

To our investors:

The analytics team has worked persistently to examine the music streaming industry and where we, Apple Music, stand in the mix. In this rapidly growing industry, we are proud to note that Apple Music stands tall as one of the leading services alongside our direct rivals, Spotify, and Amazon Music from Amazon LLC. The music streaming industry has grown an incredible 540% in the past 6 years from 76m listeners in 2015 to over 487m listeners in 2021 and is now an over \$13 billion industry.

Spotify, Amazon Music and Apple Music collectively dominate the industry with over a market share of over 70%. Our greatest competition comes from Spotify that currently has 155m paid subscribers compared to our 72m which is just above Amazon Music's 55m. The subscription prices for the services are also at par for the most part except the monthly family plan where we offer our service at a lower cost than Spotify. Apple music is also known to have one of the highest royalties paid to artists amongst our direct rivals and we have a larger database of songs at 75m compared to Spotify's 70m. All these statistics further pose the questions as to why Spotify leads the industry with more than double the number of paid subscribers as Apple Music. Our analysis determined that this discrepancy stems mainly from the availability of podcasts on Spotify's streaming platform.

At Apple, we offer a variety of products and services to our customers, one of which is "Podcasts". We have over 28m listeners on Podcasts already indicating the success and popularity of the service. Upon conducting our research, we believe that to gain market domination in the music streaming industry, we must combine Apple Music and Podcasts into one service. Podcast is currently offered as a free service with no monthly subscription where customers subscribe to the artists that they are interested in listening to. Financially, we have the resources to incorporate Podcasts into our existing Apple Music pricing by maintaining our royalty payments to the new podcast artists based on number of streams. Spotify's podcast listeners are nearing the 28m mark and may soon take over our Podcast listeners. This move can be very beneficial to our active user numbers and potentially attract new customers who would much rather prefer a service that combines their two interests.

We are closely tailgated by Amazon Music with their 55m paid subscribers and having a database just as large as ours. We believe that this integration between Podcasts and Apple Music will also give us the nudge we need to pull further away from Amazon Music and closer to Spotify in the near future.

