

Music Royalties Inc. – Non-Correlated Monthly Passive Income

\$0.50 per Share with a \$0.036/Share Dividend for a 7.2% Yield



Company Overview

- Founded in 2018 Music Royalties Inc. ("MRI" or the "Company") is a privately owned Canadian-based investment firm that acquires passive, predominantly music royalties (some book, film and TV) from rightsholders (artists, producers, songwriters, etc.) in partnership with rightsholders (vs. investment funds), and thus provides direct exposure to music royalty revenue from streaming (Spotify, Apple Music, YouTube)
- MRI owns a diverse portfolio of 31 music royalties, protected by long-term copyrights (life of author + 70 years or "LOA") and benefitting from some perpetual contracts
- Utilizes data analytics to drive purchase decisions and actively manages its portfolio of interests in over 7,000 songs
- MRI has a network of partners across North America, Europe, and the United Kingdom who deliver a steady pipeline of potential rights acquisitions
- Key corporate objectives include purchasing royalties at fair market value (yielding an average 10%), paying shareholders a monthly dividend, and continuing to grow and diversify its music royalty portfolio with a proprietary pipeline of investment opportunities. MRI plans to apply for a listing on a Canadian and US stock exchange in the future
- MRI transacts directly with rightsholders by offering them a combination of both shares and cash thereby diversifying their own income streams, allowing them to continue to earn income and provide them with upside from a portfolio of rights

Transaction Overview

- Currently seeking \$20M in private funding to acquire additional royalties to grow MRI's portfolio of royalty assets
- MRI is able to deploy capital immediately via their access to existing royalty partners and proprietary professionals network which allows them to identify and execute on investment opportunities

Term Sheet

Issuer:	Music Royalties Inc.
Offering:	Private placement of up to approximately C\$20,000,000 of common shares (the " Common Shares ") from treasury
Offering Price:	C\$0.50 per Common Share (the " Issue Price ")
Dividends Per Share:	Current cash dividend per share is \$0.003 per month (\$0.036 per annum) for a 7.2% yield after-tax . Dividends are distributed monthly to all shareholders
Offering Basis:	The Common Shares will be offered on a best efforts private placement basis subject to a formal agency agreement with conventional termination provisions and the receipt of all necessary regulatory approvals and the other conditions listed herein
Valuation:	The current pre-money capitalization of the Company is approximately C\$52M and the capitalization after this proposed Offering will be approximately \$70M (post agents fees)
Hold Period:	The Company is a private company and there is currently no market through which its securities may be sold and holders may not be able to resell securities purchased under this Offering. The Common Shares may be subject to an indefinite hold period pursuant to applicable securities laws
Use of Proceeds:	The net proceeds from the sale of the Common Shares will be used to acquire predominantly music royalties and some book, film, and TV royalties
Closing Date:	Monthly closings, or such other date as the Company may agree to

Contact Information

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Investment Highlights



Leading Canadian Music Royalties Investor

- The Company acquires passive (predominantly) music royalties and some book, film and television
- Direct exposure to stable music revenues through a diversified portfolio of rights due to subscription “utility” model
- MRI currently owns 31 catalogs of royalties that generate annual cash flow and are protected by long-term copyrights for predictable reliable, recurring revenue



Experienced Management Team & Advisory Board

- Chairman and CEO Tim Gallagher has extensive experience managing royalty cash flow assets
- Advisory team with decades of music industry experience (Beyoncé & Solange Knowles, The Rolling Stones, Beach Boys, King Harvest)
- Proven track record of negotiating well structured royalty deals with artists, producers, managers and rights holders



Industry Tailwinds Supporting Resilient Growth

- Accelerated growth in paid global music streaming services; top platforms (i.e. Apple Music, Spotify, Tencent Music, YouTube) are increasingly becoming part of a consumer’s monthly utility bill
- Incremental upside from live performances, films, TV shows and online social media platforms (i.e. Facebook, Instagram, Peloton, TikTok).
- Positive regulatory developments (i.e. Music Modernization Act and the Copyright Royalty Board royalty increase) driving and protecting monetization rates



Institutions are Taking Part in the Music Industry

- Significant private equity fundraising focused on IP rights being led by KKR, Brookfield Asset Management, Ontario Teachers, Providence Equity Partners, Blackstone, Apollo
- Warner Music Group, Hipgnosis Song Fund and Universal Music have all gone public at significant valuations
- PE fund raising and asset purchases focused on IP rights have accelerated dramatically over the last 5-10 years



Steady Dividend Growth

- In July 2023, MRI increased its monthly dividend by 20% to \$0.003 per share, previous increases have been +25% (July 2022), +33% (July 2021), +20% (June 2020), +50% (July 2020)
- MRI has paid out over \$15M to shareholders in 75 dividend payments (paid monthly)
- Constantly evaluating potential accretive acquisitions through its network of partners to continue to increase its dividend
- Current management structure provides the company with operating leverage to generate dividend growth



Music Royalties are Uncorrelated to Other Asset Classes

- Source of recurring revenue with little to no variable costs required to generate additional revenue
- Good source of yield, steady dividend growth with defensive characteristics
- Music is consumed as a low-cost distraction among family and friends which provides a true hedge against inflation
- Low correlation to other asset classes providing good source of diversification and portfolio risk management

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MRI's Leadership Team



Tim Gallagher
Chairman & CEO
METALLA ROYALTY & FINANCING LTD.
ROYALTIES INC. UBS



Chris Sisam
Director
CORUS.



