POWERING THE FUTURE OF MUSIC
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Dear SoundExchange Community,

2022 was a remarkable year for the music industry with a resurgent return to live music, historic levels of new music played across a range of platforms, and substantial progress on advancing fairness for creators in the U.S. Congress.
It was a tremendous year for SoundExchange. Living up to our mission to foster an equitable music industry where all creators can thrive, the company collected $1.017 billion digital royalties from more than 3,600 digital streaming platforms and distributed them to more than 600,000 creators and rights holders. In doing so, the company crossed the $9 billion threshold for distributing royalty payments since its inception in 2003.

We also unveiled a suite of next-generation solutions to make the business of music easier and fairer — including a new look, a new website that serves as a resource for creators, publishers, and digital service providers, and a mobile app to give creators easy on-the-go access to their accounts. We became the first industry organization of our kind to offer creators the option to receive their monthly payments through services like CashApp and Zelle. And we also unified and upgraded our publisher services offering to build an integrated global publisher services administration and licensing division called SX Works Global Publisher Services (SX Works).

The music industry is always changing and 2022 was no different. We continued to make investments in technology and data that will be critical to building a more fair and efficient industry in the future. For example, the company honed its best-in-class, artificial intelligence (AI)-enabled, and patented matching technology to process billions of lines of data transactions each month.

Looking ahead, we are energized by where the music industry is headed. Creators are embracing tools that diversify their revenue streams, deepen their fanbases, and encourage collaboration. Through the use of data, SoundExchange is making it easier for digital service providers to fulfill their obligations to pay creators fully and fairly for their work.

And SoundExchange is driving policy efforts to ensure artists are treated with respect both at home and abroad. In the United States, as a leader in the musicFIRST Coalition, the company is working to get the American Music Fairness Act passed so that all creators are finally paid when their songs are played on AM/FM radio. In Europe, SoundExchange is focused on supporting “national treatment” and ending discrimination against creators who receive nothing for their work simply because of their nationality. Through these efforts, creators in America and around the world will finally receive the respect of being paid fairly for their work.

Looking forward, SoundExchange is adapting to technologies that are once again raising key questions, such as: How do we value music? Who owns what? And who decides? Whether its AI, Web3, or other new innovations, SoundExchange is working closely with creators and other industry leaders to ensure these technologies are responsibly incorporated into the business of music.

At SoundExchange, our focus is reshaping the business of music so creators can thrive for the next five, ten, twenty years and beyond — to ensure that creators receive a fair deal, no matter where their music is played.

With gratitude,

Michael Huppe
President and CEO
Operated (and matched) in THE LARGEST MUSIC MARKET IN THE WORLD, across 3,600 licensees, more than 600,000 accounts and a database of 93 million unique sound recordings
## 2022 AT A GLANCE

<table>
<thead>
<tr>
<th>$1.1 BILLION</th>
<th>$1.014 BILLION</th>
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<tbody>
<tr>
<td>Consolidated Royalty Collections</td>
<td>Consolidated Royalty Distributions</td>
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<table>
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<tr>
<th>More than</th>
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<tr>
<td>600,000 creator and rights owner accounts, with over 400,000 international mandates</td>
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<th>$9B</th>
<th>3,600+</th>
<th>Maintained one of the music industry’s lowest administration rates</th>
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<td>SoundExchange distribution milestone to date</td>
<td>digital streaming platforms</td>
<td></td>
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<tr>
<th>50</th>
<th>90%</th>
<th>80%</th>
<th>7.2%</th>
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<td>Administered over reciprocal agreements around the globe</td>
<td>Paid out monthly with 90% of royalties distributed within 45 days</td>
<td>Covered 80% of the neighboring rights market outside of the U.S.</td>
<td>Consolidated Admin Rate</td>
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Processed BILLIONS of lines of data transactions each month

Consolidated figures encompass SoundExchange and its subsidiaries (including SX Works and CMRRA). All other figures are SoundExchange only.
The work that SoundExchange does ensures that artists can focus on making music that inspires, and that all members of the creative process are valued, respected, and supported for their work.

Billie Eilish
SoundExchange Artist
New Tools and Partnerships

Accurate and efficient royalty payments are critical to our community.

In 2022, we continued to lead the Digital Data Exchange (DDEX) because strong standards will lead to swift payments throughout the global digital music ecosystem. We also dramatically shifted how we identify credits, interact with creators, and distribute payments.

We gave creators the power to manage their business on the go with our first-ever mobile app. And our revamped website became a trusted online resource for navigating the music business.

