FOCUS ON MUSIC PUBLISHING IN FRANCE

2021

CSDEM

CEMF

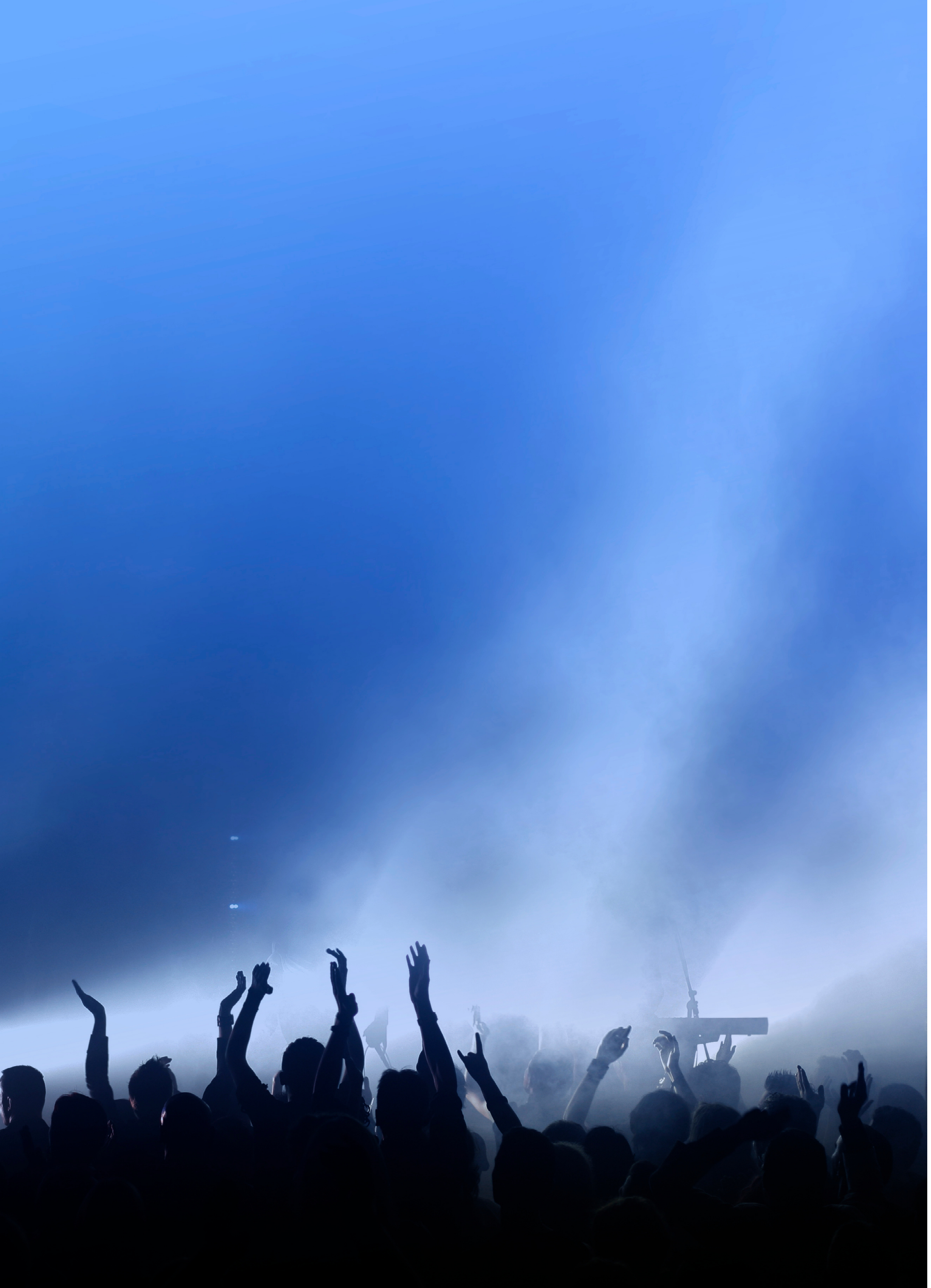
UNION DES LIBRAIRIES MUSICALES

CSDEM (Chambre Syndicale de l'Édition Musicale) – French Music Publishers Association – represents publishers of mainstream music and is recognised as a representative body by the Ministry of Labour in France. It counts more than 150 members, including the main music publishing companies in the country, along with the subsidiaries of multinational music groups.

CEMF (Chambre Syndicale des Éditeurs de Musique de France) – Music Publishers of France – was founded in 1873 and represents publishers of classical music, covering opera, orchestral, chamber, instrumental, choral, and brass band, along with instruction manuals for the learning of musical instruments.

ULM (Union des Librairies Musicales) – Production Music Organisation – was created in 2000. Its membership is made up of publishers and producers of repertoires intended for the musical illustration of audio-visual content: feature films; documentaries; fictional series; trailers; TV programmes (magazines, reports, streaming) and radio; and advertisements, etc. ULM has 16 members made up of independent companies and divisions of major companies (Universal, Sony, Warner, and BMG).

In addition to representing the interests of music publishers with policy makers and trade organisations, CEMF, CSDEM, and ULM perform other functions intended to promote music publishing, contributing to the defence and development of intellectual property, defending good practices, as well as encouraging communication and cooperation between music publishers.



CONTENTS

METHODOLOGY

- Focus on Music Publishing in France is an initiative undertaken by the three professional organisations that represent music publishing companies in France: CSDEM (Chambre Syndicale de l'Edition Musicale or French Music Publishers Association), CEMF (Chambre Syndicale des Éditeurs de Musique de France or Music Publishers of France) and ULM (Union des Librairies Musicales or Production Music Organisation).

- This specific edition of the initiative focuses on economic, financial and rights management data for the year 2021.

- Data was gathered via a questionnaire that was sent to members of all three associations and which focused on six main themes: general outlook of the company, workforce, financial results, investments, external financing and the health crisis.

- A panel of 642 music publishing companies, composed of major music publishing companies, the French affiliates of independent international companies and independent French companies received the questionnaire. A total of 40 companies responded to the survey.

- The responding sample accounted for 63.2% of the total amount of rights paid by authors' society SACEM to music publishing companies in 2021.

- The 2020 data has been recompiled in order to include data from the new respondents of 2021.

WARNING: CONTEXT RELATED TO COVID

- This edition of Focus on Music Publishing in France is based on the financial results of music publishers in 2021. Taking into consideration the delays in the collection of publishers' principal revenue, mainly affecting rights collected by music rights society SACEM, the 2021 results continue to reflect the lingering effects of the COVID crisis.

- The macroeconomic approach of this report tends to hide the diversity of publishers: in 2021, the effects of the COVID crisis vary substantially according to the size of company, the nature of repertoire and the resulting types of exploitation.

01 THE MUSIC PUBLISHER'S BUSINESS: DEFINITION, MAPPING & WORKFORCE

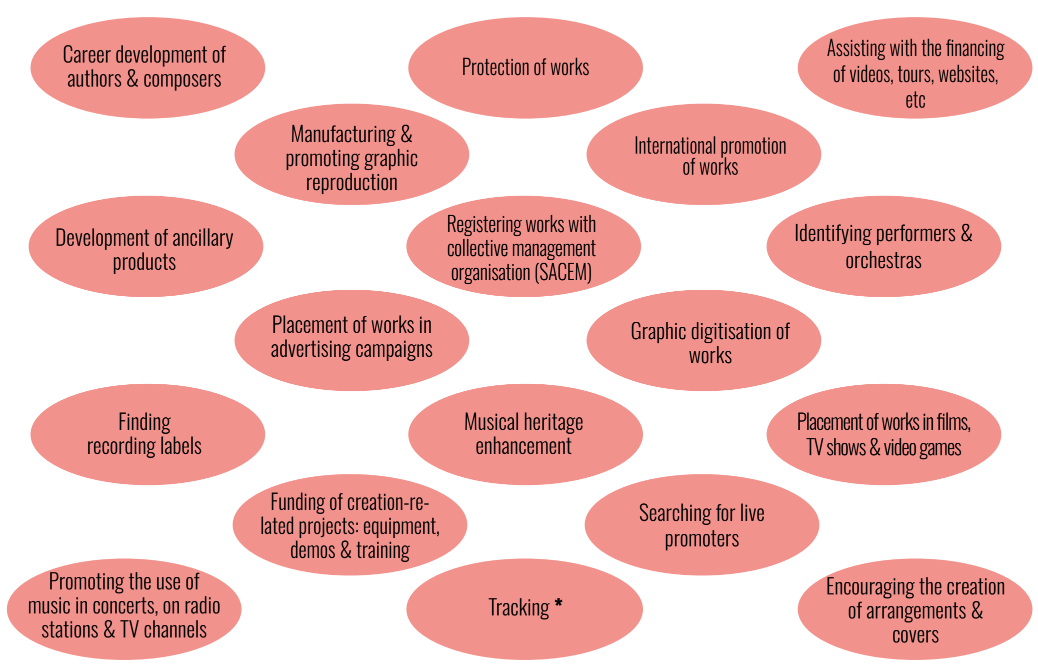
THE MUSIC PUBLISHER'S BUSINESS

Music publishing is one of the main sectors of the music industry and is present throughout the music creation process. It exists alongside the other primary components – phonographic production and live performance – and all three are interdependent: investments made by music publishers tend to benefit the other two sectors and vice versa.

For the most part, music publishers are involved from the outset of the creative process and may sometimes initiate creative projects. Publishers are responsible for managing creative works and maximising their artistic potential through all available channels, so that the creators – authors and composers, of which they are the main partners – can develop and optimise their careers by finding the right strategic partners that will enable them to reach their full potential.

