delivering 2D and 3D assets
- ▶ Playing video games is GenZ's **#1** entertainment activity<sup>1</sup>
- ▶ **43%** of the population reported streaming music and playing video games<sup>2</sup>



Fortnite



Roblox



Virtual Production



Tech Day 2024

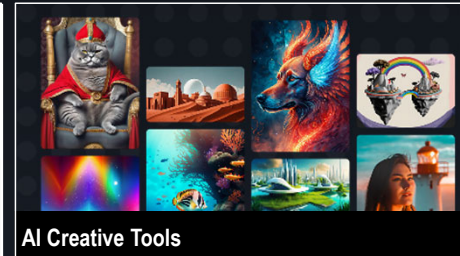
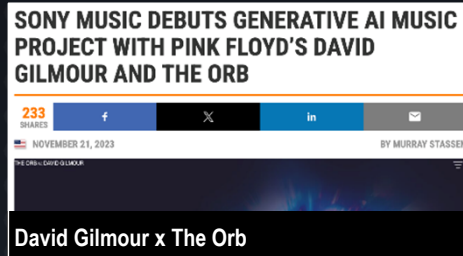


3D Assets

# NAVIGATING GEN AI IN MUSIC'S TRANSFORMATION ERA

## Leaning Into Innovation

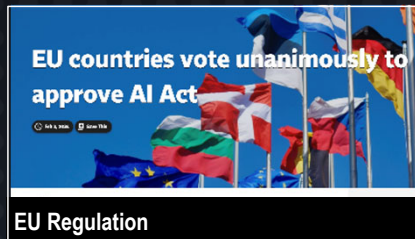
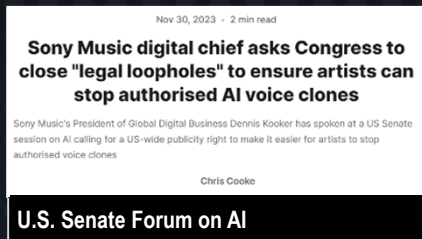
- ▶ **79%** of music fans feel human creativity remains essential to the creation of music<sup>1</sup>
- ▶ Actively engaging with responsible partners to define additive business rights models
- ▶ Engaged with **350+** organizations in the technology space since the start of CY23
- ▶ Launched **artist-led Gen AI fan experience**
- ▶ Implemented **responsible AI tools** empowering artists and songwriters' creativity



# NAVIGATING GEN AI IN MUSIC'S TRANSFORMATION ERA

## Protecting Artists' and Songwriters' Content

- ▶ **20K+ takedowns** issued of AI-generated content on DSPs in CY23
- ▶ Sent **700+ letters** to AI developers to opt our content out of training<sup>1</sup>
- ▶ Actively pursuing regulation all over the world to shape policy and rights
- ▶ Using AI to detect misuse of our creative work on distribution platforms





# A COMMITMENT TO PARTNERSHIP & TRANSPARENCY WITH OUR TALENT



## Collaboration & Conversation

- ▶ **300+** Creative Representatives attended Gen AI information sessions globally since start of CY23
- ▶ Supporting new innovative technology initiatives with input and formal consent from artists and songwriters
- ▶ Connected **160+** SMG artists, songwriters and producers to philanthropic causes they care about<sup>1</sup>

## Engagement & Empowerment

- ✓ **70K+** Users of Artist and Songwriter Portals<sup>2</sup>
- ✓ **\$140M+** Real Time Royalties & Cash Out paid to artists and songwriters<sup>3</sup>

### Talent Offerings:

- Real Time Data Reporting
- Legacy Unrecouped Program
- Advanced Analytic Tools
- Counseling & Wellness Services
- Best-in-Class Payment Tools
- US Healthcare Advocacy





# SUPPORTING WIDER TALENT ENDEAVORS

## Merchandising



**CEREMONY OF ROSES**



**99%+ Revenue CAGR FY21 to FY23**  
**100+ Accounts Globally**

## Live & Experiential

**15+ Companies Acquired  
 Around the World**



**Sold 24M+ tickets to  
 ~6,700 events in CY23<sup>1</sup>**

**And more...**

### Premium Content



### Studios



### Neighbouring Rights



### Artist Management



### Ticketing



Note: 1) Across Live & Experiential and Ticketing businesses

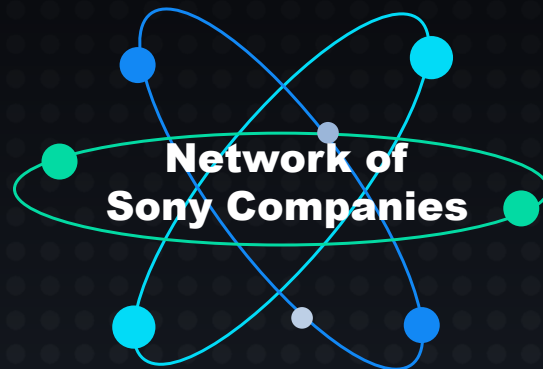


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# SONY GROUP COLLABORATION



Sony  
Interactive  
Entertainment



SONY



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# SONY GROUP COLLABORATION

## Driving Synergies Across Companies While Creating and Developing New Products & Experiences

<i>Live IP Extensions</i>	<i>Joint Used Studios</i>	<i>Artist Product Campaigns</i>	<i>Experiential &amp; Virtual Productions</i>	
<i>Soundtrack Creation &amp; Distribution</i>	<i>Infrastructure</i>	<i>Joint Marketing</i>	<i>Animated Series</i>	<i>Documentaries</i>
<i>Immersive Music Experiences</i>	<i>IP Merchandising</i>	<i>Shared Office Space</i>	<i>Songwriting Camps</i>	<i>Podcasts</i>

