

**THE MUSIC
INDUSTRY IS
NOT DEAD.**

THE CASE FOR A NEW INDEPENDENT MUSIC COMPANY

Swoon
C I T Y

THE MUSIC INDUSTRY IS CHANGING

Though the music industry is in a state of transition, more music is being consumed now than ever before:

TOP 10 MOST VIEWED VIDEOS on Youtube are by recording artists

377B STREAMS in 2017 - up 58.5% from 2016

563.7M DOWNLOADS on iTunes in the US in 2017

74M CDs SOLD in 2017 in the US

8.6M VINYL LPs SOLD in 2017 in the US - up 29.8% from 2016

The industry continues to chug along at a meaningful market size and has been stable for the past 5 years.

RECORDED MUSIC IS A

\$15.7B

PER YEAR INDUSTRY

MUSIC PUBLISHING IS A

\$10.4B

PER YEAR INDUSTRY

THE MUSIC BUSINESS IS A

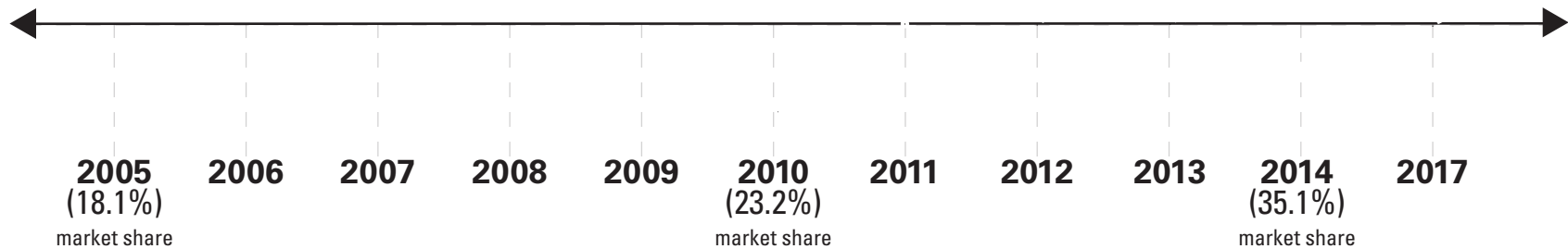
\$26.1B

PER YEAR INDUSTRY

THE RISE OF INDEPENDENTS

In the last 10 years, independent music companies have produced chart topping hits, brokered lucrative licensing deals, and enjoyed mainstream success.

SINCE 2005 INDIE MARKET SHARE HAS RISEN \$1.5B.



