

# Music Segment

Senior Executive Vice President  
Sony Group Corporation

Chairman  
Sony Music Group

Chief Executive Officer  
Sony Music Entertainment

**Rob Stringer**

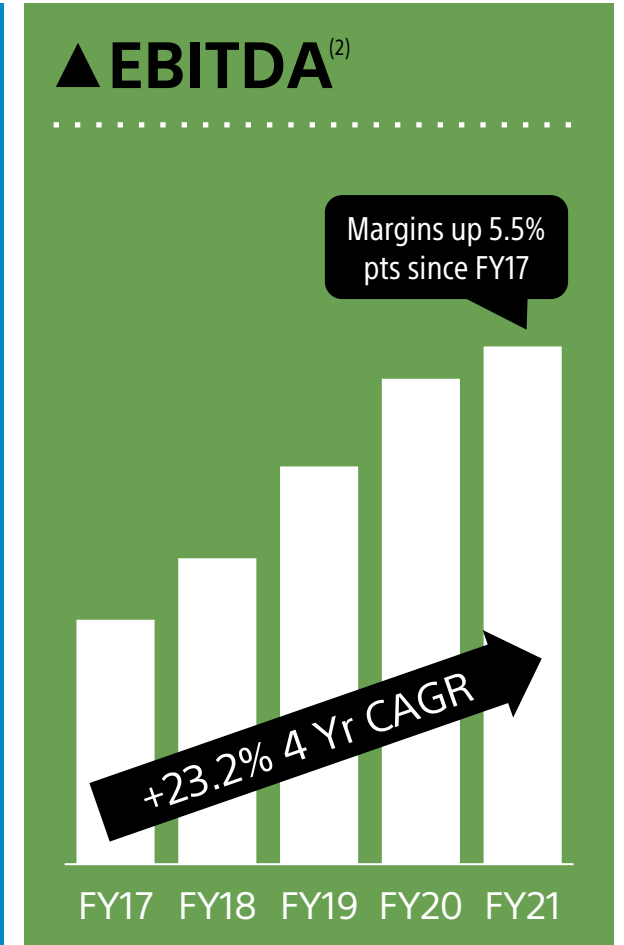
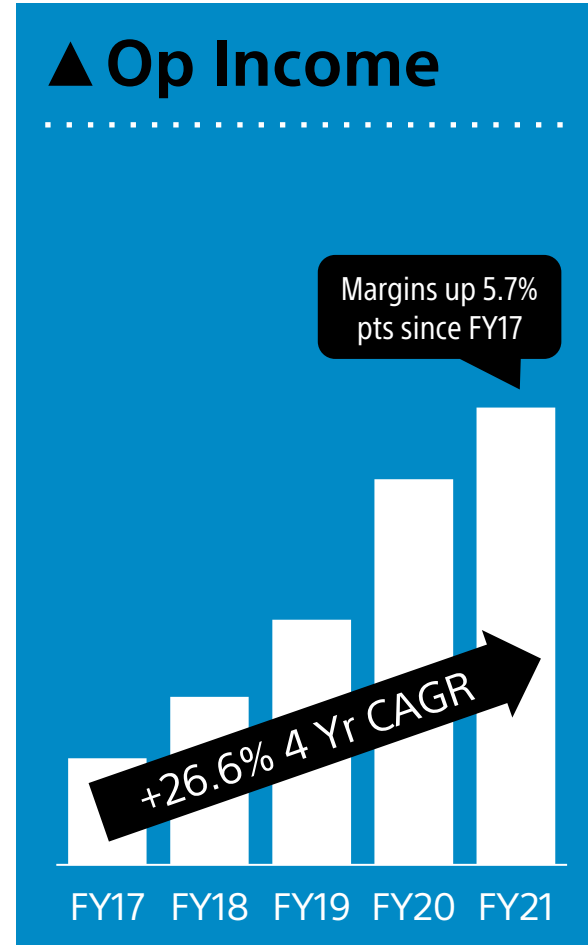
## 01. FY21 Review

