MID-YEAR 2020 RIAA REVENUE STATISTICS

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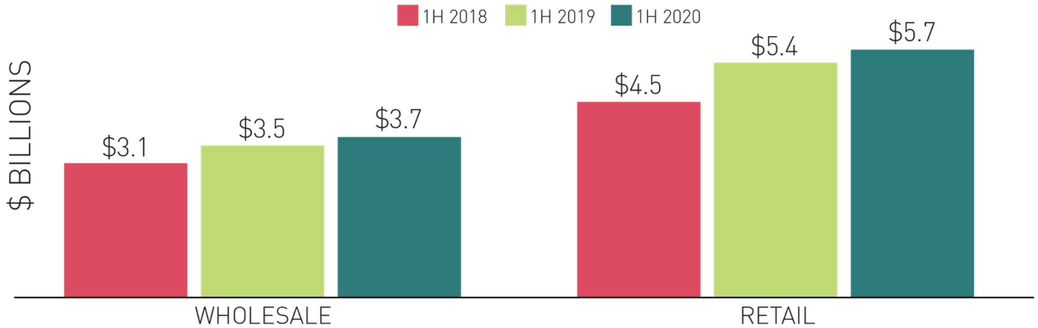
In the first half of 2020, U.S. recorded music revenues grew 5.6% to $5.7 billion at retail value, continuing the positive growth trends of recent years. Streaming music grew to 85% of the market by value, compared with 80% the prior year. At wholesale value, revenues grew 5.1% to $3.7 billion. There were differences in trends between Q1 and Q2 of 2020, as retail store closures, tour cancellations, and other impacts of Covid-19 affected the music industry in many significant ways.

FIGURE 1

U.S. MUSIC INDUSTRY MID-YEAR RETAIL REVENUES



Streaming

Streaming music revenues grew 12% to $4.8 billion in the first half of 2020. This category includes revenues from subscription services (such as paid versions of Spotify, Apple Music, Amazon, and others), digital and customized radio services, including those revenues distributed by SoundExchange (like Pandora, SiriusXM, and other Internet radio), and ad-supported on-demand streaming services (such as YouTube, Vevo, and ad-supported Spotify).

Paid subscription revenues grew 14% to $3.8 billion, and further increased their share as the largest contributor, accounting for 67% of total revenues for 1H 2020. They also accounted for 79% of total streaming revenues. Paid subscription revenues grew faster in Q2 2020 than in Q1. This total includes $442 million in revenues from "Limited Tier" paid subscriptions (for services limited by factors such as mobile access, catalog availability, on-demand limitations, or device restrictions). Those types of services accounted for 12% of subscription revenues, a slight increase versus 1H 2019.

FIGURE 2

U.S. MUSIC INDUSTRY REVENUES 1H 2020

Source: RIAA

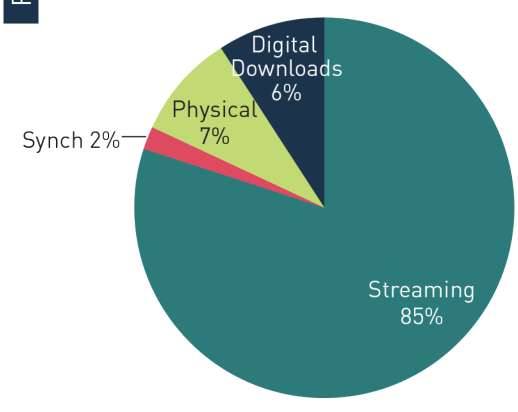
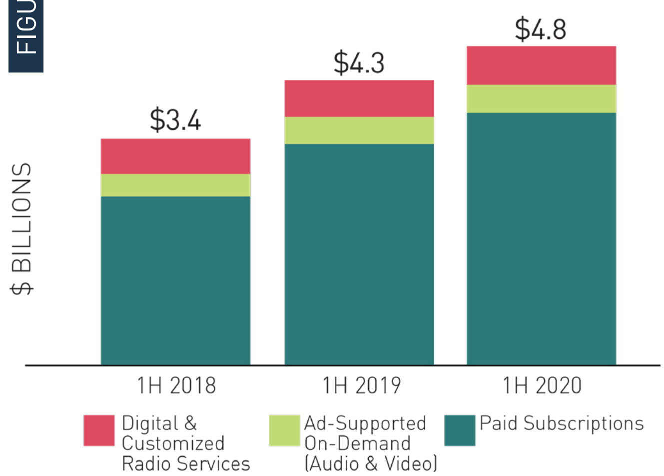