INDEPENDENTS HAVE WON 5 OF THE LAST 6 BEST ALBUM OF THE YEAR GRAMMY AWARDS

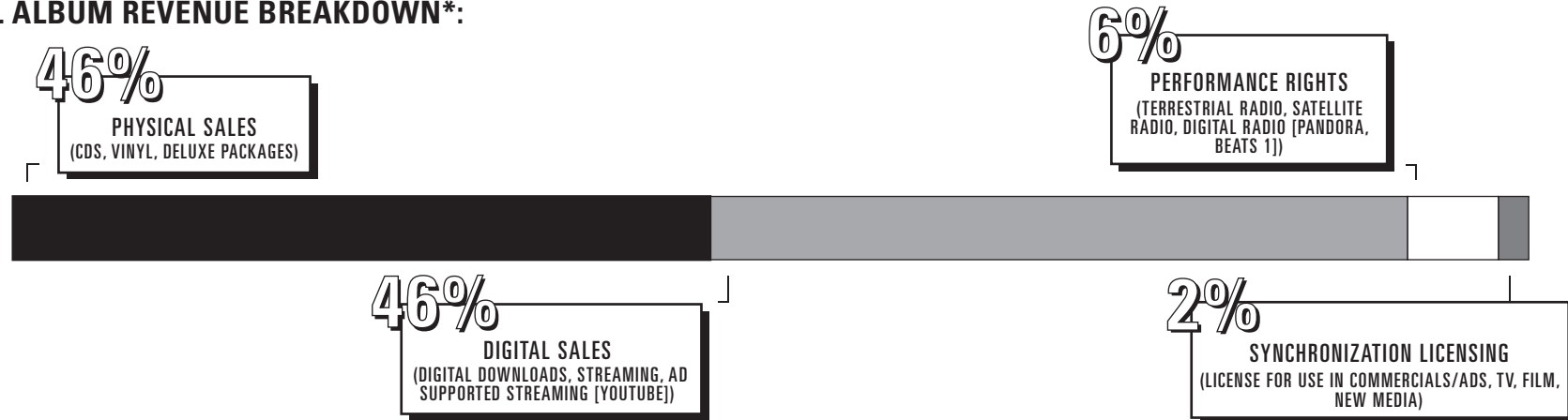


- 2009:** Adele's first album *19* certified Gold (500k Sold)
- 2010:** Phoenix's album *Wolfgang Amadeus Phoenix* certified Gold
- 2011:** Arcade Fire's third album *Suburbs* certified Gold
- 2012:** Mumford & Sons' second album *Babel* certified Platinum (1M Sold) in first week of release, first album *Sigh No More* certified 2x Platinum
- 2013:** Alabama Shakes' debut album certified Gold
- 2014:** Taylor Swift's fifth album *1989* sells 1.2M units first week, certified 2x platinum within first month of release
- 2015:** Adele's album *25* breaks one-week sales record, selling 3.3M units
- 2017:** Independent artists makeup 55% of all nominations at the 60th Annual Grammy Awards (8th year in a row featuring majority independent noms). Independent labels and artists won 40% of all awards!

HOW WE PLAN TO GENERATE REVENUE

Revenue Source 1: RECORD LABEL

TYPICAL ALBUM REVENUE BREAKDOWN*:



We will adjust our strategy depending on how the market reacts †

SYNC-HEAVY ALBUM REVENUE BREAKDOWN:



- ALLOCATE RESOURCES TOWARDS OBTAINING MORE SYNCs
- DRIVE MARKETING TO EACH PLACEMENT'S DEMOGRAPHIC

PHYSICAL-HEAVY ALBUM REVENUE BREAKDOWN:



- INCREASE PLACEMENT IN ALL RELEVANT RETAIL PROGRAMS
- ARRANGE MEET & GREETs, IN-STORE EVENTS, AND CONTESTING

DIGITAL-HEAVY ALBUM REVENUE BREAKDOWN:



- FOCUS ADVERTISING AND PROMOTIONAL RESOURCES TOWARDS SECURING FEATURE PLACEMENTS, SALES PROGRAMS, AND PLAYLISTING AT ALL DIGITAL RETAILERS

* Industry average per IFPI
 † Based on actual case studies

HOW WE PLAN TO GENERATE REVENUE

Revenue Source 2: MUSIC PUBLISHING

Every sound recording copyright has a corresponding copyright for the underlying composition. Composition rights-holders' have access to other revenue sources related to sales, airplay, and synchronizations:

DIRECT LICENSES

SYNC

- ★ Negotiated alongside sound-recording rights-holders', revenue comes from placement in film, tv, new media, etc.

PRINT

- ★ Fees are paid for the use of song print rights in sheet music, books, and merchandise.

ROYALTIES

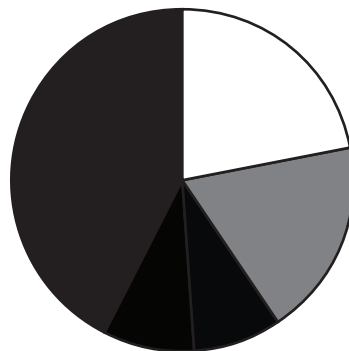
PERFORMANCE

- ★ Performance royalties are paid every time a song plays on the radio, TV or films, and every time a song is performed publicly.

MECHANICAL

- ★ A mechanical royalty is paid for every album sold, as well as digital downloads (tracks + albums), and streams.