In recent years, the role of the music publisher has expanded considerably. Publishers are involved in career development; defending the interests of authors and composers; financing creative projects; ensuring the dissemination and commercial exploitation of musical works; and promoting creative works both at home and on the international stage.

PUBLISHERS ARE THE MAIN PARTNER OF AUTHORS & COMPOSERS & FULFIL MULTIPLE FUNCTIONS



Source: Xerfi, with input from CSDEM, CEMF, ULM and trade press
Words followed by * are defined in the glossary on page 33

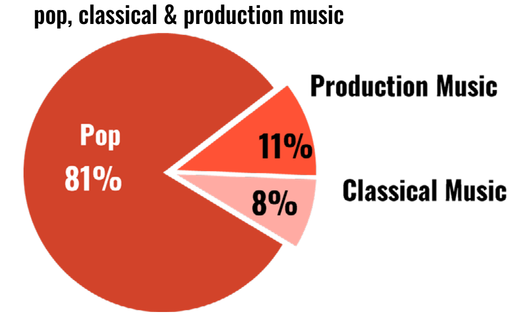
MAPPING THE PUBLISHING MARKET

The music publishing market covers three main areas: pop, Classical and Production Music. Pop, which represented 81% of the turnover of the survey's respondents in 2021, covers everything from chanson and rock and rap to jazz and electronic music/EDM. Production Music accounted for 11% of total revenue. Production Music relates to the production and development of music works for audio-visual and media professionals. Finally, Classical Music, which makes up 8% of total turnover, derives most of its income from the sale of sheet music and the rental of orchestral equipment.

The publishers represented in our sample generated **an average turnover of €6.2 million in 2020, for a median turnover of approximately €701,000.** Over **60% of those who responded to our survey reported a turnover lower than €250,000.** Based on data covering the entire music publishing market in France in 2021, major companies (defined as publishers with a turnover in excess of €10 million) represented 39% of the total rights paid by SACEM to music publishers in 2021.

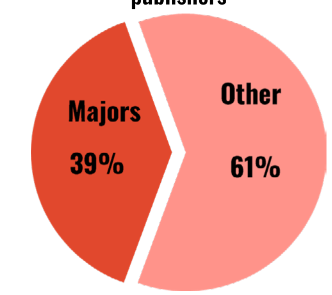
* see glossary page 33

A market split between three main genres: pop, classical & production music

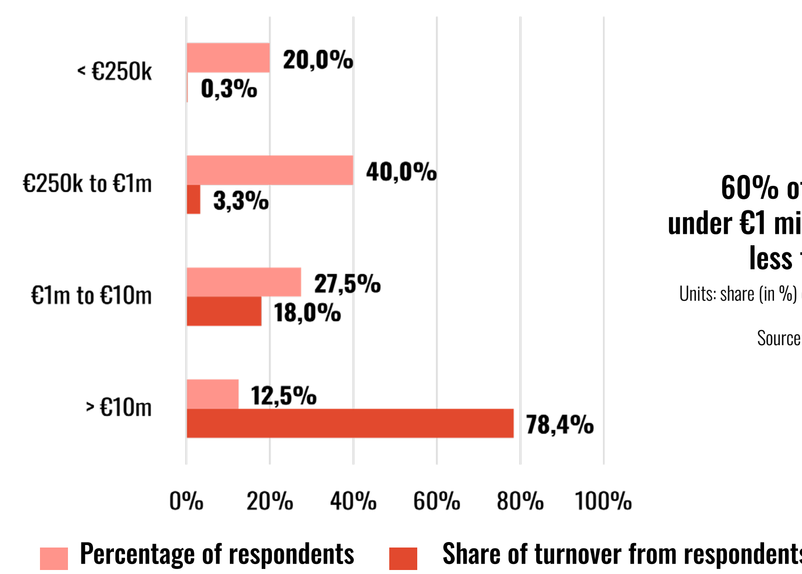


Units: share (in %) of total turnover in value
Source: *Focus on Music Publishing in France*,2021 data

Majors represent 39% of SACEM's rights paid to publishers



Units: share (in %) of SACEM's rights paid to publishers
Source: SACEM, 2021 data



60% of music publishers generate under €1 million in turnover and account for less than 4% of total revenue

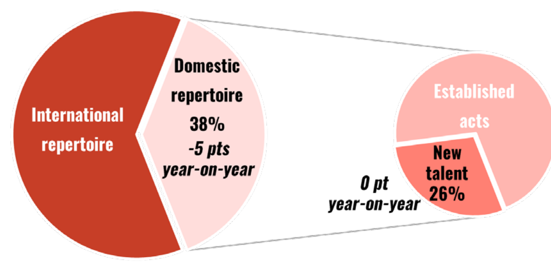
Units: share (in %) of the number of respondents and total turnover in value

Source: *Focus on Music Publishing* in France, 2021

SHARE OF DOMESTIC REPERTOIRE* & NEW TALENT*

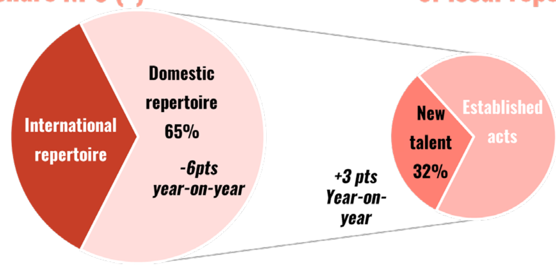
Domestic repertoire represents 38% of total publishing revenue

New talent represents approximately a quarter of the revenue generated by domestic repertoire



Domestic repertoire generates 65% of net publisher's share NPS (*)

New talent generates approximately a third of local repertoire's NPS (*)



(*) The publisher's gross margin on revenue
Source: *Focus on Music Publishing* in France, 2021 data

Publishers devote a significant amount of their activity to the development of domestic repertoire and new talent, which is the essence of music publishers' DNA.

In 2021, revenue from domestic repertoire **represented 38% of all publishing revenue and fell by 5%** compared to 2020, in connection in particular with the cancellation of concerts and the closure of public places due to the health crisis.

Beyond the decline in revenue, royalty payments made by publishers based on domestic repertoire revenue increased in 2021 compared to 2020, leading **to a 12% drop in the NPS for domestic repertoire. This highlights the erosion of publishers' profitability. The NPS on all repertoire (domestic and international) fell by 4% in 2021 compared to 2020.**

Revenue from **new talent represented 26%** % of domestic repertoire's revenue and **was down 1%** compared to 2020.

NPS from new talent also shrank by nearly 3% in 2021 compared to 2020. However, it represented 32% of domestic repertoire's NPS in 2021, compared to 29% in 2020, reflecting, in particular, the positive impact of support measures for publishers.

* see glossary page 33

EMPLOYMENT IN THE SECTOR

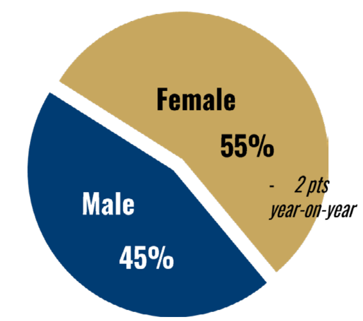
THE NUMBER OF PEOPLE EMPLOYED BY COMPANIES RESPONDING TO THE SURVEY TOTALLED 357 IN 2021

The total music publishing workforce for the companies represented in the panel reached **nearly 360 people in 2021**, a stable figure compared to 2020. Jobs had experienced a significant drop during the 2010-2014 period, in particular with regards to logistics positions in the classical music sector (sales of printed music and rental of orchestral scores).

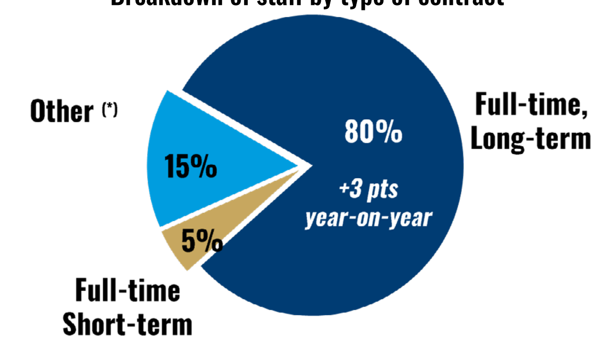
The music publishing sector creates stable and long-term jobs: 80% of the workforce had a permanent contract in 2021.

Although women still represent the majority of the workforce within the profession (55% of the total), **their share nevertheless fell by 2 points in 2021, compared to 2020. In addition, their payroll (charges included) is lower by around 30% to that of men (all types of contracts combined).**

Breakdown of staff by gender

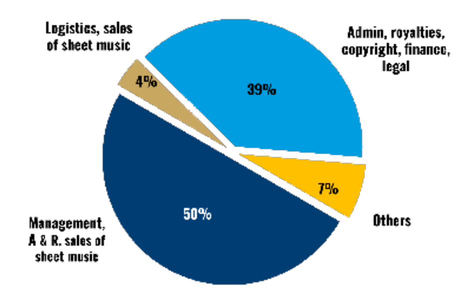


Breakdown of staff by type of contract



* including 6% internship contracts, 5% apprenticeships/training contracts & 4% self-employed workers)