## 02. Market Trends

## 03. SMG Growth Strategies

# Robust Financial Growth Across All Key Metrics

## SMG Record Revenue and Profit for Each of the Last 5 Years

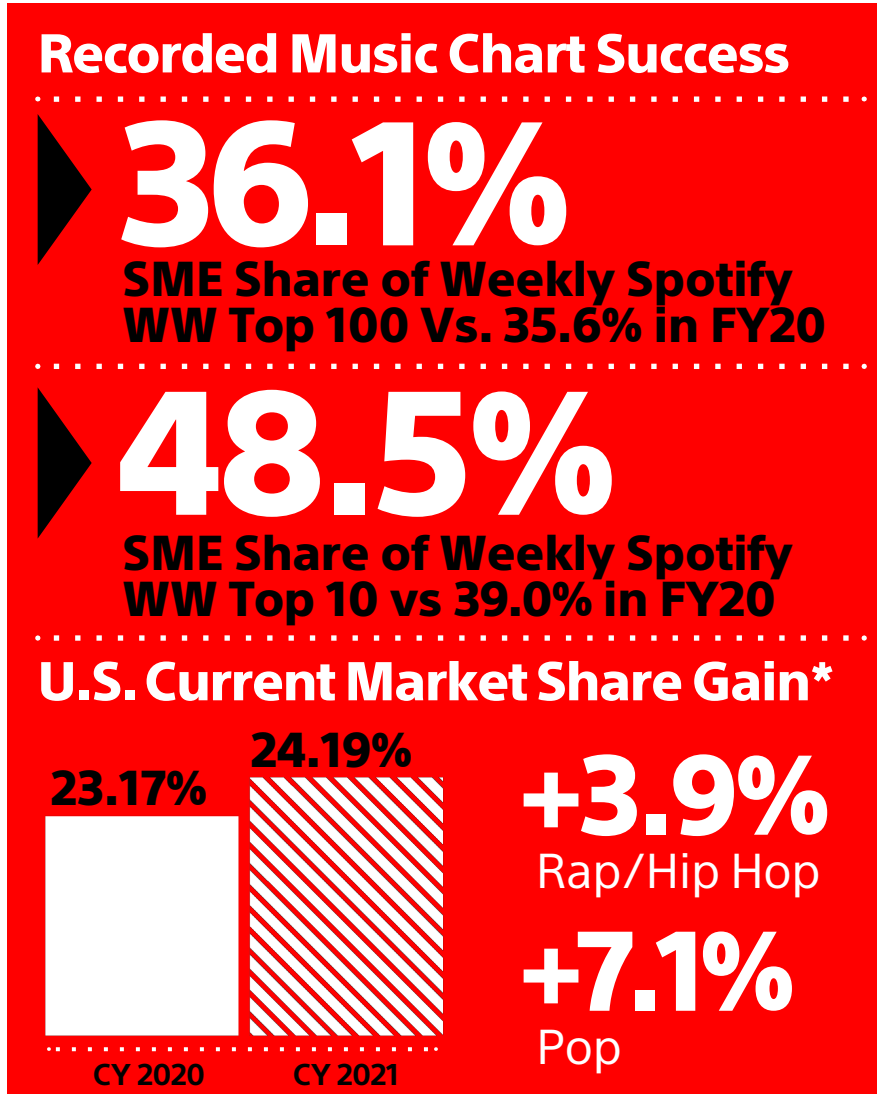


1) Source: IFPI

2) EBITDA - Earnings Before Interest, Income Tax, Depreciation, Amortization, Restructuring; Non-GAAP and non-IFRS financial measure

\* Revenues, Streaming Revenue and Operating Income are based on US GAAP for the period between FY17 and FY19, and on IFRS for the period after FY20; CAGR is calculated as a simple comparison between FY17 result based on US GAAP and FY21 result based on IFRS