### Selected Examples:



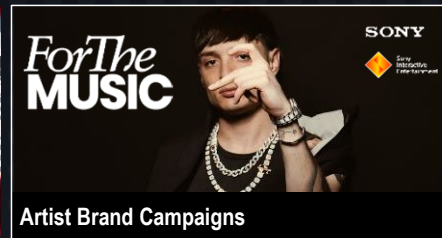
*Developing documentaries with SPE that leverage artists' musical catalogue & history*



*Utilizing virtual production stage for artists' music videos and immersive entertainment*



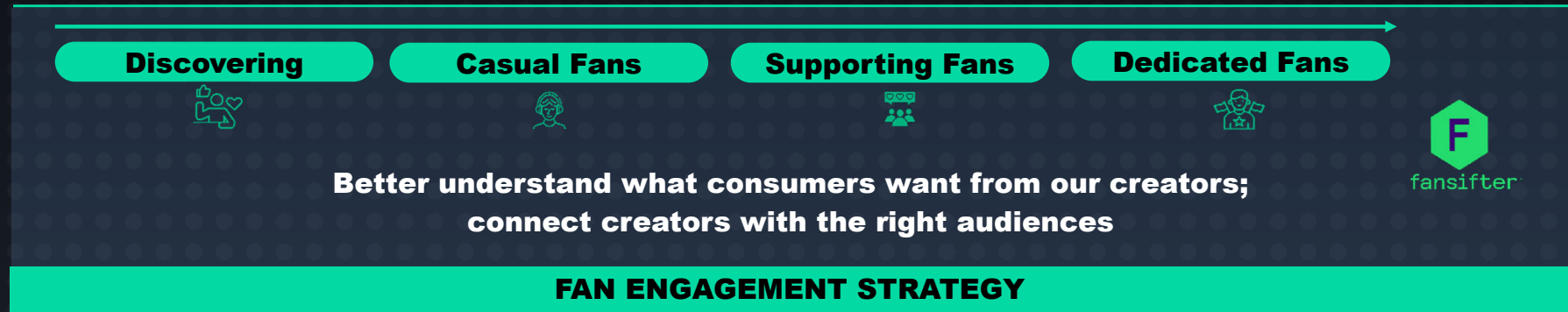
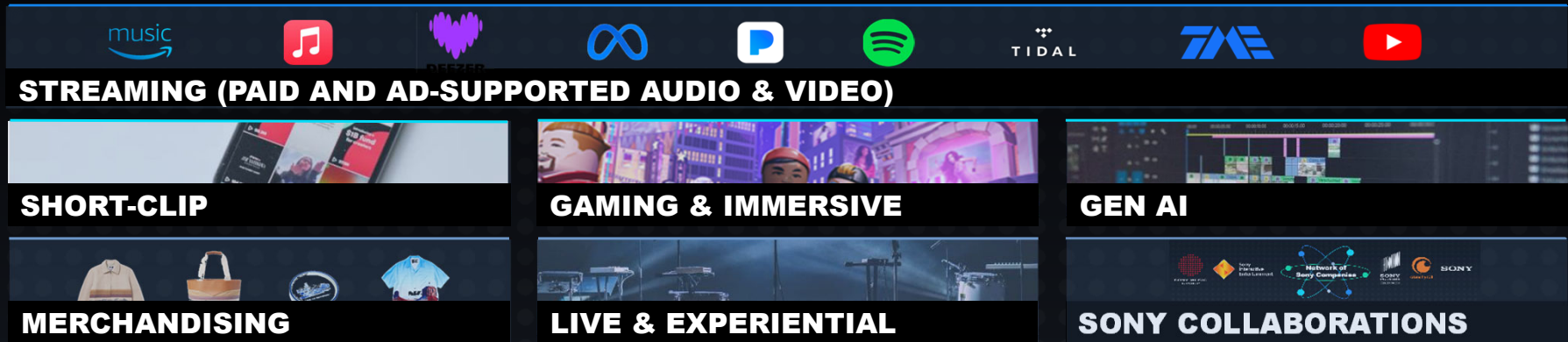
*Supporting Live, Merch, and Soundtrack opportunities for Crunchyroll brands*



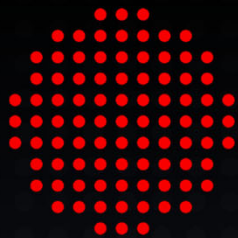
*Partnering with our artists on brand campaigns with multiple Sony companies*



# BUILDING FAN CONNECTIONS ACROSS ALL REVENUE STREAMS







# SONY MUSIC GROUP

## Talent

Industry-leading  
Artists &  
Songwriters  
Forward programs

## People

Exceptional  
workplace committed  
to diversity, equity  
& inclusion

## Technology

Innovation in  
service of  
company value  
proposition

## Governance

Guided by  
highest  
standards of  
leadership

## Community

Contributed nearly  
\$49M to 2,000+  
partners & Global Social  
Justice Fund recipients

## Environment

Pursuing global  
environmental  
sustainability  
initiatives

## Advocacy

Protect creators'  
rights via legislation  
& regulatory  
landscape



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- (ii) Sony's ability to continue to design and develop and win acceptance of, as well as achieve sufficient cost reductions for, its products and services, including image sensors, game and network platforms, smartphones and televisions, which are offered in highly competitive markets characterized by severe price competition and continual new product and service introductions, rapid development in technology and subjective and changing customer preferences;
- (iii) Sony's ability to implement successful hardware, software, and content integration strategies, and to develop and implement successful sales and distribution strategies in light of new technologies and distribution platforms;
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- (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.

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