GLOBAL MUSIC MARKET OVERVIEW

Recorded Music Retail Value Outlook, 2019-2021 ($Billions)

- **2019**
  - Streaming Subscriptions: 24.7, +15%
  - Vinyl: 3.6, -11%
  - CDs: 1.1, +12%
  - Other packaged: 1.6, -24%
  - Total: 18.1, +29%

- **2020**
  - Streaming Subscriptions: 27.6, +12%
  - Vinyl: 2.7, -26%
  - CDs: 1.3, +19%
  - Other packaged: 1.2, -22%
  - Total: 32.4, +18%

- **2021**
  - Streaming Subscriptions: 3.6, +12%
  - Vinyl: 1.4, -26%
  - CDs: 1.4, +23%
  - Other packaged: 0.9, -28%
  - Total: 27.5, +24%
VINYL CONSUMPTION BOOMED DURING LOCKDOWN
Vinyl vs CD Consumer Spend Decline Rates: 2020

USA | Netherlands | France | Spain | Germany | UK | Italy
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22% | 16% | 12% | 7% | 23% | 22% | 5%
-39% | -27% | -28% | -39% | -18% | -34% | -30%
FORECAST ASSUMPTIONS FOR VINYL GROWTH

Growth of Global Consumer Spend on Vinyl, 2018-2025 (f)

- Lockdown = More Time Available
- More Discretionary Income
- Uptake of Turntable Sales
- Increased Interest for Vinyl
- Development of Online Channels

2020

Drive long-term growth for Vinyl
Decline after COVID
UPDATE ON PHYSICAL RETAIL LANDSCAPE

Uncertainty on Music Retailers Survival

| Shift of consumer spend from shops to online threatening music retail

  • Brick & Mortar sales in the UK declined 48% in 2020
  • HMV, biggest music retailer in the UK close 3 stores in 2020
    – 10 additional stores could close
  • Media-Markt also plan on closing 14 stores in Europe

| Shrinking in-store space dedicated to physical music in non-specialist retailers

| Many record stores at risk of bankruptcy

  • Even when opened, social distancing rules restrain capacity
  • Online sales helped some stores to survive during lockdown

| Footfall likely to remain impacted even after COVID
THE STREAMING OPPORTUNITY FOR THE VINYL MARKET

Streaming making vinyl more accessible

| HD streaming introducing more consumers to high-quality audio
  | • Apple Music disrupting the market

| Expected to drive sales of premium audio devices

| Streaming services helping music discovery
  | • Expand addressable audience for vinyl buyers
  | • Streaming for daily listening – Vinyl for quality listening

| Can even directly drive sales of vinyl
  | • E.g. Spotify and Merchbar
About Futuresource

Futuresource Consulting is a specialist research and knowledge-based consulting company with a heritage stretching back to the 1980s.

Its insight and global market coverage are based on informed regional expertise, ensuring its portfolio of world-class clients is fully supported in research, analysis, strategic planning and decision making.

Consumer Electronics
Print & Imaging
Media & Entertainment
Education Technology
Optical Disc Manufacturing
Broadcast Equipment
Professional Displays

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