Breakdown of staff by function



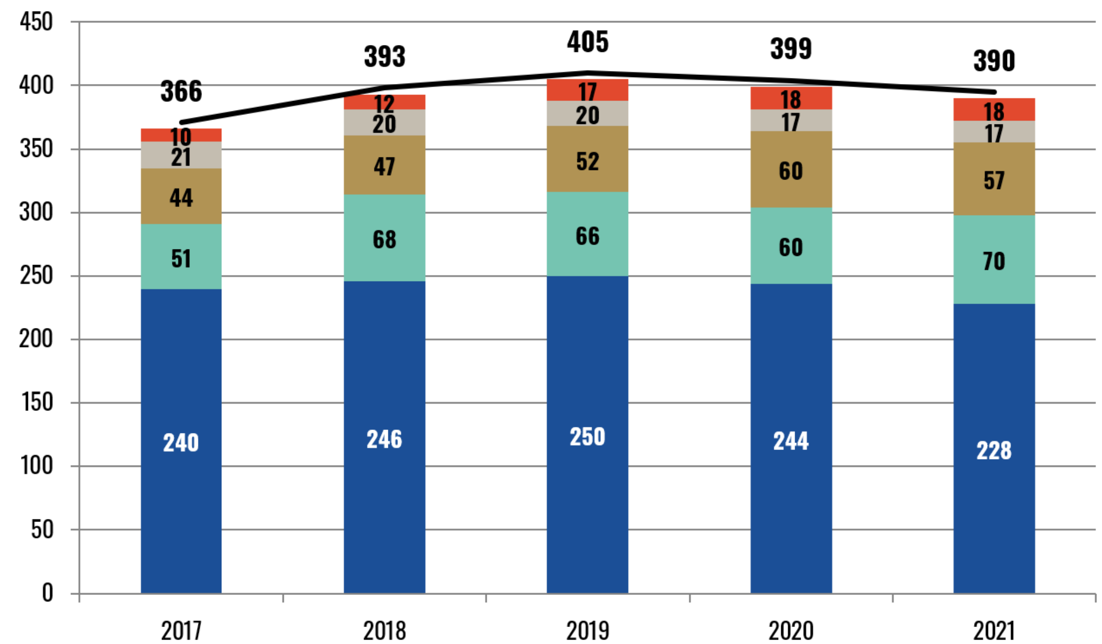
Units: share (in %) of total workforce
Source: *Focus on Music Publishing in France*, 2021 data

02 THE FRENCH MUSIC PUBLISHING MARKET

A/ EVOLUTION & STRUCTURE

SECOND CONSECUTIVE YEAR OF SLOWDOWN DUE TO THE EFFECTS OF COVID

MUSIC PUBLISHING REVENUE REACHED €390M IN 2021 DOWN 2% COMPARED TO 2020



Evolution over 1 year

Total publishing market : -2%	of which other rights (*) represented : 0%	of which classical represented : 0%	of which foreign rights represented : -5%	of which synch rights represented : +17%	of which SACEM distributions represented : -6%

(*) mainly graphic licence fees, management fees and neighbouring rights on masters

Units: million euros Sources: *Focus on Music Publishing* in France and SACEM

The French music publishing market's revenue reached €390 million in 2021, down 2% compared to 2020. Market analysis highlights contrasting trends according to various segments:

• SACEM distributions to publishers (through the collective management system) decreased by 6% year-on-year. The increase in digital rights did not offset the decline in public performance rights impacted by the health crisis;

• Synchronisation rights which entail the use of musical works in advertising campaigns, films and TV Productions were up 17%, after two consecutive years of decline,

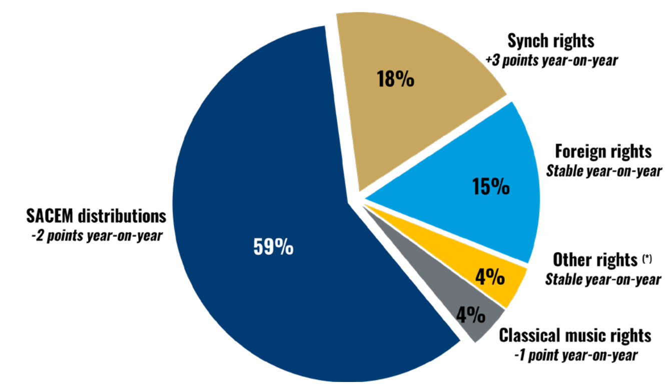
•Foreign rights/export rights which relate to revenue generated by domestic repertoire abroad and are collected by sub-publishers* outside of France relate mainly to 2020 exploitation and dropped by 5%, mainly due to the drop in all types of rights except digital,

* see glossary page 33

• Specific rights to classical music, including sales of sheet music, rental of Orchestral scores, reprography rights (collected by SEAM Société des Editeurs et Auteurs de Musique or the Society of Music Publishers & Authors) and grand rights, remained stable,

• Other rights mainly graphic licence rights, management fees*, neighbouring rights on master recordings, and other non-publishing-related revenue also remained stable.

COLLECTIVE MANAGEMENT OF RIGHTS REPRESENTED MORE THAN 60% OF REVENUE IN 2021
SYNCH & EXPORT ACCOUNTED FOR THE MAJORITY OF DIRECT MANAGEMENT INCOME



(*) mainly graphic licence rights, management fees & neighbouring rights on masters
Units: share (in %) of the total music publishing market in value & variations between 2021 & 2020 in points
Sources: *Focus on Music Publishing in France* & SACEM, 2021 data

SACEM's collective management services cover mechanical rights (phonographic and videographic exploitation, private copy*, international), public performance rights (live performance, radio, television, use of music in public places, international), and digital rights (streaming, downloads, mobile ringtones).

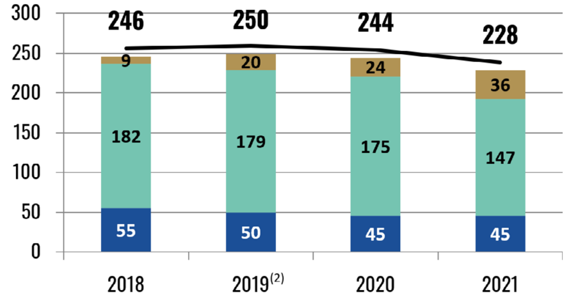
These rights represented about **59% of the publishing market in 2021.** Its share **fell by 7 point** compared to 2017, in favour of two direct management activities: **synchronisation** (18% of the market in 2021, +14 point in four years) and **«export» rights** from abroad, collected directly through sub-publishers (15% of the market in 2021, +3 points in four years). These two segments have sustained the growth of the publishing market in recent years (despite a drop in international rights in 2021).

* see glossary page 33

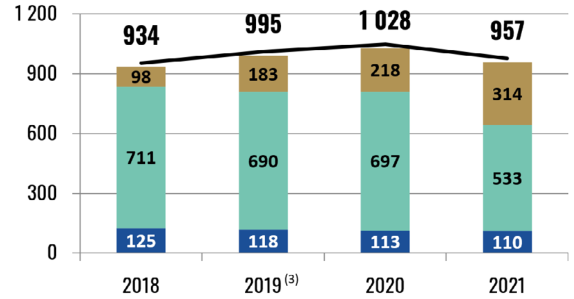
B/TRENDS IN COLLECTIVE MANAGEMENT

RIGHTS DISTRIBUTED BY SACEM TO MUSIC PUBLISHERS DECREASED IN 2021, AS DID RIGHTS DISTRIBUTED TO ALL RIGHTS HOLDERS(1)

SACEM distribution to publishers



SACEM distributions to all rights holders



Evolution over 1 year

- Total distributions to publishers : -6%
- of which digital rights : +55%
- of which public performance rights : -16%
- of which mechanical rights : 0%

Evolution over 1 year

- Total SACEM distributions : -7%
- of which digital rights : +44%
- of which public performance rights : -24%
- of which mechanical rights : -3%

For both graphs:
Units: million euros / Source: SACEM

(1) Rights holders include digital mandates; authors and composers; and foreign societies (2) The year 2019 included a management surplus of €1.4m (3) The year 2019 included a management surplus of €4m

The royalties distributed by SACEM in 2021 to French publishers dropped by 6% year-on-year, whilst those distributed to all rights holders dropped by 7%.

It is worth noting that the growth in digital revenue as part of general distributions is only partially reflected in the share redistributed to French publishers. Digital rights represent 16% of the rights distributed by SACEM to French publishers, compared to a third of the rights distributed to all rights holders (authors, composers, foreign publishers, foreign companies subject to specific pan-European agreements).

These pan-European agreements result in:

• SACEM collection of digital rights related to the repertoires represented by these agreements over several territories,
• The transfer outside of France of these digital rights collected by SACEM for the domestic exploitation of foreign works, which thus escape the majority of French publishers.

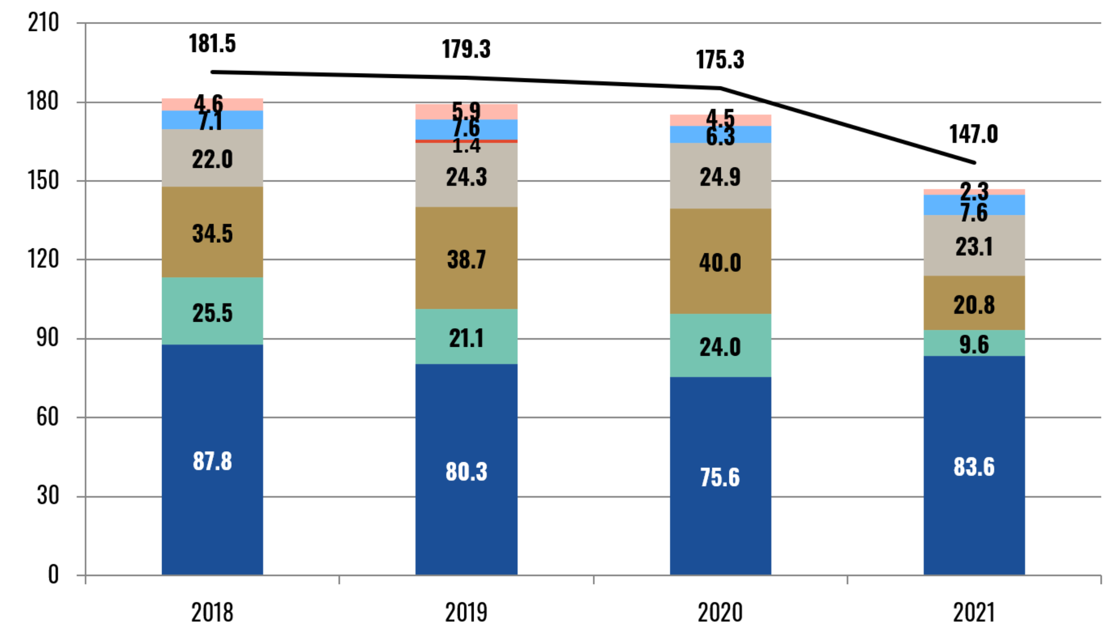
* see glossary page 33

THE EVOLUTION OF PUBLIC PERFORMANCE RIGHTS

Public performance rights (*), which represented **64% of SACEM rights** paid to publishers, **declined again in 2021 (-16%)**, performance rights in **public places (-48%), and radio (-7%)**, due to the effects of COVID [1]. However, **healthy performances in television (+11%)** due mainly to non-recurring elements and in **export (+21%),** have prevented a more severe drop in public performance rights.