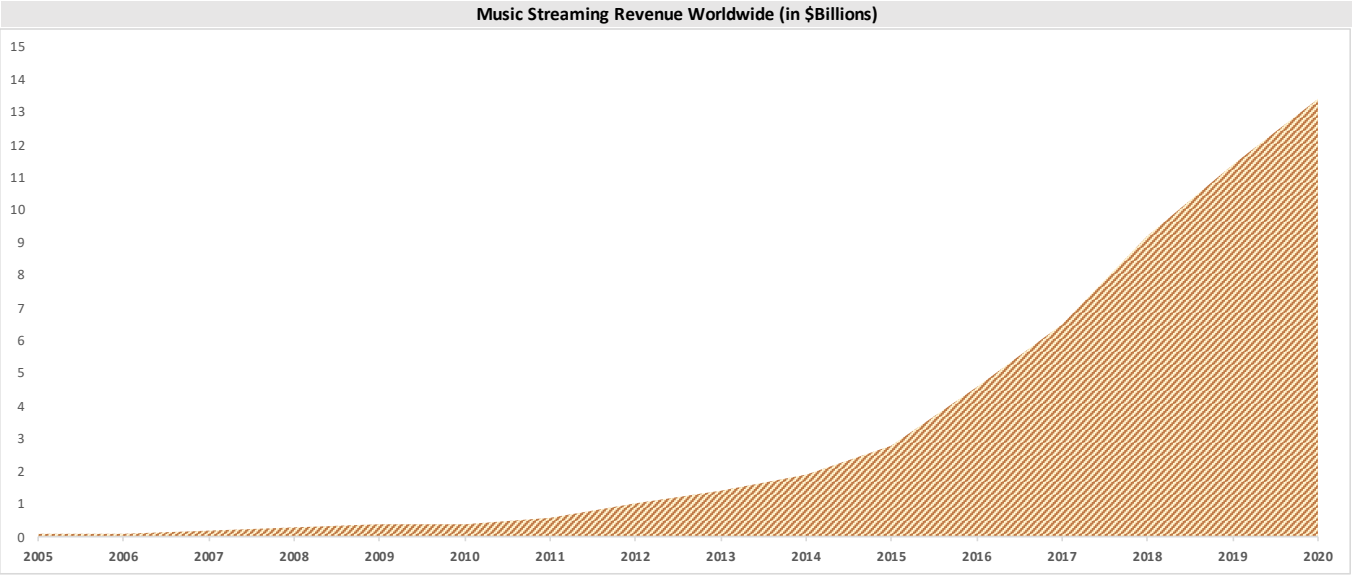
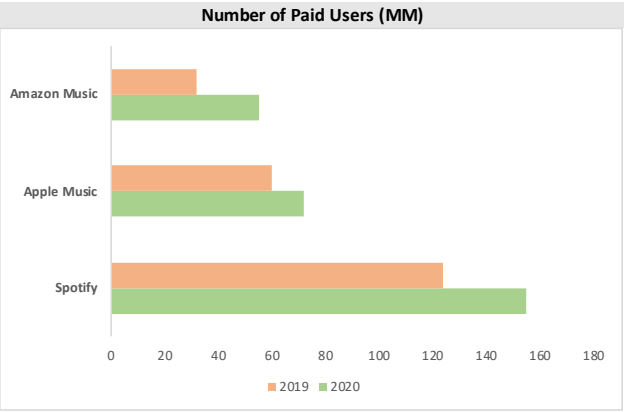
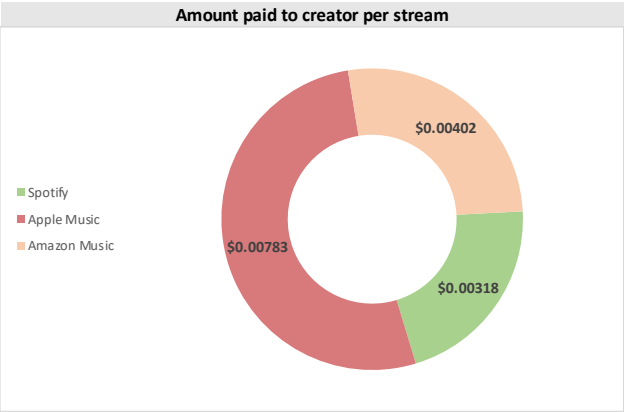
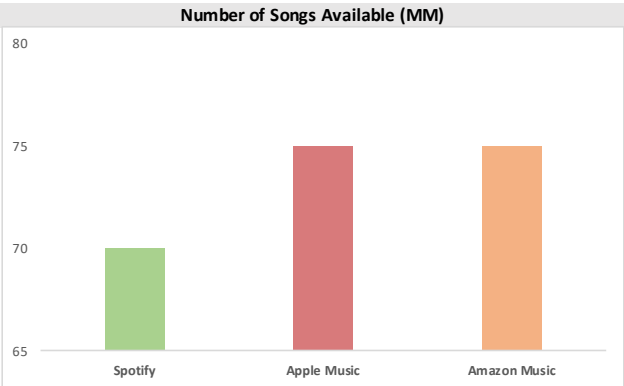
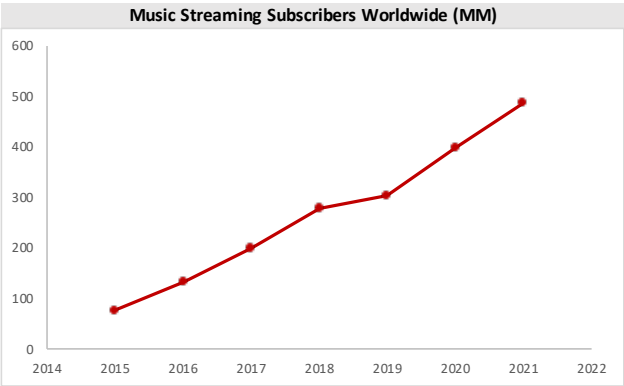
Along with this the analysis team also proposes further expansion in more countries to make our services available to a larger audience. Spotify currently leads us in this statistic by offering their service in 184 countries compared to our 167 countries and Amazon Music's 50 countries.

