



NEW CONTRACT AND INDUSTRY GROWTH

In this month's newsletter, 7digital introduces a new contract with Utopia Music and highlights recent industry reports that present the growth of streaming in the music industry as well as opportunities for B2B digital music solutions.

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Paul Langworthy
CEO

“It is always exciting to welcome a new customer, and one that reflects the competitive strength of the services we provide.”

A SUMMER OF PROGRESS FOR 7digital AND GROWTH IN THE GLOBAL MUSIC INDUSTRY

It is always exciting to welcome a new customer, and one that reflects the competitive strength of the services we provide. This month music fintech company Utopia joined our roster. Read about the deal in this issue. The addition marks the growing demand for music data and intelligence services. Combining Utopia’s next-generation tracking and payouts technology and our leading catalogue and metadata will enable music recognition for up to 100 million songs worldwide and help the industry make money faster with fewer costs. The new contract will also contribute to our growth, and scales as our customer’s business grows.

Meanwhile, in Industry Insight two new state-of-the-industry reports reflect the exciting ongoing growth in the music industry as a whole, especially in key areas, such as streaming and short video formats driven by social media. Both reports, one looking forward, one looking back, speak to the ongoing trends in new and innovative forms of music consumption that are busy shaping the industry and which embody several of our strategic priorities.

Finally, we celebrate the achievements and activities of two valued customers who have been in the media recently, in our Clients in the News section.

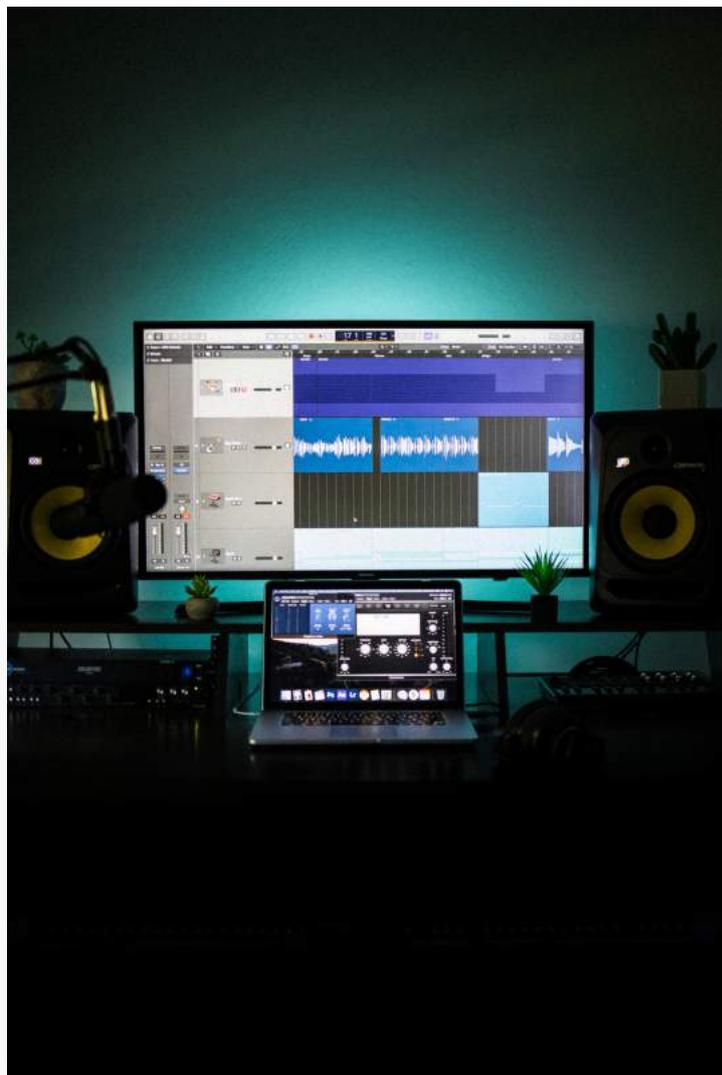
I very much hope you enjoy this newsletter and, as ever, we welcome your questions and comments.

7digital ENTERS CONTRACT WITH GLOBAL MUSIC FINTECH COMPANY UTOPIA MUSIC

The logo for Utopia Music, featuring the word "utopia" in a white, lowercase, sans-serif font with a trademark symbol (TM) to the right. The logo is centered on a blue background with a subtle pattern of white curved lines.

7digital is pleased to announce it has signed a long-term contract with Utopia Music AG, a music fintech company. Utopia is a new customer for the company and marks the growing demand for music data and intelligence services, where 7digital's music-as-a-service platform provides access to global audio and track metadata for various use cases such as identifying music or artist, monitoring broadcasts as well as copyrighted material.