FIGURE 3

STREAMING REVENUES

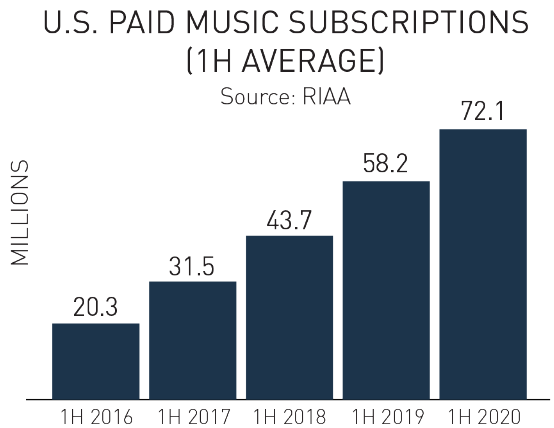
Source: RIAA



RIAA data analysis by **Joshua P. Friedlander**, Senior Vice President, and **Matthew Bass**, Manager

The number of paid subscriptions continued to increase rapidly in 1H 2020. The average number of subscriptions was 72 million, up 24% versus the first half average for 2019. That reflects the addition of more than 1 million net subscriptions per month on average (note this figure does not include limited tier subscriptions).

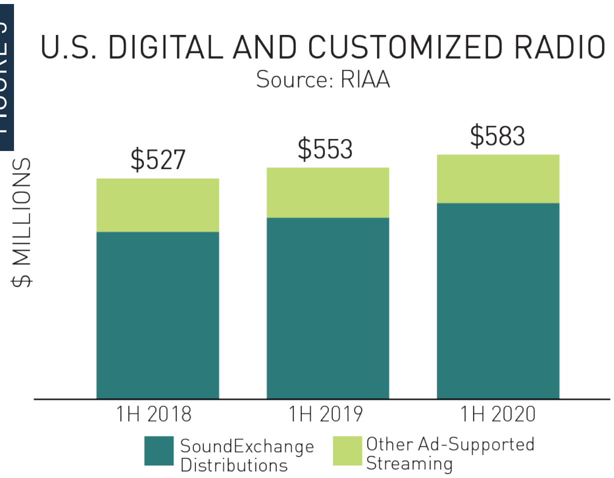
FIGURE 4



Advertising supported on-demand streaming music revenues (from services like YouTube, Vevo, and the ad-supported version of Spotify) grew 3% year-over-year to $421 million in 1H 2020. This category had grown by double digit percentages in previous years, but was significantly impacted by broader advertising declines due to Covid-19. Revenues from the category grew at similar to historical rates in Q1 2020, but for Q2 reflected a double-digit percentage decline versus the same period the prior year. The category accounted for just 7% of total revenues in 1H 2020, although based on reports from MRC Data and Alpha Data, the number of streams continued to grow for the period and numbered in the hundreds of billions.

Revenues from digital and customized radio services grew 6% year-over-year to $583 million in 1H 2020. The category includes SoundExchange distributions for revenues from services like SiriusXM and internet radio stations, as well as payments directly paid by services, included in this report as "other ad-supported streaming."

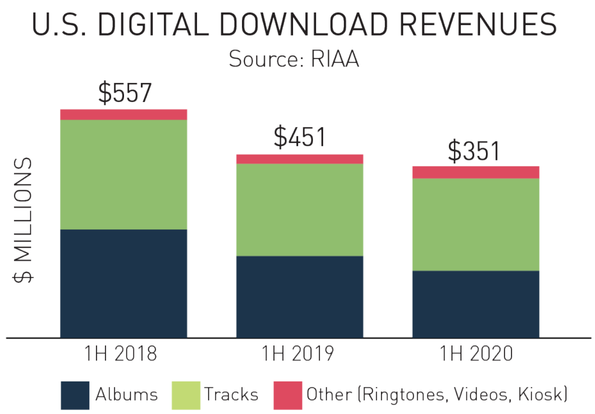
FIGURE 5



Digital Downloads

Digital download's share of the market continued to decline in 1H 2020. The category's share of total revenues fell from 8% to 6%. Revenues of $351 million were a 22% decline versus the first half of 2019. Individual track sales revenues were down 27% year-over-year, and digital album revenues declined 18%.