Ted Ellis
Director
CORUS. CMA
CCMA CANADIAN COUNTRY MUSIC ASSOCIATION



Connor Gallagher
Director
METALLA ROYALTY & FINANCING LTD.
ROYALTIES INC.



Andrew Robertson
Director
RBC canada life

MRI's Advisory Team



Mathew Knowles
30 Yrs. Experience in music, TV, film, artist management (Beyoncé & Solange Knowles)



Andrew Loog Oldham
First Manager and Producer of The Rolling Stones



Iain Taylor
President & CEO of Cadence Music Group



Dan Hill
Grammy Awarded Singer-Songwriter



Gary Procknow
Because Entertainment TLF Royalty Enhancement

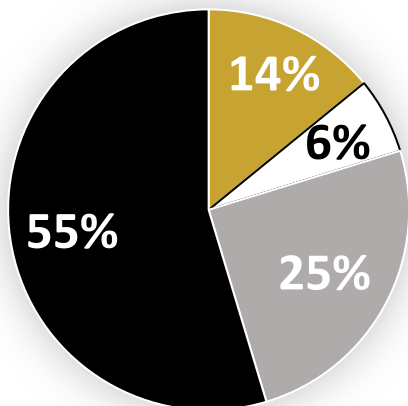


Ron Altbach
Dancing in the Moonlight, King Harvest Beach Boys

MRI Shareholders

- Tim Gallagher (CEO) owns 9.5M shares, representing ~ 9.4 %of the total shares outstanding
- MRI currently has 100M common shares outstanding consisting of over 330+ accredited shareholders
- Other top shareholders include six family offices each owning over 2m shares

Top Shareholders



■ Management & Directors □ Advisory Team
■ Top Family Offices ■ Individuals

Ownership Summary

Founders & Management

Tim Gallagher	10.0%
Andrew Robertson	2.3%
Chris Sisam	0.9%
Connor Gallagher	0.8%
Total Founders & Management	14.2%

Top Family Offices ("FO")

FO #1	8.5%
FO #2	7.1%
FO #3	4.7%
FO #4	1.9%
Other Family Offices	3.1%
Total Top Family Offices	25.3%

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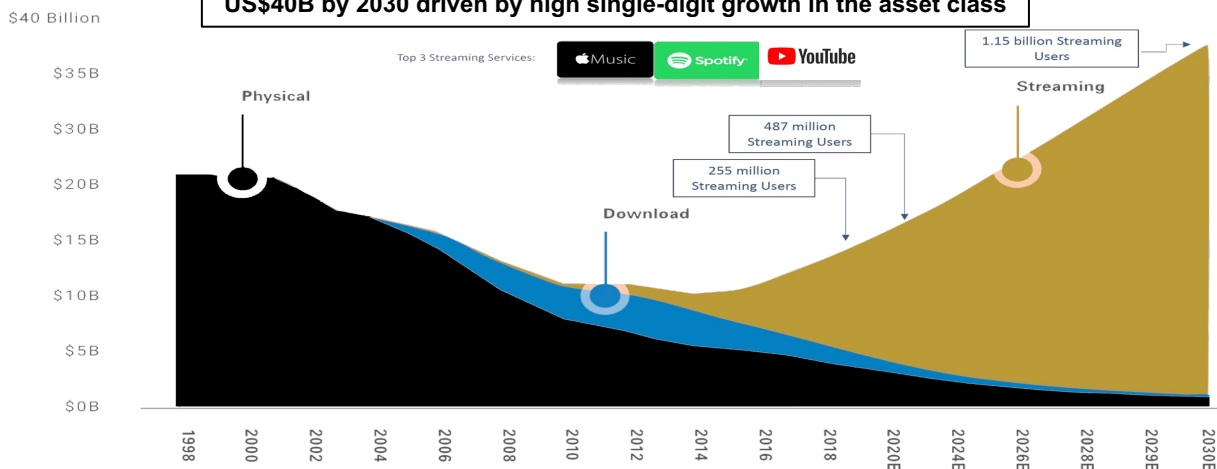
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Macroeconomic Themes In the Music Royalty Sector

- Revival and globalization of “iconic” and “classic” music catalogues with increased global accessibility
- Smartphone adoption and affordable music subscription plans have led to significant international growth in legal and recurrent music consumption (i.e. India, Africa, South America)
- Rising collaboration between various artists, stemming from digitization of creative and recording process
- Aging demographic of iconic North American music artists looking to monetize their catalogues