* Including mechanical rights *1 See contents related to COVID page 7

THE DROP IN ROYALTIES FROM PERFORMANCE RIGHTS MUSIC IN PUBLIC SPACES & CINEMA LEAD TO A 16% DROP IN PUBLIC PERFORMANCE RIGHTS IN 2021 DUE TO THE HEALTH CRISIS



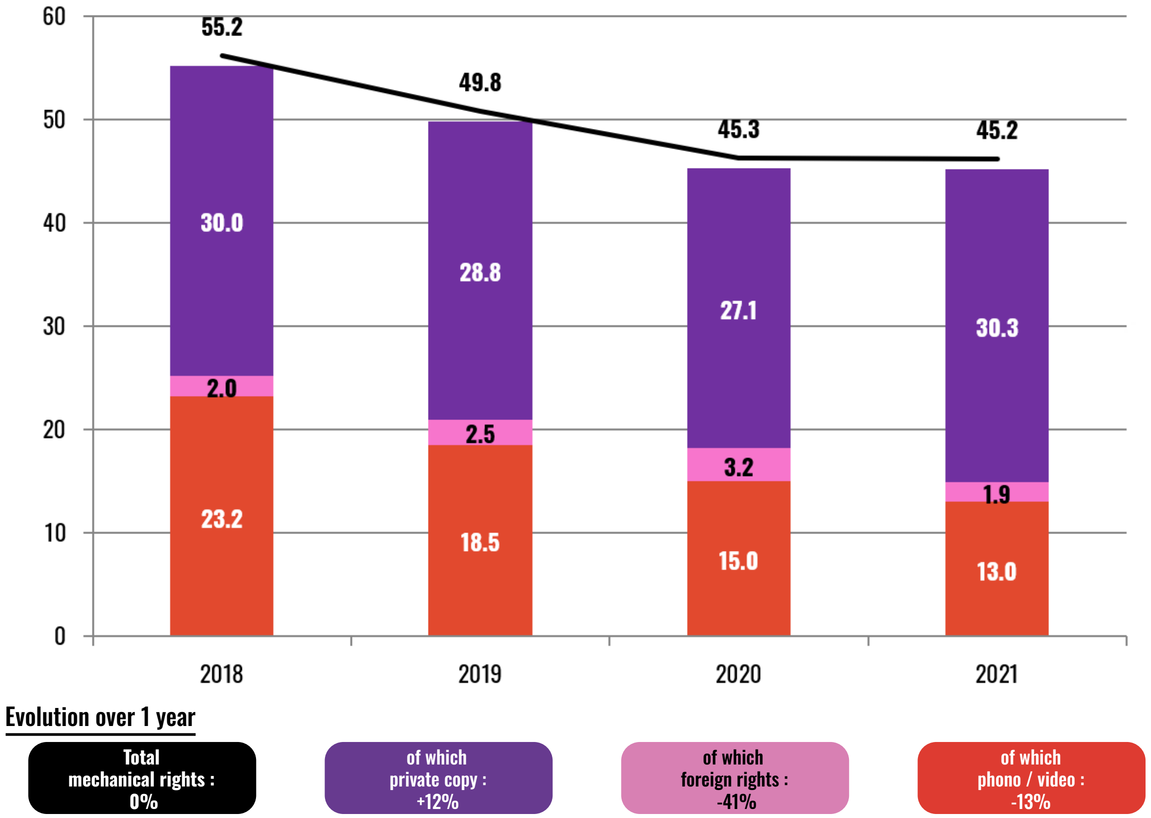
Evolution over 1 year

- Total public performance rights : -16%
- of which cinema : -49%
- of which foreign rights : +21%
- of which SACEM-managed rights : N/A
- of which radio : -7%
- of which background music* : -48%
- of which live : -60%
- of which television : +11%

NB: data excluding digital rights / Units: million euros / Source: SACEM
* The rights distributed by SACEM under the heading «background music» are the rights resulting from the performance of music in public places

EVOLUTION OF MECHANICAL RIGHTS (EXCL. DIGITAL RIGHTS)

MECHANICAL RIGHTS REMAINED STABLE IN 2021, WHILE A RISE IN PRIVATE COPYING RIGHTS MITIGATED A DROP IN PHONO/VIDEO & FOREIGN SEGMENTS

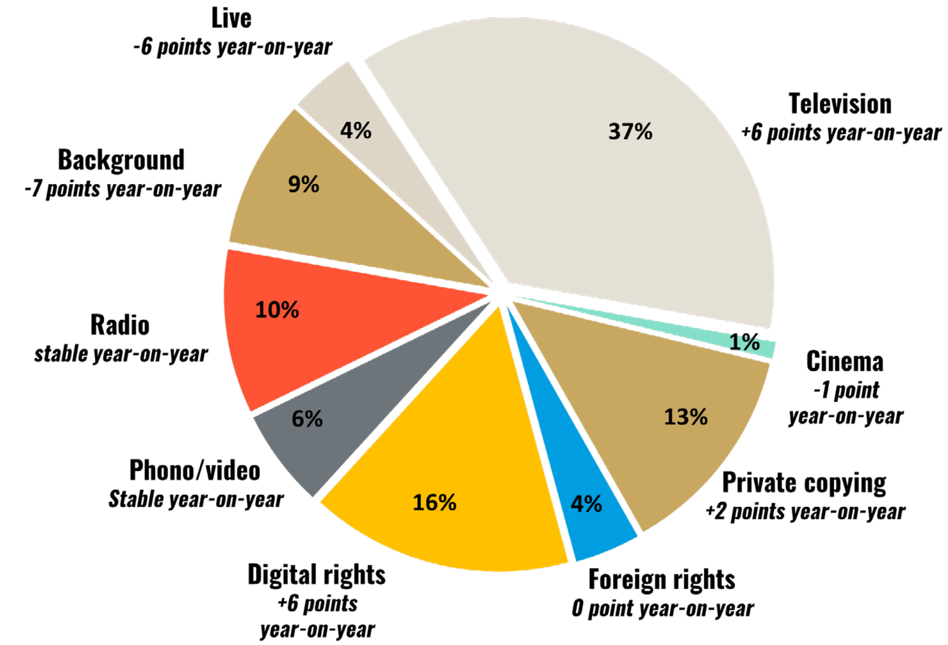


NB: data excluding digital rights / Units: million euros / Source: SACEM

Mechanical rights (excluding digital rights), which represent **20% of rights paid by SACEM** to publishers **fell in 2021, to €45 million.**
The increase in private copying revenue has offset the drop in segments such as phono / video, as well as export.

SACEM DISTRIBUTIONS TO PUBLISHERS BY TYPE OF RIGHTS

THE WEIGHT OF DIGITAL & TELEVISION RIGHTS IN SACEM DISTRIBUTION TO PUBLISHERS IS INCREASING TO THE DETRIMENT OF BACKGROUND & LIVE MUSIC



INCREASE OF THE EFFECTS OF COVID ON SACEM RIGHTS IN 2021

In 2021, publishers' revenue from **SACEM fell by 6%**. The most affected sectors being those directly impacted by the COVID crisis, namely:

- Live performance: -60%
- Cinema: -49%
- Background (music in public places): -48%
- Phono / Video: -13%

These drops in revenue are **partially offset by the increase in digital rights** (+55%), which represented **16% of publishers' revenue from SACEM** in 2021 (compared to 10% in 2020).

This overall trend overshadows the diversity of situations according to publishers, as well as the diversity of types of repertoire and the resulting diversity of avenues of exploitation. It is reflected in the impact on revenue between 2019 and 2021:

- In 2021, **63% of publishers lost more than 10% of their SACEM income**
- In 2021, **48% of publishers lost more than 30% of their SACEM income**
- In 2021, **33% of publishers lost more than 50% of their SACEM income**

C/ FOCUS ON DIGITAL RIGHTS

Digital rights are generated by the exploitation:
• of domestic repertoire in France, paid by SACEM;
• of foreign repertoire in France (pan-European allocations)*;
• of international repertoire abroad,

Total digital rights amounted to **€87.5 million in 2021**, of wich **€51.2 million were collected by French publishers and €36.3 million were from pan-European allocations,** paid directly to repertoire owners outside France by various authors' societies.

Excluding pan-European allocations, digital rights represented **13% of the publishing market in 2021. They experienced 60% growth** compared to 2020, driven mainly by **streaming and foreign revenue** , which both posted high growth rates throughout the year.