# Recorded Music Chart and Market Success



**#1** Position On Three of Five IFPI Global Charts

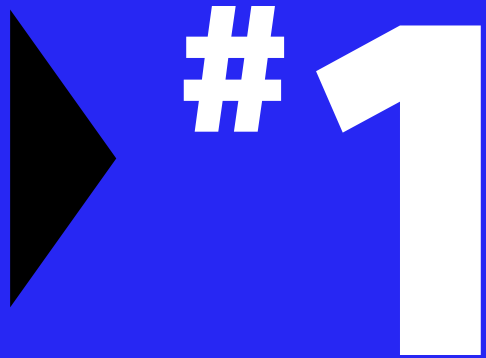


- #1** Album All Format Chart
- #1** Album Sales Chart
- #1** Vinyl Album Chart

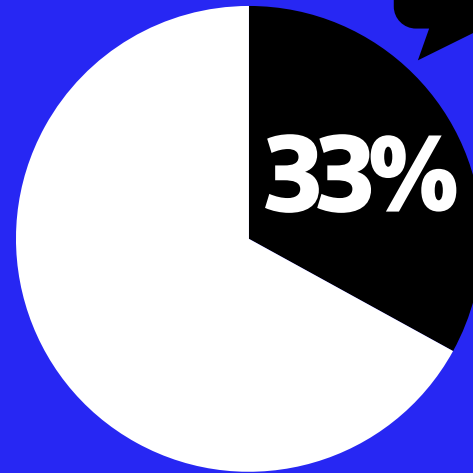
# Publishing Chart and Market Success

## Publishing Market Leadership

**Music Publisher  
Since 2012**  
Based on revenue

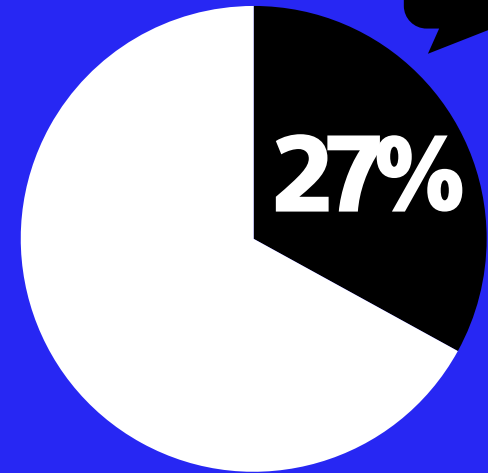


**SMP Share of Weekly  
Spotify WW Top 100**



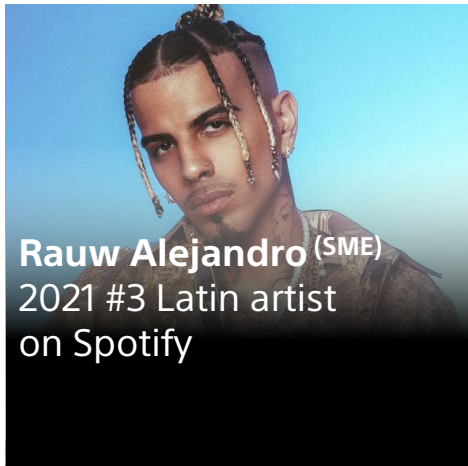
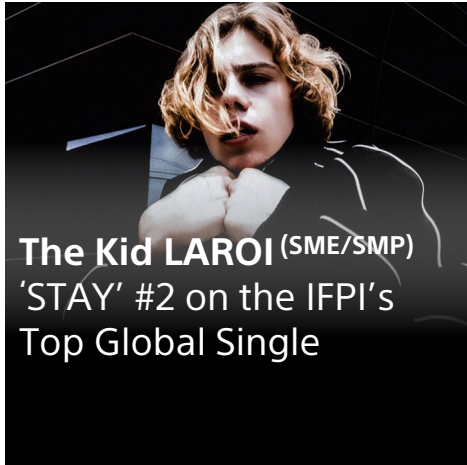
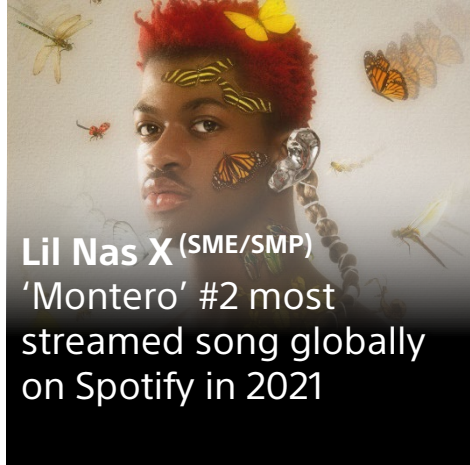
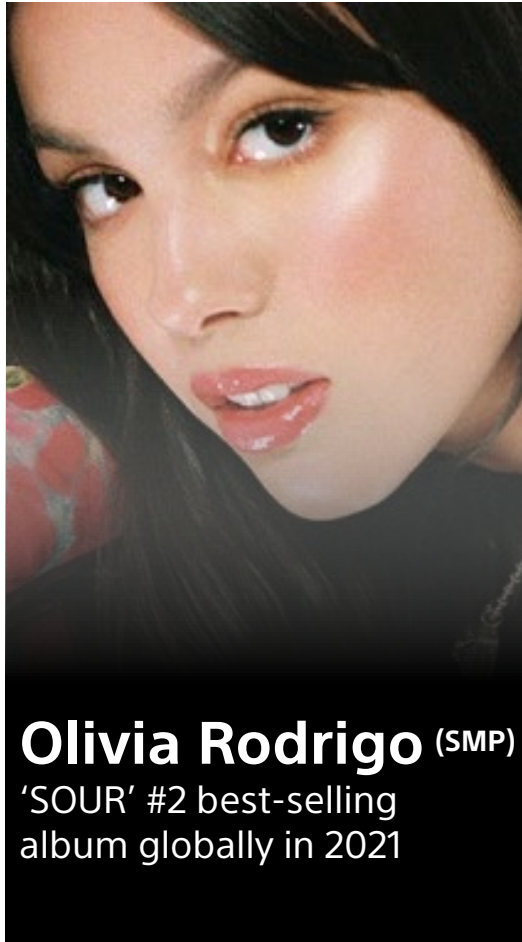
Up from 27%  
in CY20