MUSIC PUBLISHING REVENUE BY SECTOR

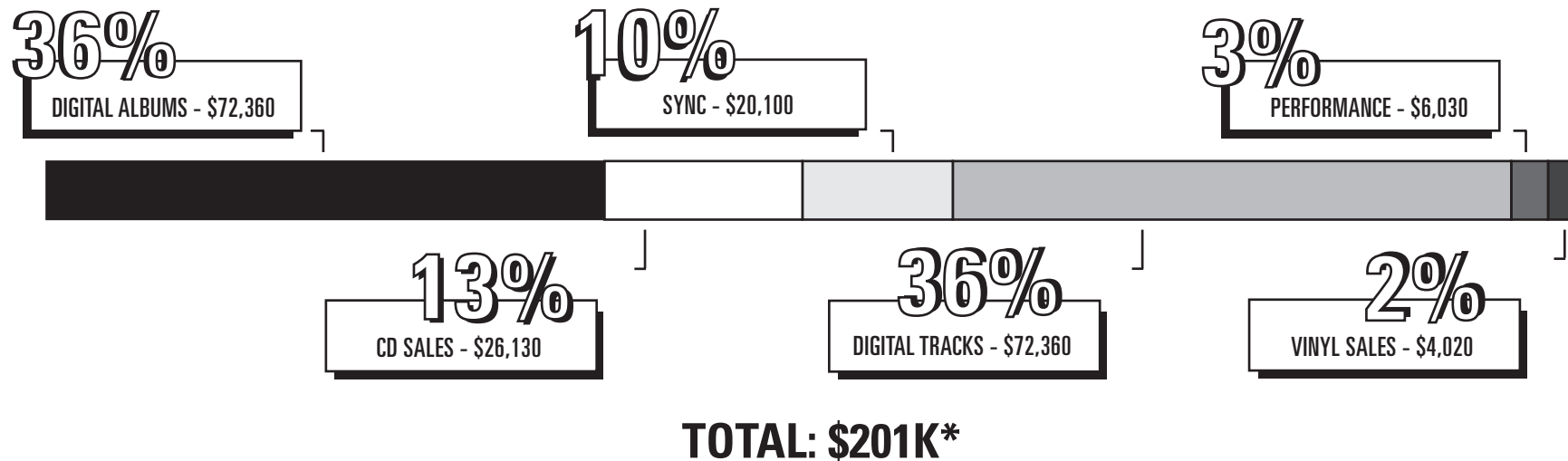


66% PERFORMANCE ROYALTIES
19% MECHANICAL ROYALTIES
15% DIRECT LICENSES (SYNC & PRINT)

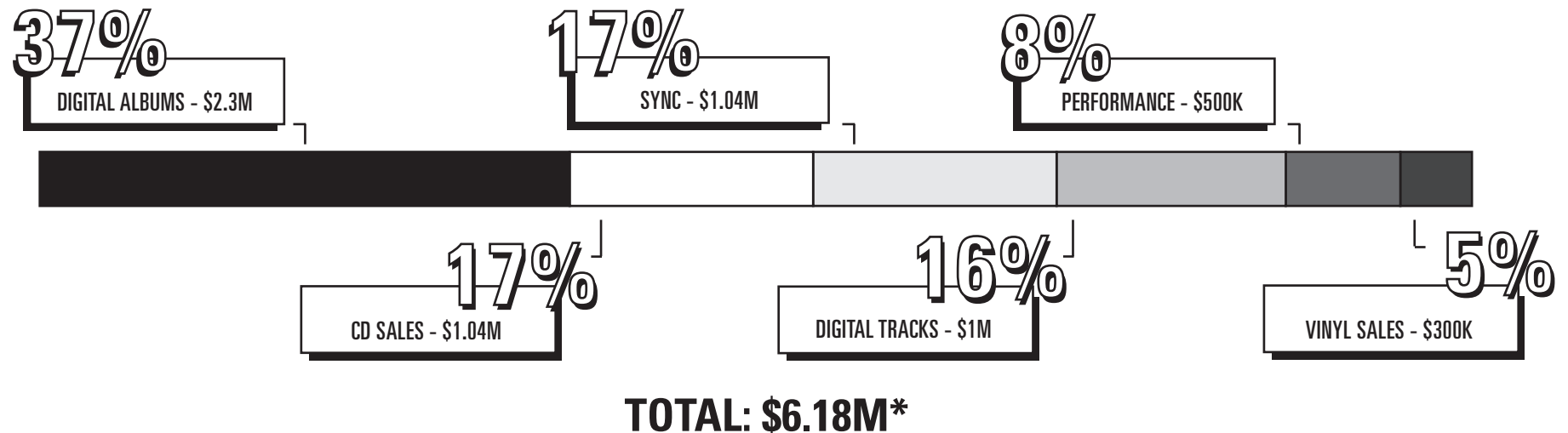
SOURCE: MUSIC BUSINESS WORLDWIDE

HOW WE PLAN TO GENERATE REVENUE FINANCIAL BREAKDOWN CASE STUDIES

DEVELOPING ARTIST:



SUPERSTAR:



**US Revenues based on actual case study*

THE PROBLEM WITH MAJORS

Major labels are less efficient than independent labels. Indies spend money in smarter and more cost-effective ways.