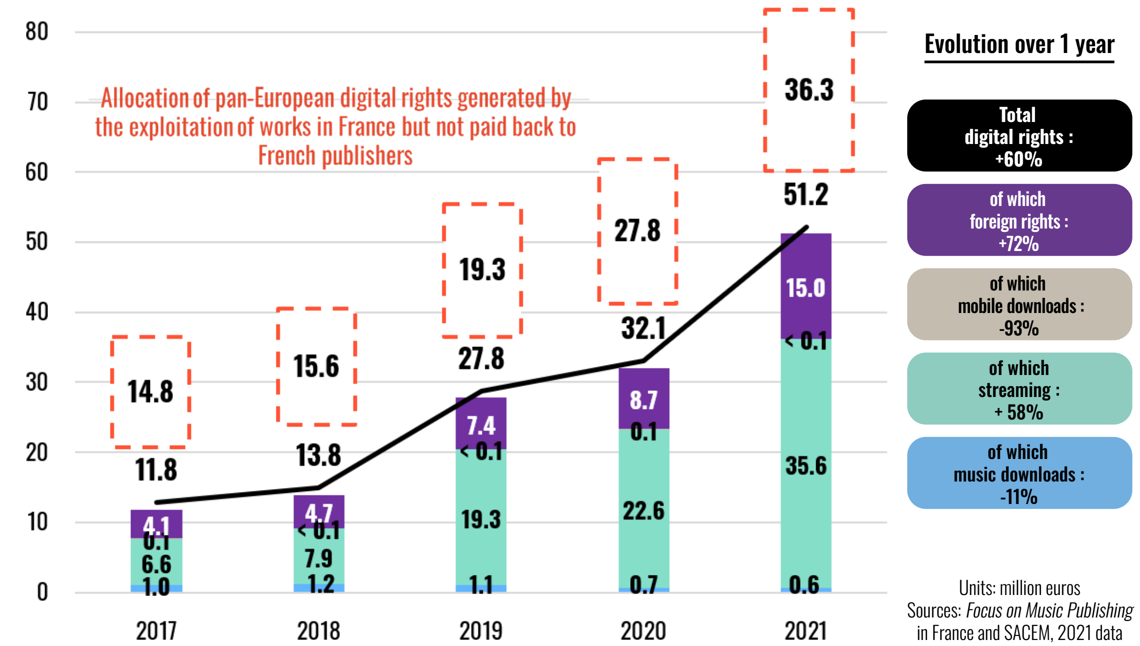
Despite improvement in SACEM's performances in processing digital rights, **sizeable disparities exist** between the increase at macroeconomic level and its translation at microeconomic level for French publishers. The current system of documentation of domestic works at SACEM negatively affects the remuneration of digital rights to French publishers.

French publishers are well placed to exploit digital rights, having worked on «dematerialised» content for several decades. However, **the transition to digital translates into a loss of value for the sector, since a significant portion of digital rights do not remain in France due to pan-European agreements.**

* see glossary page 33

DIGITAL RIGHTS COLLECTED BY PUBLISHERS IN 2021 AMOUNTED TO €51 MILLION & REPRESENTED 13% OF TOTAL PUBLISHING REVENUE & A 60% INCREASE COMPARED TO 2020.

A SIGNIFICANT PART OF DIGITAL RIGHTS ESCAPE FRENCH PUBLISHERS DUE TO PAN-EUROPEAN LICENCES



The weight of digital rights in the French music publishing market has increased significantly recently (+10 points in four years) but still only represented **13% of the publishing market in 2021, or €51 million.** In comparison, for records labels, digital sales amounted to €506 million in 2021 and accounted for 69% of the recorded music market.

The transition of revenue from physical rights to digital rights **is lagging** compared to the transition that took place within the recorded music segment. This is due to:

- **The fragmentation of repertoires,** a consequence of multi-territorial licences (pan-European agreements).
- **Management rules specific to online exploitation requiring**, in particular, the implementation of the documentation of works from the commencement of exploitation.
- **A time gap in the collection and distribution of royalties caused by collective management.**

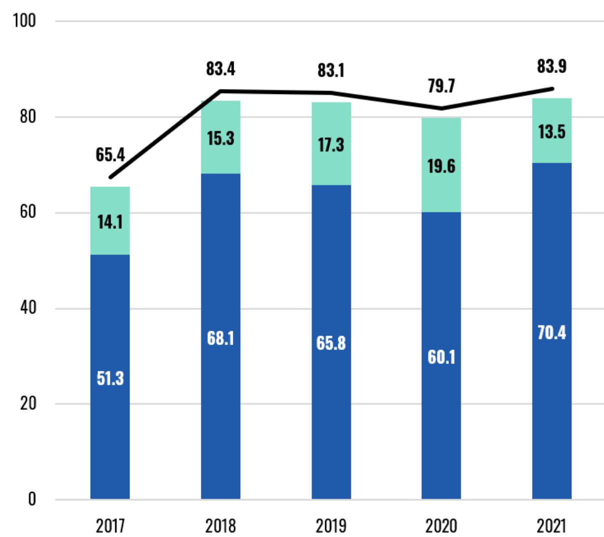
This state of affairs, that existed prior to the COVID crisis, **considerably hampered the ability of publishers to rely on digital rights, not least to compensate for the decline in the rights most affected by the crisis** (live, background, discotheques and cinema).

D/ DIRECT MANAGEMENT: THE CASE OF SYNCHRONISATION

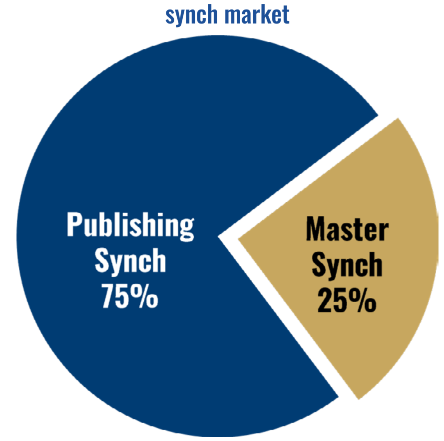
Revenue from synchronisation rights **increased by 5%** in 2021 to around **€84 million.**

This rise is mainly due to the growth in **synch rights generated in France (+17%).** However, foreign synch rights **were down 31%** in 2021 due to the impact of the health crisis and the delay in the way royalties are distributed.

THE GROWTH IN SYNCH RIGHTS IN FRANCE MORE THAN COMPENSATES FOR THE DROP IN FOREIGN SYNCH RIGHTS



Breakdown of France's synch market



Units: share (in %) of the market
Sources: SNEP , SACEM and *Focus on Music Publishing in France*, 2021 data

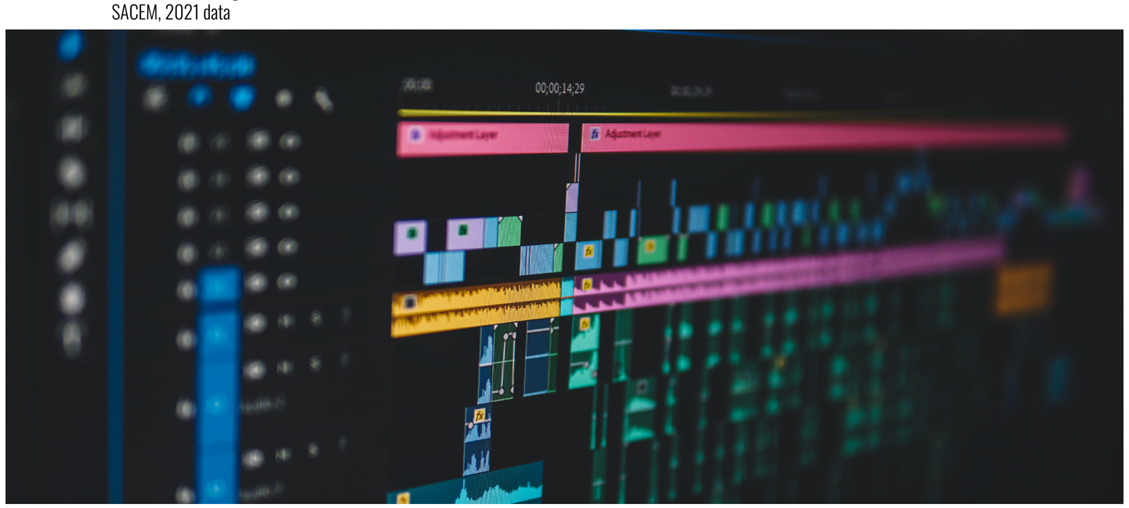
Evolution over 1 year

- **Total synch rights (publishing) : +5%**
- **of which international : -31%**
- **of which France : +17%**

Units: million euros
Sources: *Focus on Music Publishing* in France and SACEM, 2021 data

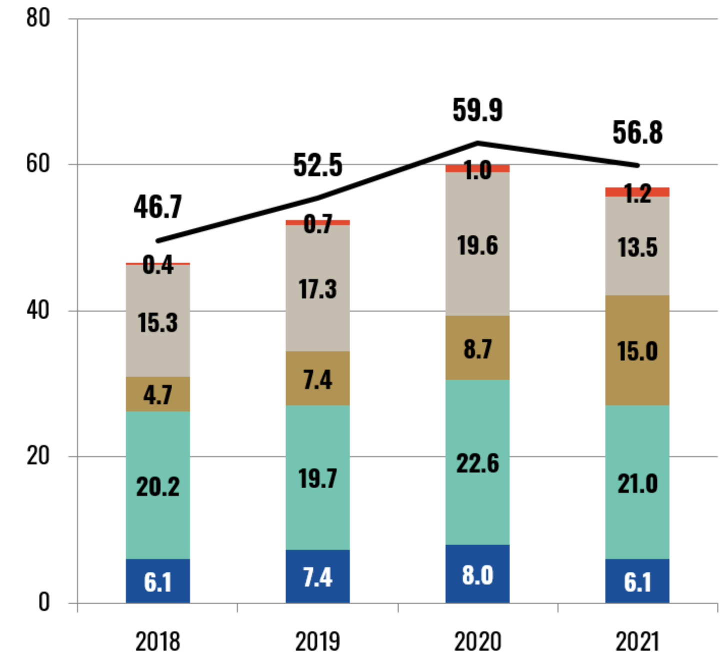
Synchronisation rights represented close **to 22% of the total French publishing market in 2021.** They were the main source of income from the direct management of rights by publishers.