**SMP Share of Quarterly  
US Billboard Hot 100**



Up from 23%  
in CY20

# FY21 Global Artist Success



# Key Acquisitions in FY21



**M&A**

**AWAL**   
**ULTRA**  
ULTRAMUSIC

  
som livre

**ALAMO**  
**RECORDS**

**Catalogs**



**Dylan (SME)** **Springsteen (SME/SMP)**

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# CY2021: Strong Market Recovery From COVID-19

## Recorded Music Market

7<sup>th</sup> Consecutive Year of Growth

**+18.5%**  
Growth Vs. PY

**\$25.9B**  
WW market size <sup>(1)</sup>

**65%**  
Streaming

CY21

Projected  
mid-to-high  
single digit  
CAGR

CY25

## Music Publishing Market

9<sup>th</sup> Consecutive Year of Growth

**+17.6%**  
Growth Vs. PY

**\$6.9B**  
WW market size <sup>(2)</sup>

**57%**  
Digital

CY21

Projected  
mid-to-high  
single digit  
CAGR

CY25

**Driven By:**

Growth paid subscribers/  
improved ARPU

Growth In New  
Revenue Channels

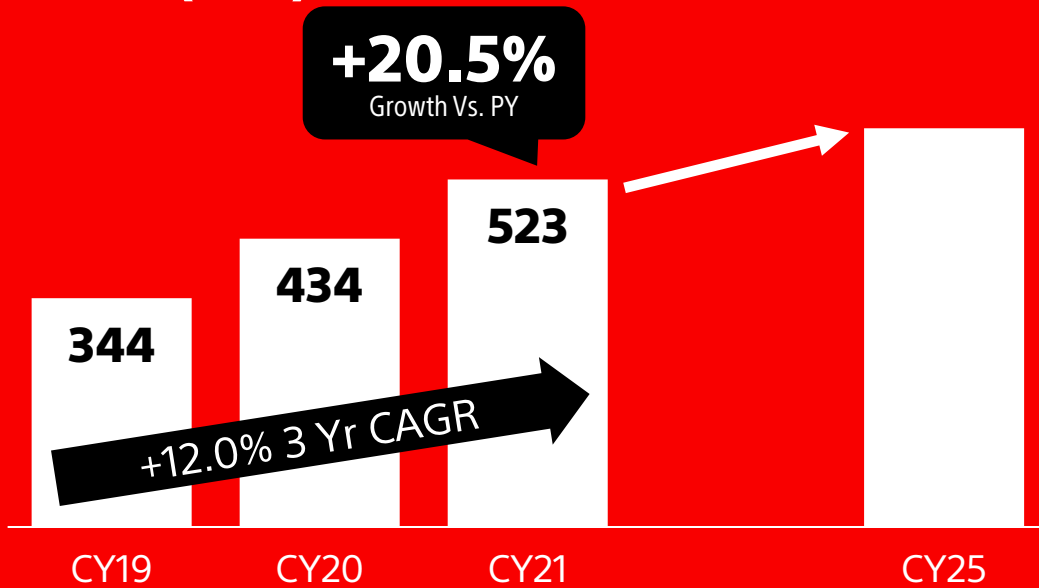
Emerging  
Markets

**Expecting mid-to-high single digit annual market growth through mid-range planning period, consistent with analyst projections**