Recorded Music industry revenues of US\$20B expected to double to US\$40B by 2030 driven by high single-digit growth in the asset class



Economics Of The Music Streaming Service

Example: Hit Song X Streaming on Spotify

Annual Income - \$1M

- 200M Streams Annually * \$0.005 per stream
- 0.067% Market Share of Total Streams
- Total \$1M Royalties for All Rights Holders

	Recording Co./Artist	\$333K	33%
	Publisher/Songwriter	\$333K	33%
	Distributors (Spotify, YouTube, Apple Music)	\$333K	33%

Music rights provides long term¹ cash flows since contracts are signed for the life of the author plus 70 years

Notable Transactions in the Industry






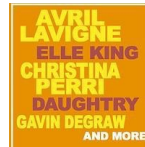
Date	Headline
October 2022	Brookfield Asset Management announced a US\$2B deal with Primary Wave Music to fund a permanent capital vehicle focused on acquiring music rights from top acts
September 2022	Concord purchased a package of Genesis, Phil Collins, and some Mike + the Mechanics music assets for over US\$300M
September 2021	While no additional cash was raised, Vivendi's (VIV) spin off of Universal Music group (UMG) to the public markets in 2021 valued at US\$38B
July 2020	Shamrock Capital closed its second content IP Fund (US\$400M)
June 2020	Warner Music Group's (WMG) IPO in 2020 raised just under US\$2B at a US\$13B valuation
December 2019	Providence Equity Partners announced US\$650M of equity and debt capacity for Tempo Music Investments, its music IP acquisition platform



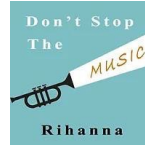



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Selected Assets In MRI's Portfolio

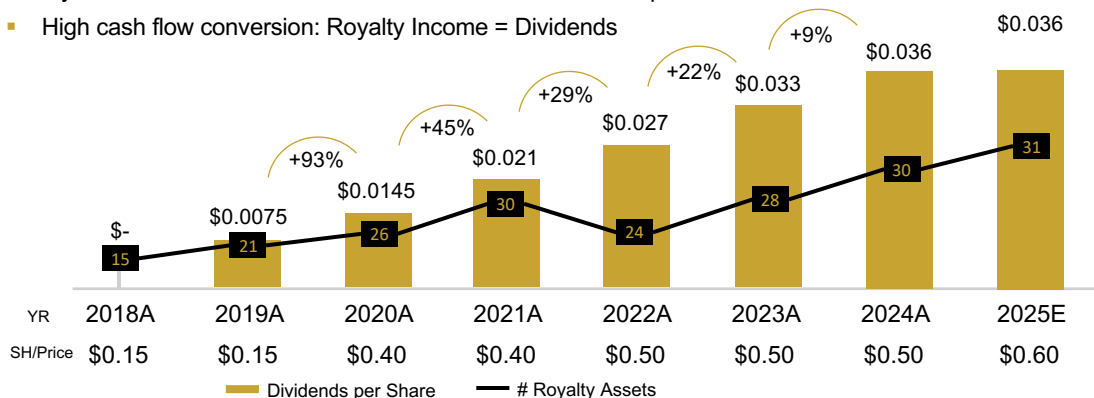
						
Purchase Price	RS	US\$172,500	US\$193,000	US\$145,000	US\$51,000	US\$62,000
Purchase Multiple¹	Confidential	7.1x	3.2x	4.5x	12x	9.1x
Annual Royalties²	High Profile Acquisition	~US\$24,446	~US\$58,921	~US\$32,222	~US\$4,135	~US\$6,546
Annual Yield²		14%	31%	22%	8%	11%

						
Purchase Price	US\$190,500	US\$76,000	US\$235,640	US\$260,000	US\$156,375	US\$181,750
Purchase Multiple¹	3x	9.1x	7.6x	16.5x	6.2x	9.1x
Annual Royalties²	~US\$62,142	~US\$8,489	~US\$51,979	~US\$16,557	~US\$25,473	~US\$19,113
Current Annual Yield²	33%	11%	13%	6%	16%	11%

						
Purchase Price	US\$370,000	US\$300,000	US\$201,400	Not Public	MWEC Not Public	Not Public
Purchase Multiple¹	12x	5.5x	11x			
Annual Royalties²	~US\$30,291	~US\$53,772	~US\$18,222			
Current Annual Yield²	8%	18%	9%			

Key Financial Highlights

- Music royalties have stable, 'utility-like' cash flow characteristics – diverse and uncorrelated to other asset classes generated from thousands of top songs and millions of digital streams. Provides a good hedge against inflation given that music is consumed as low-cost entertainment among family and friends
- MRI's key objective is to increase its monthly dividend through strong portfolio performance and continued acquisitions of attractive music royalties
 - 5 year track record of annual dividend increases since inception
 - High cash flow conversion: Royalty Income = Dividends



1. Purchase Multiple is based on LTM acquired cash flow
 2. Annual Royalties and Annual Yield are based on 2023 cash flow