It is worth noting that **publishers command a significant share of the synchronisation market compared to the owners of Master recordings** as pre-existing works are subject to publishing licences even in the case of re-recordings (local adaptations, covers).



E/ INTERNATIONAL PUBLISHING: FOREIGN RIGHTS DOWN DUE TO COVID

FOREIGN RIGHTS WERE DOWN BY 5% IN 2021, DUE TO THE DROP IN MECHANICAL, PUBLIC PERFORMANCE & SYNCH RIGHTS, PARTLY OFFSET BY A RISE IN DIGITAL RIGHTS

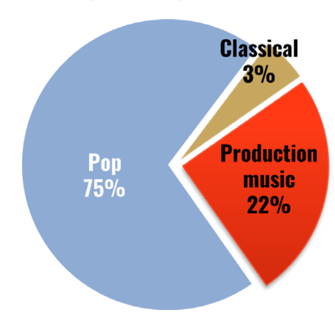


Evolution over 1 year

- **Total foreign rights : -5%**
- **of which other rights : +19%**
- **of which synch rights : -31%**
- **of which digital rights : +72%**
- **of which public performance rights : -7%**
- **of which mechanical rights : -24%**

Units: million euros
Source: *Focus on Music Publishing* in France (data excluding SACEM)

Breakdown of foreign rights by type of works



Units: share (in %) of foreign rights in value
Source: *Focus on Music Publishing in France*, 2021 data

Foreign rights (direct collection from sub-publishers, excluding SACEM rights), which related mainly to exploitations from 2020, **were down by 5% in 2021 at €57 million.** Three categories of rights have dropped, due mainly to the health crisis: **synch rights (-31%), mechanical rights (-24%) and public performance rights (-7%).**

Pop repertoire accounted for 75% of total foreign rights in 2021, far ahead of both production music (22%) and classical music (3%). The exploitation of catalogues abroad remained an essential activity for production music.

Insofar as foreign rights are accounted for by publishers only when they receive them from their sub-publishers, **all of these results essentially reflect the impact of COVID in 2021 that was not yet discernible in 2020.**

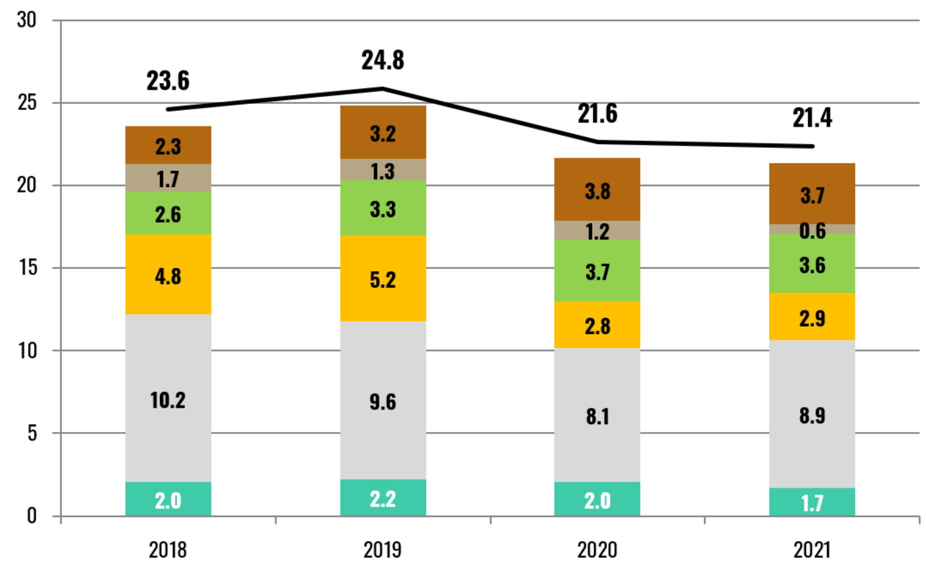
03 FOCUS ON THE CLASSICAL MUSIC MARKET

THE CLASSICAL MUSIC MARKET REMAINED DEEPLY AFFECTED BY THE IMPACT OF COVID & HAS YET TO RETURN TO 2019 LEVELS

Rights specific to classical music **declined by 1% in 2021** to €21.4 million. They remained impacted by the effects of COVID and **are far from their 2019 levels.**

Although **sheet music sales increased by 10%** compared to 2020, a year during which the classical music market was very much impacted by the health crisis, sales are nevertheless experiencing a structural downward trend, due in particular to piracy and the drop in attendance at educational establishments such as conservatories and music schools. Furthermore, sales of digital sheet music did not offset the drop in physical sales.

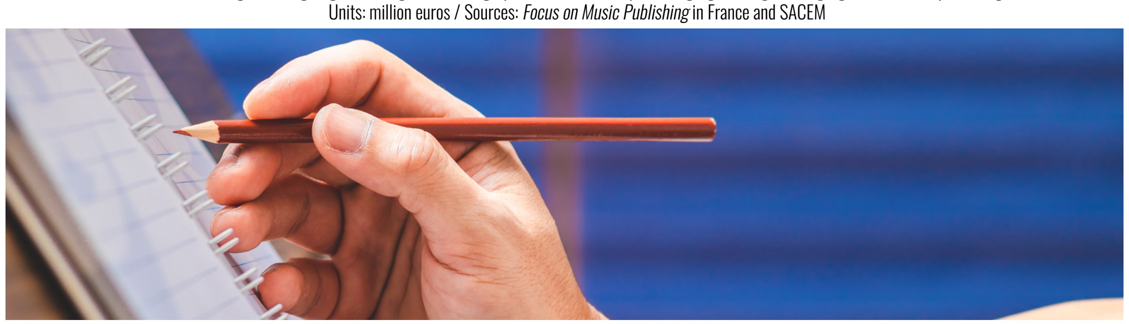
When live performance came to a halt in 2020, affecting operas, orchestras, ballets, etc, **the rental of orchestral scores also ceased.** Sales failed to pick up in 2021 and remain significantly below the 2019 level. Other rights – foreign rights, neighbouring rights, synchronisation rights, etc – **have also slightly decreased** compared to 2020's figures.



Evolution over 1 year

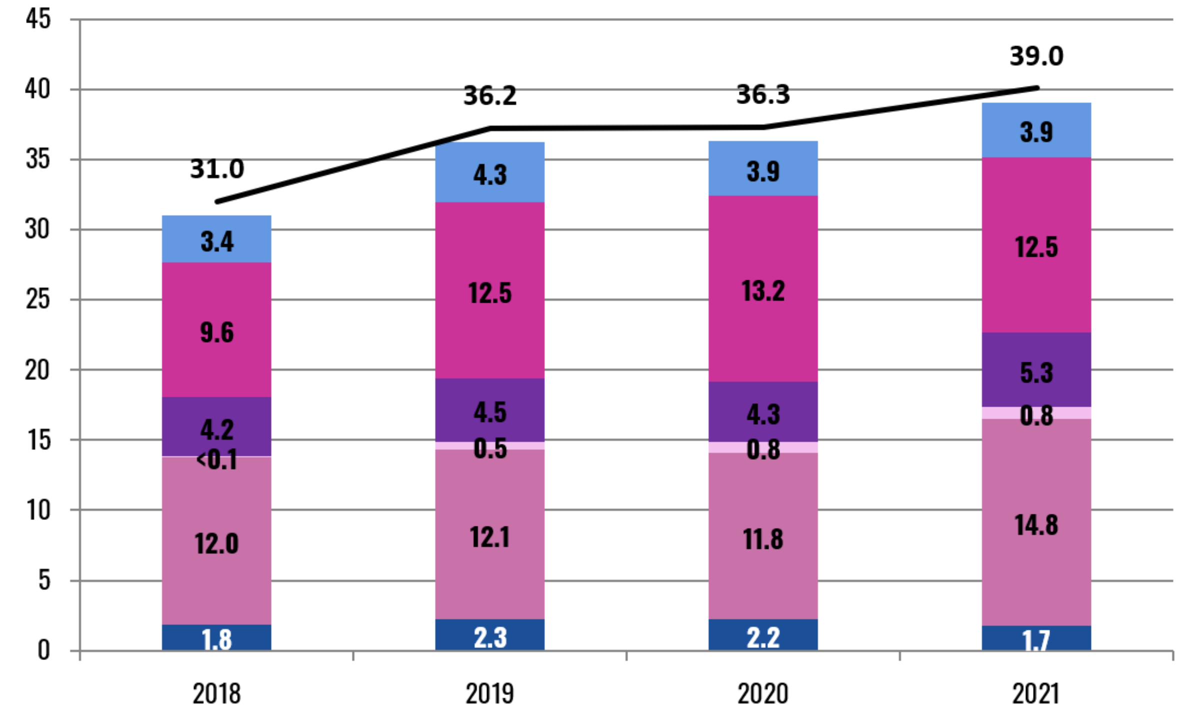
Total classical music rights : -1%
of which other rights (*) : -1%
of which Grand rights : -51%
of which reprography rights from SEAM : -4%
including orchestral scores rental : +2%
of which sheet music sales : +10%
of which SACEM rights : -16%

(*) Synchronisation rights, foreign rights, management fees, graphic licences, other publishing rights, neighbouring rights, other non-publishing income
Units: million euros / Sources: *Focus on Music Publishing* in France and SACEM



04 NEW DEVELOPMENTS IN PRODUCTION MUSIC

THE PRODUCTION MUSIC MARKET GREW BY 8% IN 2021, BOOSTED BY PUBLIC PERFORMANCE RIGHTS & SYNCH



Evolution over 1 year

Total production music rights : +8%
of which other rights (*) : 0%
of which foreign rights : -5%
of which synch rights : +23%
of which digital rights represented : 0%
of which public performance rights : +25%
of which mechanical rights : -22%

(*) Management fees, neighbouring rights on recordings, other publishing rights, other non-publishing income
Units: million euros / Sources: *Focus on Music Publishing* in France and SACEM

The production music market accounted for approximately €39 million in 2021, up 8% compared to 2020.