1) Source: IFPI  
2) Source: Music & Copyright

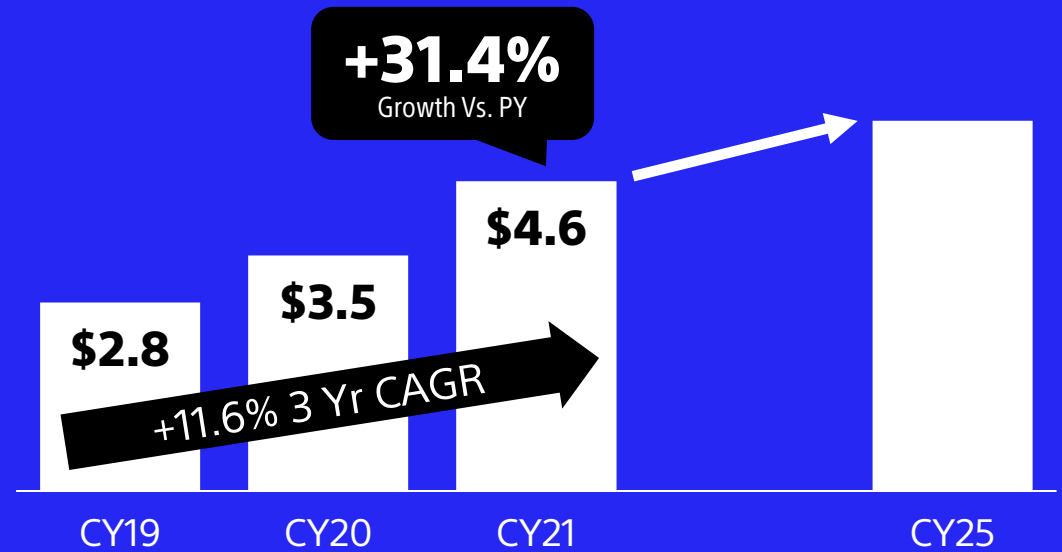
## Continued Growth In Streaming Market

### Paid Streaming Users – Global (Mil)



- Growth in emerging markets accelerates adding majority of new subscribers
- Strong product, attractive price point and ease of use continues mass market adoption

### Ad Supported Audio & Video Revenue – Global (\$Bil)



- COVID-19 drop and strong recovery show cyclical nature of ad revenue
- Stronger growth prospects due to ad spend shifts and improving CPMs

**Expecting double-digit growth in the streaming market over the next few years**

## Other Market Developments

### Continued Proliferation of Music:

**>82M**

Tracks on Spotify as of  
2021YE, +17% Vs. 2020

**>8M**

Artists uploaded one or  
more songs on Spotify

### Increase In Catalog Consumption:

**66%** ▶▶ **75%**

Catalog consumption in CY21 increased  
to 75% in the U.S. from 66% in PY\*

### Continued Increase of Investment In Music Assets:

- ▶▶ ROYALTY STREAMS
- ▶▶ PUBLISHING AND RECORDED MUSIC CATALOGS
- ▶▶ LABELS
- ▶▶ SERVICING PLATFORMS

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# SMG Evolving with Expanding Options for Artists, Songwriters and Labels to Release Their Music