FIGURE 6



Physical Products

Revenues from physical products of $376 million at estimated retail value for first half 2020 were down 23% year-over-year. There was a significant impact from music retail and venue shutdown measures around Covid-19, as Q1 2020 declines were significantly less than Q2 compared with their respective periods the year prior. Revenues from vinyl albums increased in Q1, but decreased in Q2, resulting in a net overall increase of 4% for 1H 2020. Vinyl album revenues of $232 million were 62% of total physical revenues, marking the first time vinyl exceeded CDs for such a period since the 1980's, though it still only accounted for 4% of total music recorded music revenues.

NOTE – Historical data updated for 2016 - 2019, including updated revenue accounting standards starting in 2016. Formats with no retail value equivalent included at wholesale value. RIAA presents the most up-to-date information available in its industry revenue reports and online statistics database: https://www.riaa.com/u-s-sales-database

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For a list of authorized services see www.whymusicmatters.com

United States Estimated Retail Dollar Value (In Millions, net after returns)

DIGITAL SUBSCRIPTION & STREAMING		1H 2019	1H 2020	% CHANGE 1H '19 to 1H '20
(Units) (Dollar Value)	**Paid Subscription[1]**	58.2 $2,947.5	72.1 $3,350.7	24.0% 13.7%
	Limited Tier Paid Subscription[2]	$374.5	$441.7	17.9%
	On-Demand Streaming (Ad-Supported)[3]	$410.3	$421.4	2.7%
	SoundExchange Distributions[4]	$432.9	$467.7	8.0%
	Other Ad-Supported Streaming[5]	$119.8	$115.7	-3.4%
	Total Streaming Revenues	**$4,285.0**	**$4,797.3**	**12.0%**
DIGITAL PERMANENT DOWNLOAD				
(Units) (Dollar Value)	**Download Single**	185.1 $229.1	137.0 $166.3	-26.0% -27.4%
	Download Album	20.5 $199.8	16.9 $164.1	-17.3% -17.9%
	Ringtones & Ringbacks	4.5 $11.2	4.4 $11.0	-2.0% -2.0%
	Other Digital[6]	1.0 $11.4	0.8 $9.9	-13.6% -12.8%
	Total Digital Download Revenues	**$451.5**	**$351.3**	**-22.2%**
TOTAL DIGITAL VALUE		$4,736.5	$5,148.6	8.7%
	Synchronization Royalties[7]	$129.1	$128.7	-0.3%
PHYSICAL				
(Units Shipped) (Dollar Value)	**CD**	18.6 $247.9	10.6 $129.9	-45.2% -47.6%
	LP/EP	8.6 $224.1	8.8 $232.1	2.3% 3.6%
	Music Video	0.5 $9.3	0.5 $9.4	8.9% 1.5%
	Other Physical[8]	0.2 $3.8	0.2 $4.1	10.4% 7.1%
	Total Physical Units **Total Physical Value**	**27.9** **$485.1**	**19.7** **$375.5**	**-29.2%** **-22.6%**
TOTAL DIGITAL AND PHYSICAL				
	Total Units[9] **Total Value**	**238.9** **$5,350.6**	**178.9** **$5,652.8**	**-25.1%** **5.6%**
	% of Shipments[10] Physical Digital	**1H 2019** 9% 91%	**1H 2020** 7% 93%	

Retail Value is the value of shipments at recommended or estimated list price
Formats with no retail value equivalent included at wholesale value

Note: Historical data updated for 2019

[1] Streaming, tethered, and other paid subscription services not operating under statutory licenses
Subscription volume is annual average number of subscriptions, excludes limited tier

[2] Paid streaming services with interactivity limitations by availability, device restriction, catalog limitations, on demand access, or other factors

[3] Ad-supported audio and music video services not operating under statutory licenses

[4] Estimated payments to performers and copyright holders for digital and customized radio services under statutory licenses

[5] Revenues for statutory services that are not distributed by SoundExchange and not included in other streaming categories

[6] Includes Kiosks, music video downloads, and starting in 2016 other digital music licensing

[7] Includes fees and royalties from synchronization of sound recordings with other media

[8] Includes CD Singles, Cassettes, Vinyl Singles, DVD Audio, SACD

[9] Units total includes both albums and singles, and does not include subscriptions or royalties

[10] Synchronization Royalties excluded from calculation