This is mainly due to **the increase in public performance rights received from Sacem** (+25%), mainly TV broadcasting rights, and **synchronisation rights** (+23%).

Production music is by its very nature less impacted by the closure of public places and has therefore in general been less affected by the effects of COVID.

In 2021, **the rights received from abroad represent around a third of production music's income.**

The low share of digital rights for production music is explained in particular by **the absence of rights relating to SVOD within international catalogues** (given the international management of digital rights) and the difficulty for SACEM of exploiting broadcasting data received from platforms and social networks such as Facebook, Instagram, TikTok, YouTube, etc.

05 THE PUBLISHER'S ROLE IN THE CREATIVE PROCESS, MANAGEMENT OF WORKS & CONTRACTS

KEY FIGURES RELATING TO MUSIC WORKS

- 2%
Evolution of the average publishing income generated by each work (French and foreign works combined) between 2020 and 2021

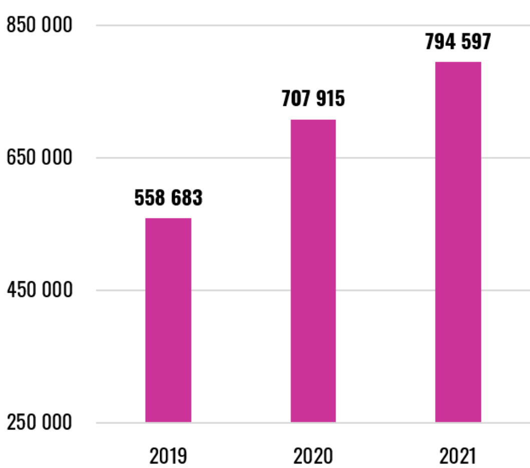
+ 8%
Evolution of the total number of works registered by publishers between 2020 and 2021

- 15%
Evolution of the average turnover generated by each domestic work between 2020 and 2021

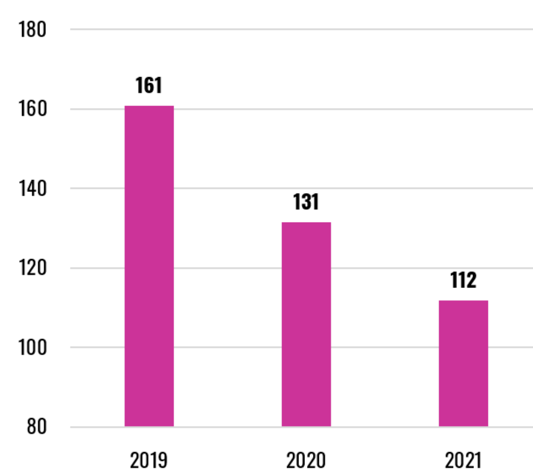
+ 12%
Evolution of the number of domestic works published between 2020 and 2021

FOCUS ON PUBLISHED DOMESTIC WORKS

Number of domestic works



Average publishing revenue by work



Source : *Focus on Music Publishing in France*

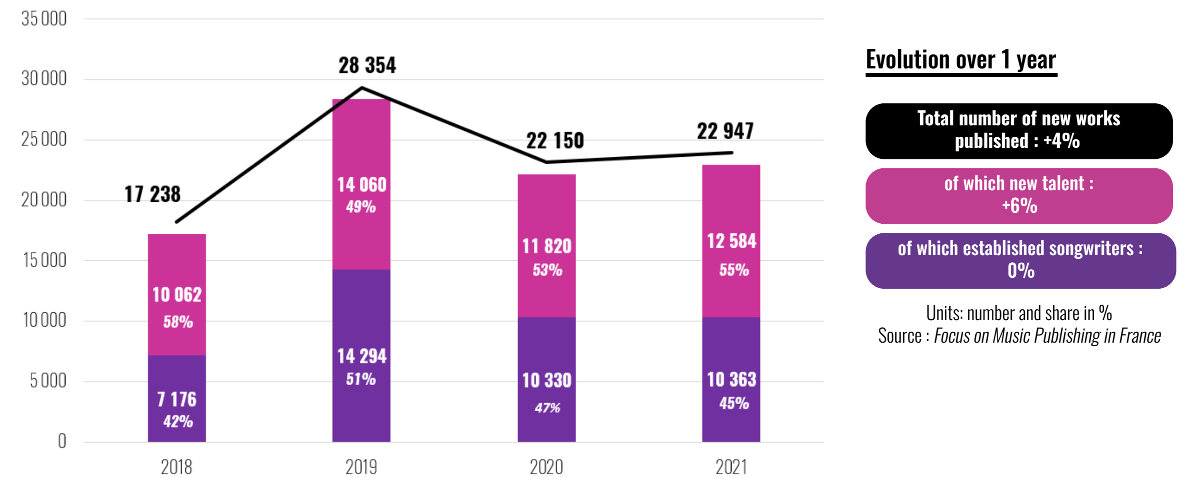
The total number of works published **has increased significantly recently** (+33% in two years), reaching nearly **12 million in 2021**. This growth has been **driven in particular by domestic works** (+42% in two years).

However, **average publishing income per work has tended to deteriorate**, with **a drop of 23% between 2019 and 2021** for all works (French and foreign works combined) and of **more than 30%** over the same period for domestic works.

EVOLUTION OF THE NUMBER OF NEW PUBLISHED WORKS

Although significantly lower than the level reached in 2019, the **number of new works published in 2021 increased by 4% in 2021,** to nearly **23,000 titles**. This growth was **driven by new talents** (+6%, compared to 2020), which now represent 55% of these new works (+2 points year-on-year).

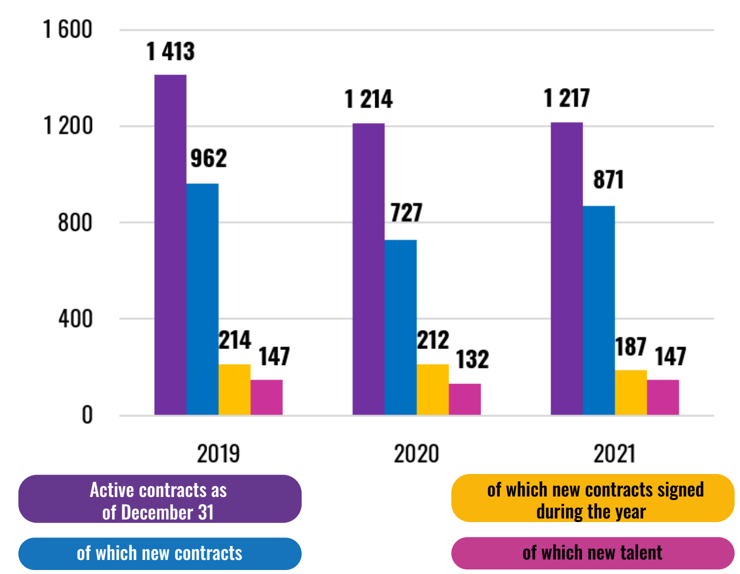
NEW FRENCH WORKS PUBLISHED IN 2021 INCREASED BY 4%, DRIVEN BY NEW TALENTS, WHICH REPRESENTED 55% OF THESE NEW WORKS (+2 PTS OVER ONE YEAR)



Units: number and share in %
Source : *Focus on Music Publishing in France*

THE EVOLUTION OF EXCLUSIVE SONGWRITER AGREEMENTS*

STABILITY IN THE NUMBER OF EXCLUSIVE SONGWRITER AGREEMENTS IN 2021, WITH A HIGH VOLUME OF NEW SIGNINGS IN URBAN MUSIC OFFSETTING A DROP IN POP & ELECTRONIC/EDM



Units: number
Source : *Focus on Music Publishing in France*
* check glossary page 33

New talent represented 72% of all Exclusive Songwriter Agreements in 2021 (+12 points year-on-year)

Focus on active Exclusive Songwriter Agreements as of December 31, 2021

	2021
Pop	385
Rock	70
Urban	570
World	20
Classical	10
Jazz	24
Electronic/EDM	122
Film / TV scores	15
Production music	1
Total	**1 217**
of which new talent	*871*

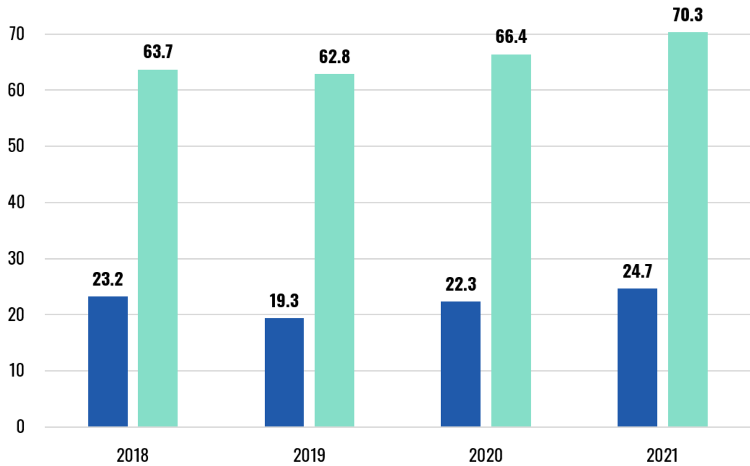
The number of Exclusive Songwriters Agreements stood at 1,217 at the end of December 2021, **a stable level** compared to 2020. The growth in urban, world and classical genres has offset the drop in Exclusive Songwriter Agreements in the categories of pop, rock, electronic/EDM, film/TV scores and production music.
Publishers gave **priority to new talent,** which represented 72% of existing Exclusive Songwriter Agreements in 2021 (+12 points year-on-year) and 79% of the new contracts signed during the year (+17 points year-on-year).