## MULTIPLE POINTS OF ENTRY

### Repertoire Centers



#### Recent Additions:



### Label Services



#### Expanding Operations:

- China
- SE Asia
- India
- Africa
- Latin America

### Artist Services

#### Recent Additions:



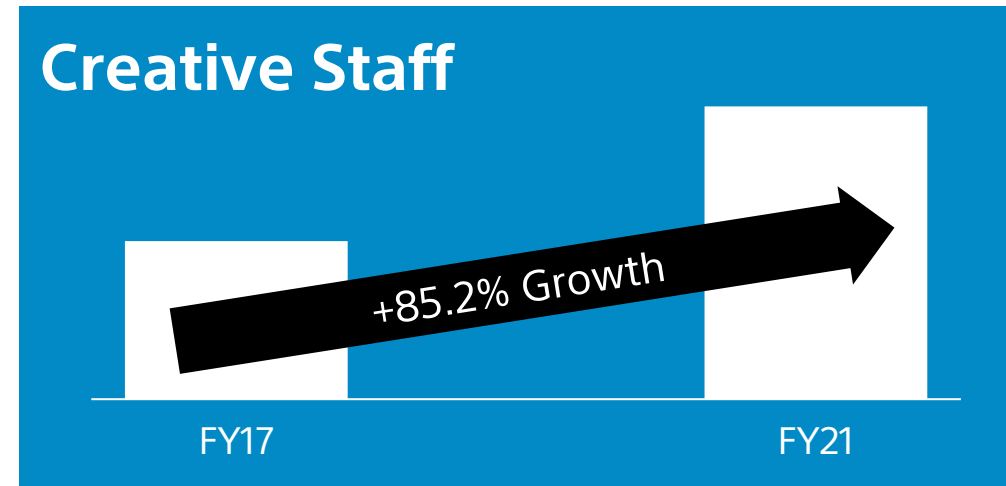
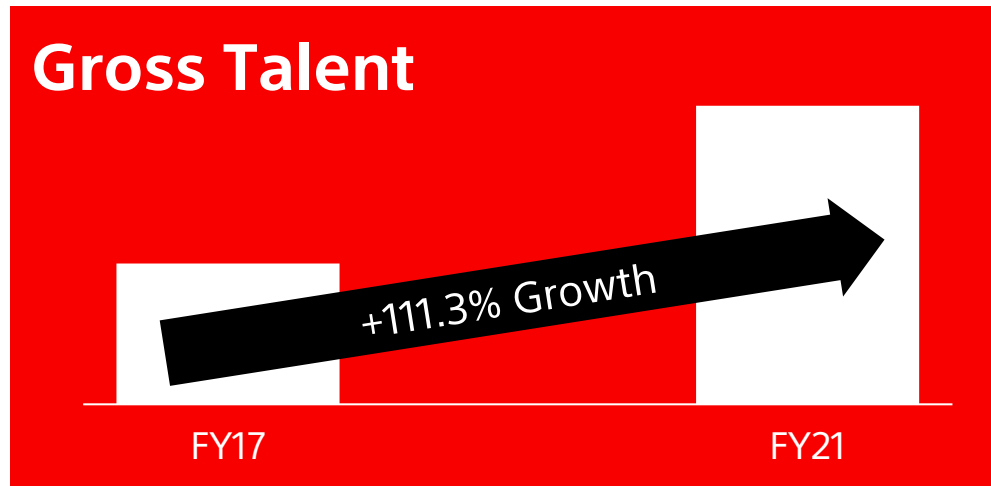
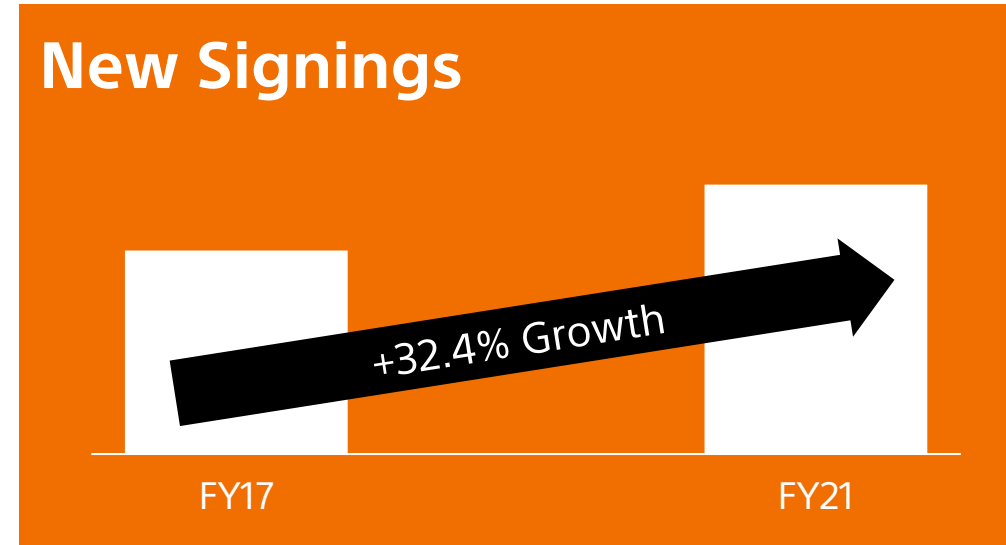
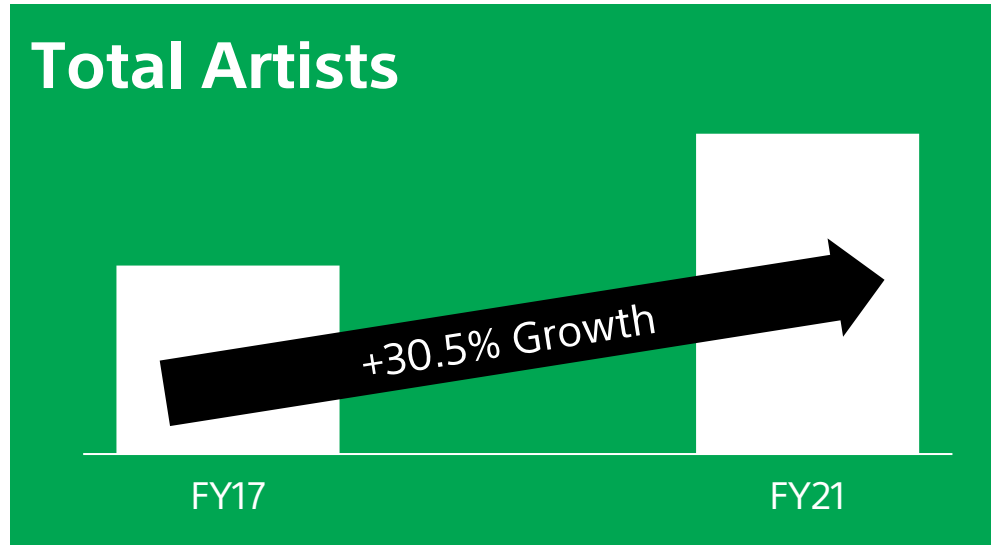
### DIY Distribution