This huge gap between Amazon Music and Apple Music will also aid in our service prevailing as the superior product after merging our Podcasts and Apple Music.

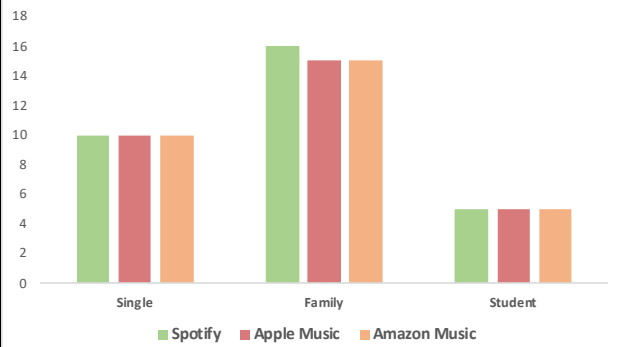
Apple Music's 272% increase in revenue from \$1.1 billion in 2017 to \$4.1 billion in 2020 indicates customers' acceptance and satisfaction towards our product. We predict that our recommendation of merging our two services will result in an exponential market share growth and lead us to our shared goal of becoming the largest music streaming platform in the upcoming years.

We hope our recommendation is considered and Apple Music continues to satisfy customers and encourage creators!

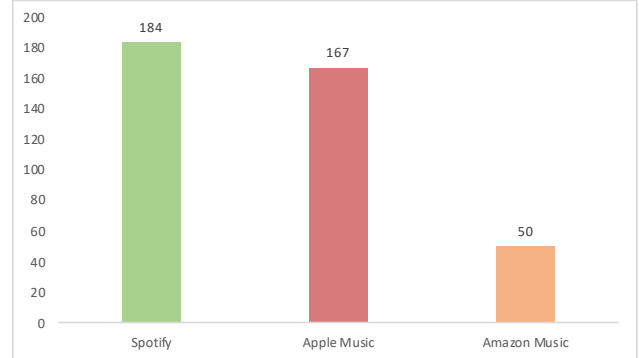
Apple Music Data Analysis Team



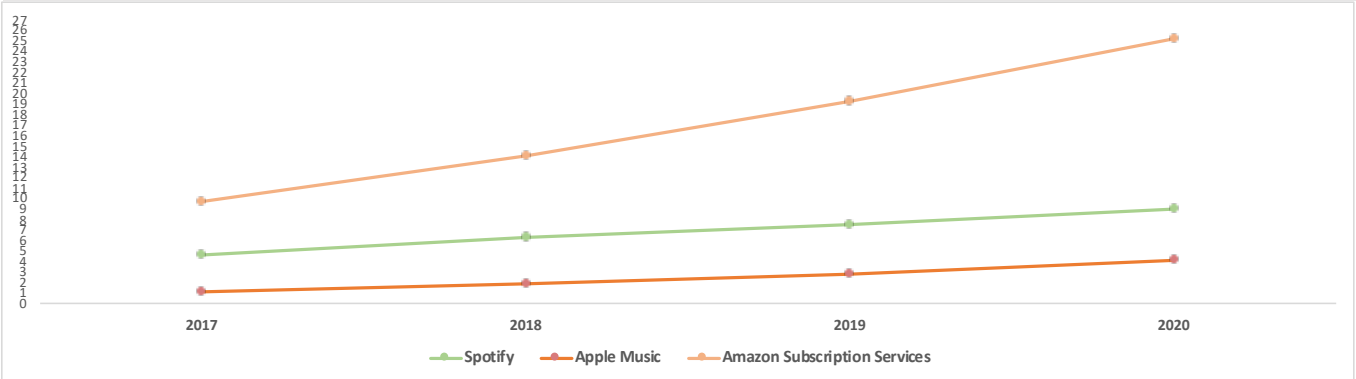
Subscription Costs



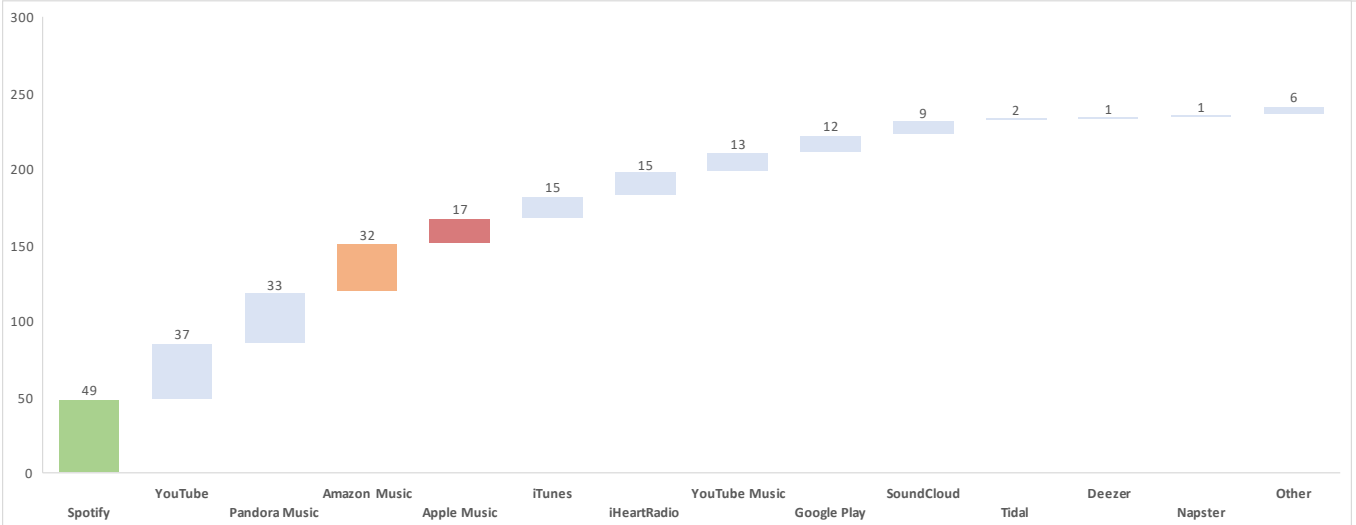
Number of Countries this Service is available in



Total Revenue Earned (in \$Billions)



Music Streaming Platforms Used in the USA in 2020 (%)



References

- 1 https://my.pitchbook.com/profile/40997-08/company/financials/KEY_METRICS
Used this resource to get essential financial information about Spotify.
- 2 <https://www.makeuseof.com/tag/spotify-apple-amazon-music-unlimited/>
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- 3 <https://www.businessofapps.com/data/amazon-statistics/>
Essential Amazon statistics by sector such as Subscriptions Services
- 4 <https://producerhive.com/music-marketing-tips/streaming-royalties-breakdown/>
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- 6 <https://www.statista.com/statistics/604959/number-of-apple-music-subscribers/>
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- 7 <https://www.statista.com/statistics/244995/number-of-paying-spotify-subscribers/>
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- 8 <https://www.statista.com/statistics/587216/music-streaming-revenue/>
Music streaming industry revenue growth data
- 9 <https://www.businessofapps.com/data/apple-music-statistics/>
Essential Apple Music revenue and growth data