Our pursuit of excellence led us to improve our products, enabling companies, managers, and digital service providers to do their jobs and fulfill their obligations.

Like the creators we champion, we want to rock every performance. We are always looking for the next big thing, innovative tech, or pioneering partnership that will push us forward. We stay nimble, curious, and resourceful.
We always strive to meet creators where they are with easy, accessible tech solutions. I’m proud of the work we have accomplished this past year to offer creators the payment options they use most.

—Anjula Singh, CFO and COO

The speed and frequency at which we pay is unheard of in the music industry—90 percent of the royalties are paid out within 45 days. Strategic investments in technology and partnerships propel our best-in-class platform.

—Luis Bonilla, CTO

Finally, a new generation of creators want payments deposited directly in their bank accounts.

That’s why, in 2022, we became one of the only organizations of our kind to offer payment options through CashApp and Zelle.

Fast payments enable creators to receive their earnings quickly, better manage their cash flow, and plan for future expenses.

We also know our service is only as good as our data. So we partnered with music credits platforms Sound Credit and VEVA Sound to optimize our contributor credit data. Our monthly distributions are streamlined because we know who is owed a royalty payment before a recording is even played.
Through data, technology, advocacy, and more, SoundExchange supports many facets of the music industry.

- Connects creators to their royalties, in the U.S. and abroad, paying out monthly
- Turns data into accurate revenue using proprietary music tech solutions
- Spearheads creator-focused initiatives SoundAdvice and Breakthrough Beats
- Advocates for music fairness in Congress, courtrooms, and overseas
- Provides back-end administrative tools that make it easier to share data with other players in the industry
- Allows publishers to manage repertoire and search for unpaid digital uses of sound recordings
- Facilitates exchange of sound recording and publishing data
- Assists Digital Service Providers (DSP) to fulfill their legal requirement to pay performance royalties for the streaming musical content they play
- Enables DSPs to calculate, certify, and submit digital performance royalties through Licensee Direct service
Powered by SoundExchange’s authoritative ISRC and sound recording data and CMRRA’s extensive musical works database, SX Works is best positioned to ensure rights holders are accurately compensated for the usage of their music, and users of music have access to reliable data.

—Paul Shaver
President, SX Works and CMRRA

SX WORKS GLOBAL PUBLISHER SERVICES
We also support music publishers and the self-published community. SX Works Global Publisher Services provides administration solutions to enable organizations that own, represent, and/or engage with music to manage their repertoire across the music ecosystem. By leveraging our extensive and integrated musical works and sound recording database, SX Works’ experienced team and technology provides partners with access to dependable metadata ensuring musical works can be accurately licensed, identified, and paid for their usage.
SOUNDEXCHANGE MAKES IT EASY TO MANAGE ROYALTIES FOR ALL OF OUR CLIENTS. THEY’RE QUICK AND TRANSPARENT, AND THEIR ADMINISTRATIVE FEE IS LOWER THAN ANY OTHER CMO. THEY REALLY HAVE THE BEST INTERESTS OF OUR ARTISTS — ALL ARTISTS — AT HEART.
If their music is played, creators deserve to get paid.

We are unapologetic in the fight for fairness. We stand up for creators wherever music is debated. That includes in Congress, in the courtroom, and on the public stage.
National Treatment
European countries typically pay royalties to international artists, but some use U.S. broadcasters’ refusal to pay for AM/FM radio plays as an excuse for denying those royalties to American artists. Some countries do collect royalties on behalf of Americans, but that money never gets to the rightful recipients in the United States.

We estimate more than $200 million a year isn’t being paid to American artists whose music is played overseas. It’s also a problem that could be solved quickly if Congress passes the American Music Fairness Act.

Enforcing Payment Obligations
We also audited and enforced the fair payment of royalties by digital service providers for the use of sound recordings. And when needed, we took companies to court to ensure they fulfilled their royalty payment obligations.

American Music Fairness Act
In 2022, we came closer than ever before to rectifying the decades-old injustice of terrestrial radio not paying creators for the use of their work.

In the 117th Congress, the American Music Fairness Act was introduced in both the House and the Senate, and it was nearly included in a package of initiatives passed on the final days of the session.

Moving forward, we are hopeful and inspired. Our cause is only gaining momentum. And we will keep the pressure on as a driving force behind the musicFIRST Coalition until this common-sense legislation is passed.

We believe every creator is worth fighting for. The American Music Fairness Act strikes a fair balance by respecting creators for their work and protecting truly local broadcasters. Passing this legislation is our number one advocacy goal in the U.S.