Utopia Music exists to build technology and data accounting to improve the way the music industry pays royalties. Based on a database of more than 213 billion global data points, the Utopia platform leverages modern technologies to provide services to help the entire music value chain, including creators, labels, publishers and performance rights organisations (PROs) optimise their data and streamline administration.



Using 7digital's global music database capabilities, in addition to Utopia's existing data capabilities, Utopia's customers will be able to monitor and measure the consumption of their music copyrights globally. In so doing, Utopia's customers can leverage data for faster, more accurate payouts of royalties to copyright holders.



"It is always exciting to secure a new customer that reflects the competitive strength of our offer. Combining Utopia's next-gen tracking and payouts technology with 7digital's leading catalogue and metadata will enable music recognition for up to 100 million songs worldwide and support the whole industry to make more money faster, with fewer costs. We are also pleased to have secured another contract that enables growth and scales as our customer's business needs do. This contract, in addition to those signed so far this year, means the Company has already secured a 36% increase in platform licensing for 2022 vs 2021. We very much look forward to working with Utopia to support the growth of this music industry-focused service."

- Paul Langworthy, Chief Executive Officer of 7digital



"Utopia is on a mission to deliver 'Fair Pay for Every Play' to the music industry. We're going to achieve this by providing the systems and payments infrastructure to enable better tracking of music consumption and faster distribution of royalties to creators and rights holders, with less cost and errors. To make every play count we need to know what's played when and where, and who owns the rights to any given track – with 7digital capabilities, in addition to our existing data capabilities, this takes us one step closer to unlocking more value in music, for the benefit of all players."

- Paul Gathercole, Chief Data Officer of Utopia Music

EMERGING TRENDS IN CONSUMPTION AND TRADITIONAL STREAMING CONTINUE TO DRIVE MUSIC INDUSTRY GROWTH



The global music industry continues to thrive and grow, especially in areas like streaming, according to figures from two separate reports out this month.

Research firm Luminate published its [Focus on the United States 2022: Luminate Midyear Report](#) in July. This is an update on how the industry performed in 2022, highlighting trends such as further growth in streaming and rising short-form video consumption, both strategic music formats that 7digital is well positioned to serve.

Similarly, music and entertainment consultancy firm MIDiA's predictive report [2022-2030 global music forecast](#), released on 5 July and subtitled *the new era of growth*, forecasts a 14.5% revenue growth for the worldwide music market this year, followed by steady year-on-year increases. Streaming is predicted to account for the vast majority of revenue in 2030.

INDUSTRY CONSENSUS

Both reports reinforce the analyses of other reputed evaluations in recent months, including Goldman Sachs' [Music in the Air](#) which forecast a 'new era of growth' with a 34% increase on the report's year-on-year estimates for the music industry – as reported in June's investor newsletter.

While providing some risk scenarios, MIDiA remained optimistic if the global economy declined. "The likelihood is that while music will prove not to be 'recession proof', neither will it be recession vulnerable," its report said.

The Goldman Sachs report also highlighted a resilient industry in the face of any economic downturn.

Both the MIDiA and Luminate reports further validate 7digital's competitive differentiations and business strategies.

STREAMING GROWTH

Both Luminate and MIDiA also highlight the significant role of music streaming. In 2022, global on-demand audio streams increased 24.7% year on year, while on-demand video song streams increased by 28.1% to 901.5 billion, Luminate reported.

MIDiA forecast that the recorded music market would grow from \$51.8 billion in 2021 to \$59.3 billion in 2022 - followed by an increase yearly to \$89.1 billion in 2030. Streaming's share of this market would sit at a staggering 82%.

This is highly significant for 7digital whose growing global customer base has access to its worldwide catalogue of 90+ million tracks. In addition, 7digital's platform is purpose-built to accommodate the scale of enterprise-level

"There's no denying that on-demand streaming is dominating the music marketplace right now."

Focus on the United States 2022:
Luminate Midyear Report

streaming requirements, ingesting in near real-time three million+ tracks every week, for use across 82 territories.

"Our scalable platform is built to support this increase in demand, and we've taken the necessary steps to fortify the supply chain and solidify our leading competitive advantage to benefit from this growth," said Paul Langworthy.

THE RISE OF SHORT VIDEO CONSUMPTION

Luminate revealed 66% of Gen Z TikTok users discovered new music through short video clips – making it the number one source for this age group. The proportion of catalogue fans who listened to music via music video streaming was 56%.