#### Recent Additions:



◀◀ Integrate tiers to optimize service levels ▶▶

## Continued Investment In New Recorded Music Repertoire



## Invest In High Potential Emerging Markets



### LATAM

- Integrate and growth Som Livre artists and catalogs to maintain market position
- Investing in specialist Latin music label WK Records and growing regional roster through signings and partnerships
- Expand services offerings and source innovative commercial opportunities in brands, premium contents and other areas for artists

Market Growth

**+31.2%**

Market Size

**\$1b**



### CHINA

- Build out label operations in China with launch of RCA imprint
- Strengthen relationships with local DSPs via NetEase investment
- Enhance collaborations with Indie artists and labels to grow traction in local genres

Market Growth

**+30.4%**

Market Size

**\$1.1b**



### INDIA

- SME market leader; #1 among majors
- Focus on artist signings and local languages alongside successful soundtrack business
- Co-investment of Talent Agency with SPE (SETV) to broaden commercial opportunities for artists

Market Growth

**+20.3%**

Market Size

**\$219m**



### MIDDLE EAST & AFRICA

- Launched Vibe Music Arabia with Anghami to support independent Arabic music while proactively signing local talents
- SME artist Hamaki was the first Arab artist to perform a show in Fortnite, which was watched by 10 million people
- Target footprint expansion in North Africa and sub-Saharan Africa hubs in order to capture market growth

Market Growth

**+22.6%**

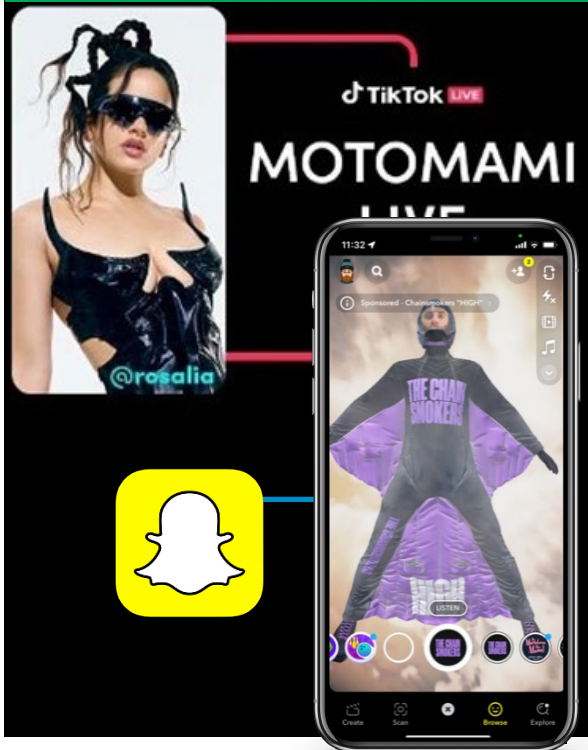
Market Size

**\$160m**

# New Commercial Strategies – Growth Platforms

## Social

Driving short-form video and personal expression



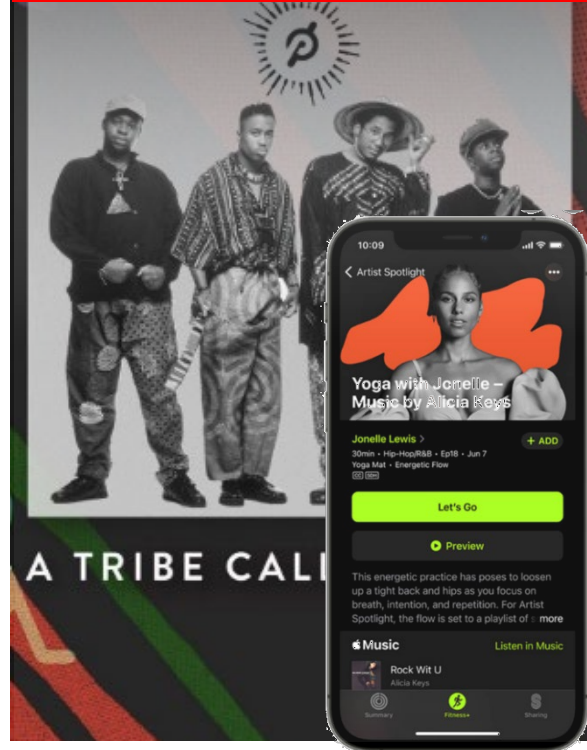
## Gaming

Creating new immersive experiences



## Fitness

Elevating workout programming



## Web3

Ushering in next generation platforms



Growing use cases for music with expanding partner base



# Business Expansion Initiatives Over MRP

Expanding Our Capabilities and Value Proposition to Provide The Best-In-Class Services to Our Artists