—Linda Bloss-Baum, SVP of Government Affairs and Public Affairs

For additional information, please visit soundexchange.com and soundexchange.com/grants.

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WE VALUE OUR PARTNERSHIP WITH SOUNDEXCHANGE BECAUSE IT SIMPLIFIES THE COMPLEXITY OF TRACKING AND MATCHING SONG PERFORMANCES, WHICH ALLOWS POLYVINYL’S ARTISTS TO EFFORTLESSLY RECEIVE ACCURATE REPORTING AND PAYMENT.

Matt Lunsford
Polyvinyl Records
The history of music is the history of disruption as progress.

Music has always been the first to embrace new technologies, approaches, and business models.

It’s happening now with Web3, NFTs, the metaverse, artificial intelligence, blockchain, and other decentralized technologies. Creators now have more control over their work, deeper relationships with dedicated fans, and more ways to collaborate than ever before.

Music is also becoming more global. Emerging markets are leading to new investments, calls for stronger music licensing, and a need for great data.

Plus, with a much lower barrier to entry to make music, the number of creators will continue to increase, taxing the systems and processes relied upon to facilitate and exchange data, ensure proper payments, and enable the business side of music to succeed.

Our role is to help build a future industry that is financially healthy, and fair to the creators who fuel its success. To that end, we are making strategic investments to streamline our credit data, improve our tools and solutions, and continue to build a strong workforce that is committed to making the connection between creators and their payments as seamless as possible.
WE ARE CREATORS’ BIGGEST FANS.

We are creators’ biggest fans.

HIGHLIGHTING SOUNDEXCHANGE CREATORS

A CREATOR-GENERATED VIDEO SERIES FOR AND BY THE CREATIVE COMMUNITY.

In 2022, we launched two new initiatives to amplify the work of up-and-coming creators across genres.

SOUNDEXCHANGE IDENTIFIES RISING CREATORS THROUGH A COMBINATION OF STREAMING DATA AND CAREER INSIGHTS AND SHINES A SPOTLIGHT ON THEM THROUGH SOCIAL MEDIA, LIVE EVENTS, AND MORE.
Creators can collect royalties from overseas when their music is played on the radio, performed on TV or in public, or played by a business establishment, including restaurants, shops, and hotels. This is called neighboring rights.

Yet, complex data requirements, claim deadlines, international procedures, and distribution schedules that vary across collective management organizations (CMOs) and from country to country prevent many creators from collecting these royalties.

As the largest neighboring rights organization in the world, SoundExchange:

- Covers 80% of the neighboring rights market
- Administers 50+ collection agreements with counterpart organizations
- Streamlines administrative burden for creators as a “one-stop” for paperwork
- Makes payments to 106 countries outside the U.S.
- Has served as a critical component of the global CMO-to-CMO network for 20 years
- Distributes more cross-border payments than any other organization in the space
- Operates (and utilizes) foreign mandates covering all forms of sound recording performing rights

In 2022, we reached a new milestone: more than 400,000 owners trusted us to manage their international royalties.
SoundExchange is leading the way toward a fairer music industry by using technology to help creators overcome barriers and advocating on behalf of artists for long overdue changes that would make sure creators are paid equitably and fairly.

— Christopher “Ludacris” Bridges
SoundExchange Artist
2022 SOUNDEXCHANGE BOARD OF DIRECTORS

Our board represents record labels and the artist community equally.

Richard Burgess
American Association of Independent Music (A2IM)

David Byrne
Artist

Jay L. Cooper, Esq.
West Coast Entertainment Practice; Greenberg Traurig, LLP

Duncan Crabtree-Ireland
Screen Actors Guild-American Federation of Television and Radio Artists (SAG-AFTRA)

Andrea Finkelstein
Sony Music Entertainment, Inc.

Jon Glass
Warner Music Group (WMG)

Mitch Glazier
Recording Industry Association of America (RIAA)

Jessica Goldenberg
Warner Music Group (WMG)

Ray Hair
American Federation of Musicians (AFM) of the US & Canada

Michael Hausman
Michael Hausman
Artist Management

Alasdair McMullan
Universal Music Group

Kendall Minter
Greenspoon Marder, LLP

Patrick Rains
Patrick Rains & Associates/ PRA Records

Martha Reeves
Artist

Laurie Soriano
King, Holmes, Paterno & Soriano, LLP

Darius Van Arman
Secretly Group and Secretly Distribution

Jeff Walker
Sony Music Entertainment, Inc.

Victor Zaraya
Concord