Since 2020, 7digital has made social media platforms a prime strategic focus for the company. Investments in platform resiliency, secure cloud infrastructure, and having the most comprehensive global catalogue have paid off as 7digital has won contracts with top global social

video-sharing apps, including Triller, Kuaishou, and Lomotif. 7digital's revenue contribution from social media giants has been increasing steadily, supercharged by the company's transition in the pricing model, which aligns revenue to usage that expands as the customer grows. The 7digital platform currently powers music experiences to over 250 million Daily Active Users (DAU) across all clients, with a healthy and growing set of regional and worldwide social media companies in the pipeline.

A CREATOR IPO, BOOSTING BUDDING MUSICIANS IN INDIA AND \$120 MILLION DEAL TO HELP MS SUFFERS

TRILLER

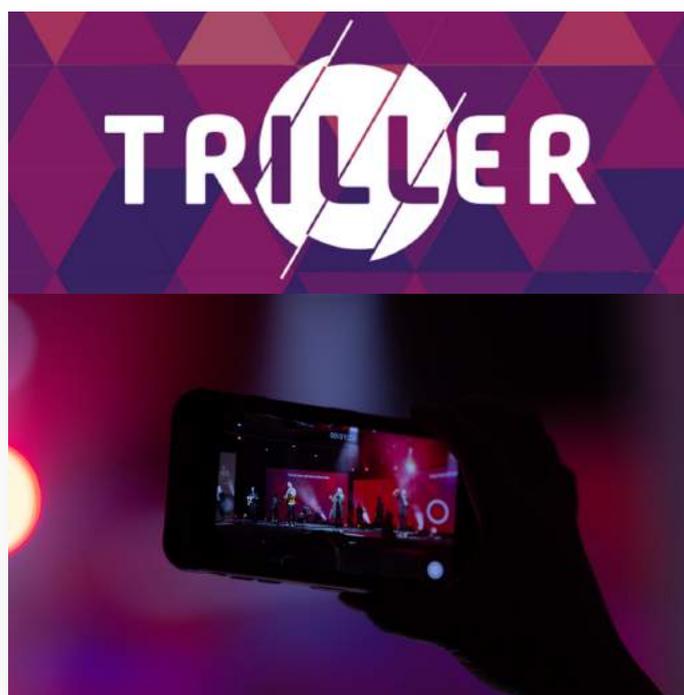
US-based Triller is one of the fastest growing video-sharing social networking apps. It uses 7digital's music platform and catalogue to serve the content needs of a global audience and manage rights and royalties.

Expansion in Indian Creator Economy

Triller attracted coverage as it sought to expand the Indian creator economy. The company partnered with UNLU, a one-stop learning platform for creative education. Budding musicians from across India participate in a three month in-app campaign - Triller's UNLU Singing Stars. Sixty selected finalists have access to experienced Indian artists such as Abhijeet Sawant and Monali Thakur who will train them and support their networking. The chosen musicians also get to record a music video with a budget up to 2 crores (approx. £200,000).

"For a long time, becoming a creator has been considered an unrewarding career choice," Rohan Tyagi, Vice President, Triller India, told India's [medianews4u.com](https://www.medianews4u.com).

"[...But] now, with the creator economy being recognised for its economic potential by brands and internet users alike, that belief is changing. We want to continue playing our part in making the best opportunities available to creators on the platform."



The Largest Creator IPO in History

Triller announced at the end of June that it plans to pursue a filing with the US Securities and Exchange Commission to issue a direct listing and an initial public offering to trade on NASDAQ.

Mahi de Silva, Triller's CEO, said: "It is a clear commitment to our effort to build the world's best platform for creators, artists, influencers, athletes, thought leaders and brands. The Triller IPO will be the largest creator IPO in history."

The story was reported across music, tech and business press including [Digital Music News](#), [MusicBusiness Worldwide](#), [TechCrunch](#), [Reuters](#) and Los Angeles Business News.



MEDRHYTHMS

US-based MedRhythms is a \$34 million-backed therapeutics company that uses sensors, music and software to build evidence-based, drug-free, neurologic interventions to measure and improve walking. It joined 7digital's roster in July 2021.

Biogen and MedRhythms have entered an \$120 million deal to help MS sufferers, Martin Dubuc, head of Biogen digital health, told [MedCity News](#).

MedRhythms and top pharma for MS treatments Biogen recently struck a deal to licence rights to MedRhythms' digital therapeutic to help people with MS tackle mobility problems. Biogen is paying \$3 million upfront, with potential for an additional \$117.5 million. The deal is a milestone for digital therapeutics – the sums involved are similar to when biopharma companies license rights to promising drug-based treatments.

\$120 million

The amount of the deal to help MS sufferers

“As part of our aspiration in digital health, together with MedRhythms we aim to advance a new, innovative treatment option for people living with MS that may help address walking impairment, a common issue that impacts their overall quality of life.”

- Martin Dubuc, head of Biogen digital health