**Merchandising**






**CEREMONY OF ROSES**

**Neighboring Rights**






**Kobalt**  
NEIGHBOURING RIGHTS

**Podcasting**

**somethinelse**

**Live**



**TERRAPIN STATION ENTERTAINMENT**  
senbla  
Raymond Gubbay Ltd  
**ROADCO ENTERTAINMENT**

## Sony Group Collaboration

### Adele Global TV Special



"One Night Only" garnered 11.7 million viewers on US premiere with WW distribution to 100 countries by SPE

### Set The Stage Production

SET THE STAGE



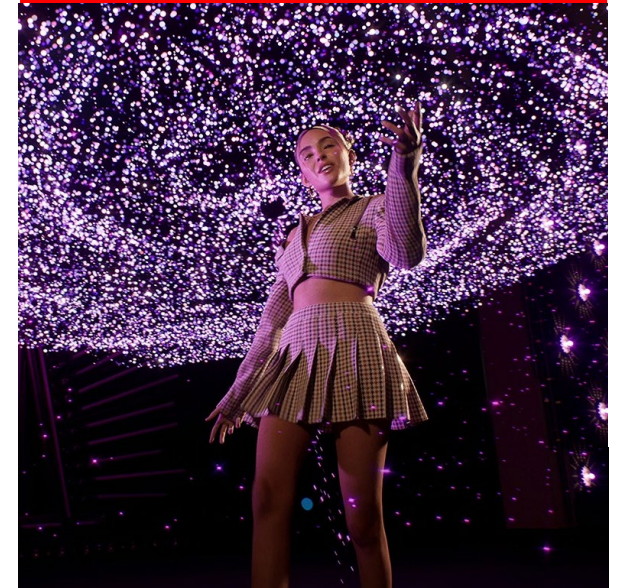
Live streamed performance accompanied by long form behind the scenes piece from SME artists captured using Sony technology

### Gran Turismo 7 Soundtrack



Columbia's major artists participate in production and marketing of the soundtracks created for Gran Turismo 7

### Madison Beer Immersive Concert Webby Achievement



Virtual concert experience shot in Sony Hall with Epic Games Unreal Engine; Led by Sony Music, along with Sony Group and SIE

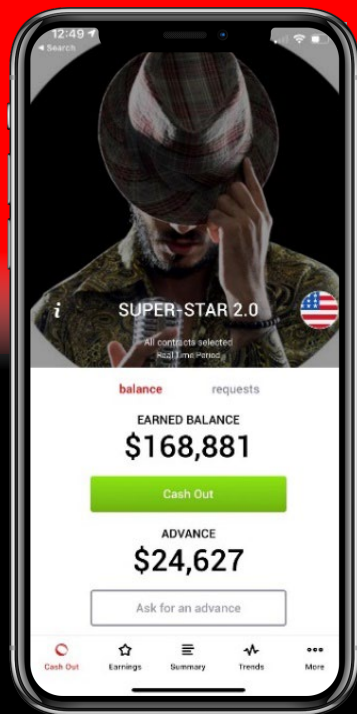
# Artists Forward Songwriters Forward

Enhancing Sony's position as the **Market Leader in Artist & Songwriter-friendly initiatives**

## Insights/Transparency

Only company offering:

- True real time earnings
- True real time advances & cash out
- Industry leading mobile tools to every artist & label globally



## Remuneration



- First **major** to payout Spotify equity gain to artists and songwriters
- First **major** for artists and songwriters to announce and implement pay-through on legacy unrecouped earnings
- Potential to impact thousands of our artists & songwriters
- Plans to expand the program in the upcoming year

## Wellness



- First **major** for artists and songwriters to offer free, confidential counseling services
- Active roster artists and songwriters around the world can connect with dedicated, licensed professionals

# Sony Music Group is...

## Our Employees

Culture of respect, diversity, equity, inclusion

Highly engaged and productive workforce

Progressive & attractive workplace

## Our Artists & Songwriters

Staying on the pulse of the market through close relationships with the creative community

Elevating artist and songwriter development and content creation

Transparency, fair treatment, and compassionate care for artists and songwriters

## Our Tactics

Creating multiple points of entry into the Sony Music ecosystem at all career stages

Driving business and revenue expansion organically and through M&A

Collaborating with DSPs, creative partners, marketing partners, etc. to drive business results and innovation

## Our Impact

Connecting music consumers with artists, songs, and content they love

Leveraging our resources for social good

Producing financial results and strategic value for 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;
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