MAJORS

- ★ Hits start at **250,000 units sold**
- ★ Teams are a **bureaucratic nightmare**
- ★ Majority of projects are **failures**
- ★ **Difficulty adapting** quickly to change within the industry and digital landscape
- ★ **Majority of artists dropped** after poor initial performance
- ★ Investment in a newly-signed artist is **inefficient** and can total in the millions

INDIES

- ★ Hits start at **25,000 units sold**
- ★ Teams are **small, passionate, and dedicated**
- ★ Majority of projects are **recouped and profitable**
- ★ **Flexibility**, ground-level knowledge, and use of Internet as "new radio"
- ★ Ability to help **create and sustain** career artists and bands through multiple releases
- ★ Investment in a newly-signed artist is **focused** and **strategic**

INTRODUCING: SWOON CITY MUSIC

Three music industry veterans with a combined **35 YEARS EXPERIENCE** in scouting, record production, marketing, and distribution.



MIKE BECK, CCO

NED SEDLAK, COO

MAUREEN LLOREN, CEO

SCHOOL

Berklee College of Music, BM in Music Production/Engineering

Berklee College of Music, BM, Majors in Music Business, Production/Engineering

NYU, BFA Music Business

EXPERIENCE

- Denise Rich Songs
- Hotwood Arts
- Refuge Recording
- Institute of Audio Research

- Megaforce Records/MRI Distribution
- Glassnote Entertainment
- tinyOGRE Entertainment
- Warner Bros. Records
- Warner/Chappell Music Publishing

- Denise Rich Songs
- Glassnote Entertainment
- Institute of Audio Research

PROFESSIONAL HIGHLIGHTS

- Produced and engineered for Patti LaBelle, Natalie Cole, Dionne Warwick, The Jonas Brothers, Third Eye Blind, Switchfoot, Wyclef Jean, Gavin DeGraw, Akon, JoJo, Kelly Price and Luis Fonsi
- Produced Alternative-Radio charting songs
- Creative Officer/Head Producer for Denise Rich, Grammy-nominated songwriter and publisher.
- Built several premiere audio facilities in New York City and has played in several nationwide touring bands

- Worked campaigns for Grammy Award-winning and multi-platinum certified artists including Red Hot Chili Peppers, The Deftones, The Black Keys, My Chemical Romance, Iron & Wine and Jason Derulo
- Product managed the double platinum-selling album Babel by Mumford & Sons
- Planned retail distribution marketing for hundreds of artist projects including Frank Sinatra, Black Crowes, Anthrax, MGMT, Johnny Winter

- Spearheaded multiple Gold and Platinum campaigns around the world, including Mumford & Sons (Canada, 6x Platinum), Childish Gambino (Canada, Gold), Robert DeLong (Australia, Gold), Phoenix (France, Gold), Little Green Cars (Ireland, Gold)
- Worked with chart-topping songwriters including Bonnie McKee, Toby Gad, Nasri (Magic!), Justin Tranter, and more
- Signed artists to recording and publishing deals including GIVERS, Oberhofer, Robert DeLong, Little Green Cars, Daughter, Childish Gambino

COMPS:

RECORD LABEL & MUSIC PUBLISHING COMPANIES:

BIG MACHINE LABEL GROUP

- ★ Founded 2005
- ★ 27 active artists
- ★ 19 catalog artists
- ★ 90 employees

GLASSNOTE ENTERTAINMENT GROUP

- ★ Founded 2007
- ★ 15 active artists
- ★ 8 catalog artists
- ★ 30 employees

MOM + POP RECORDS

- ★ Founded 2008
- ★ 22 active artists
- ★ 10 catalog artists
- ★ 10 employees

RECORD LABELS:

DIRTY HIT RECORDS

- ★ Founded 2009
- ★ 7 active artists
- ★ 5 employees

INNOVATIVE LEISURE

- ★ Founded 2010
- ★ 18 active artists
- ★ 4 catalog artists
- ★ 4 employees

ATLAS MUSIC PUBLISHING

- ★ Founded 2014
- ★ 36 active writers
- ★ 14 employees

BIG DEAL MUSIC PUBLISHING

- ★ Founded 2012
- ★ 71 active writers
- ★ 25 employees

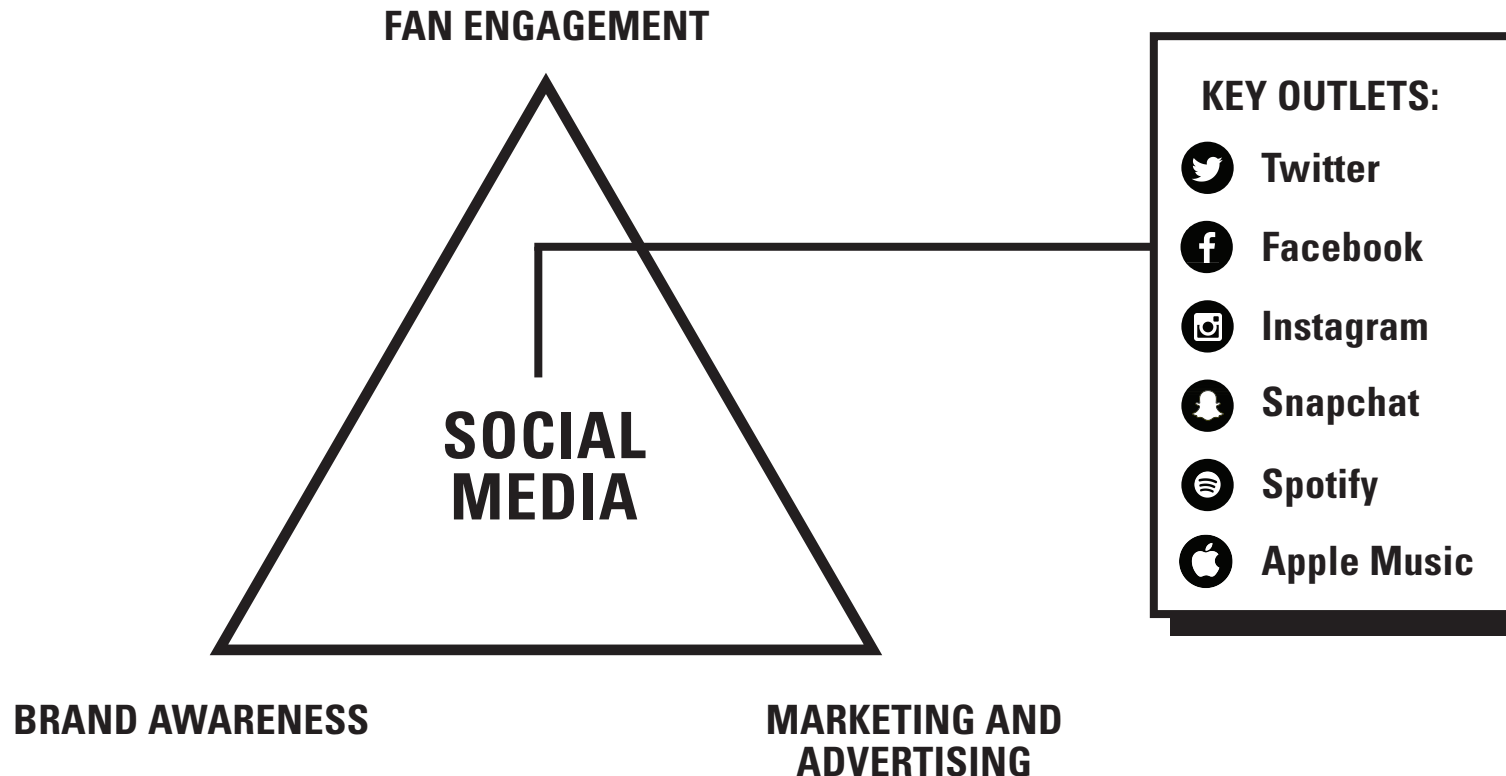
MUSIC PUBLISHING COMPANIES:

CORE STRATEGY:



DIGITAL FOCUSED STRATEGY

Swoon City will be on the forefront of **digital music technology**. We plan to efficiently leverage and work with these platforms for 3 main objectives:



New technologies and digital properties we will embrace:

SHAZAM • CYMBAL • MUSICAL.LY • GENIUS • TWITCH

WE HAVE A PLAN

KEY OBJECTIVES IN 2018:

- ★ Sign 3 artists (acquire copyrights).
- ★ Secure publishing administration deal.
- ★ Release 3 titles.

	ARTISTS SIGNED	RELEASES	INDIRECT EXPENSES	DIRECT EXPENSES	TOTAL COSTS	REVENUE
2017	2	2	\$25K	\$155K	\$180K	\$25,000
2018	3	3	\$25K	\$232,500	\$257,500	\$100,000
2019	5	5	\$25K	\$387,500	\$412,500	\$340,000
2020	7	9	\$85K	\$542,500	\$627,500	\$1,100,000