06 INVESTMENTS THROUGH ADVANCES

EVOLUTION OF INVESTMENTS THROUGH ADVANCES

As partners of songwriters, music publishers play a **key role in the prefinancing of their artistic creations.** With an **increase in advances paid in 2021** (+10%) **and cumulative advances of more than €70 million** at the end of 2021 (+6%), prefinancing intensified, **reflecting continued commitment from publishers in terms of signings and increased risk-taking in terms of investment. Publishers continued to invest and take risks as there is no guarantee that these advances will be recouped, in particular with regards to new talent.**

SIGNIFICANT PREFINANCING OF CREATIVE PROJECTS DRIVEN BY A 10% INCREASE IN ADVANCES PAID IN 2021 & OF 6% IN CUMULATIVE ADVANCES AT THE END OF 2021



Evolution over 1 year

Cumulated balance of unrecouped advances at year-end : + 6%

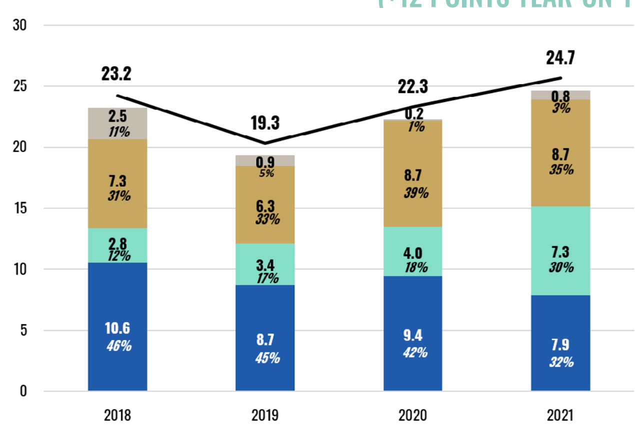
Recoupable advances paid during the year : +10%

Units: million euros
Source : *Focus on Music Publishing in France*

EVOLUTION OF RECOUPABLE ADVANCES PAID IN 2021

The overall amount in recoupable advances **increased by 10%** in 2021, in particular for **new talent (+81%)**. **New talent represents 30% of the total advances** paid by publishers in 2021. Advances for established **songwriters have decreased** by 17%. Advances related to **Administration agreements** (management contracts) **account for 35%** of total advances and now represent the main allocation of advances, whereas these contracts only generate a small margin for publishers and no long-term asset value for publishers.

THE SHARE OF NEW TALENT IN TOTAL ADVANCES PAID WAS SIGNIFICANTLY STRONGER IN 2021 (+12 POINTS YEAR-ON-YEAR)



Evolution over 1 year

Total recoupable advances : +10%

of which sub-publishing/import : + 468%

of which management/administration in France : 0%

of which new talent in France : + 81%

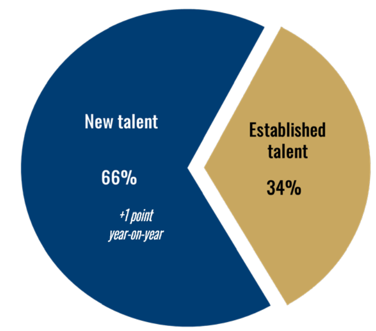
of which established songwriters or projects in France : - 17%

Units : million euros and share as a % of the total
Source: *Focus on Music Publishing in France*

KEY FIGURES ON EXPENDITURE RELATED TO PUBLISHING PROJECTS

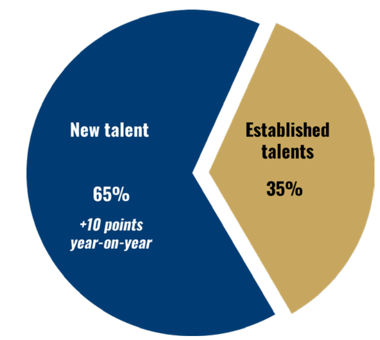
BREAKDOWN OF NON-RECOUPABLE INVESTMENTS IN 2021

In number of projects



Units: share (in %) of the number of publishing projects
Source: *Focus on Music Publishing in France*, 2021 data

In value



Units: share (in %) of the number of publishing projects
Source: *Focus on Music Publishing in France*, 2021 data

THE EVOLUTION OF NON-RECOUPABLE INVESTMENTS*

Non-recoupable investments **were up 7%** compared to 2020, a year that was impacted by a plummet in live performance activity and a slowdown in promotional activity related to COVID. The amount of non-recoupable investments in **new talent was up by a not insignificant 27%** compared to 2020 and represented close to half of the sum invested as recoupable advances in 2021.

In addition, **the average amount invested per project increased by 20%** in 2021 compared to 2020 (and by **40% for new talent**), reflecting stronger support from publishers for each individual project.

*see glossary page 33

07 SUBSIDIES RECEIVED BY PUBLISHERS

OVERALL MARKET

In 2021, all publishers received **€7.2 million in aid** from Sacem and CNM, including **€2.3 million relating to exceptional aid linked to COVID.**

Sacem

SUMMARY OF SACEM'S 2021 SUPPORT PROGRAM FOR PUBLISHERS	Number of projects received	Number of projects accepted	Million euros paid
Pop	462	412	3 597 446 €
Contemporary Classical Music	18	15	86 596 €
Production Music	29	25	195 586 €
	509	452	3 879 628 €

Source : *Sacem*

CNM

SUPPORT TO MUSIC PUBLISHERS (EXCLUDING TAX CREDIT SCHEME)	Number of projects processed	Number of projects supported	Total amount granted (€m) (en €)
Support to publishing development	193	174	1 000 000 €
Exceptional funds	157	157	2 300 000 €
	350	331	3 300 000 €

Source : *CNM Annual Report 2021*

PANEL OF RESPONDENTS

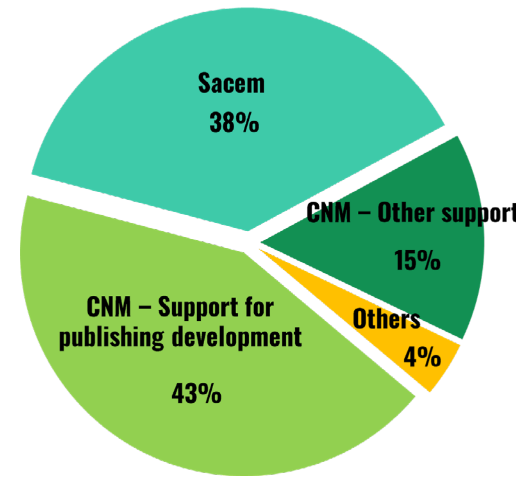
In 2021, **publishers responding to the survey** received subsidies amounting **to €3.3 million, an increase of nearly 75% over the previous year**, reflecting the time lag of the impact of the health crisis on the sector.

This amount is broken down into two categories:

- **sectoral subsidies linked to COVID of €1.8 million,** consisting mainly of the publisher support fund from the CNM (Centre national de la musique or National Centre of Music) and exceptional advances from SACEM;
- **other support schemes,** in an amount of **€1.5 million** (including 60% for projects related to new talents), corresponding mainly to aid for publishing development from the CNM and various support systems from SACEM.

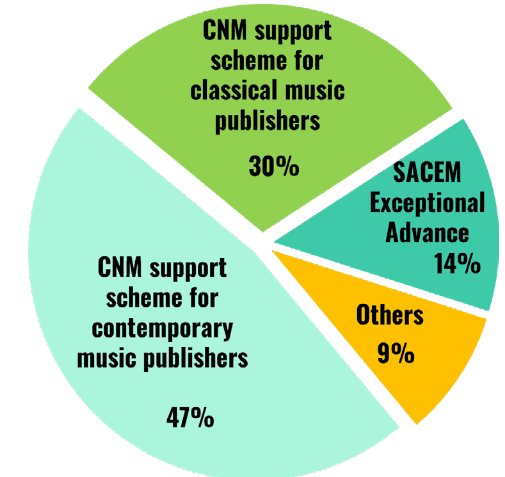
BREAKDOWN OF THE AID RECEIVED BY THE PANEL OF PUBLISHERS TAKING PART IN THE FOCUS ON MUSIC PUBLISGHING IN FRANCE 2021

By type of organisation (excluding specific COVID aid)



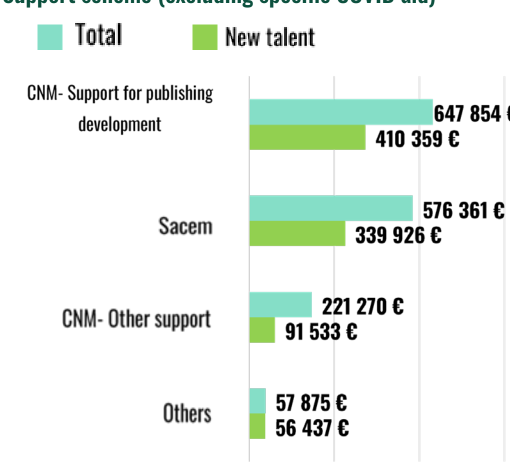
Units: as share (in %) of total amount
Source: *Focus on Music Publishing in France*, 2021 data

Sectorial support linked to COVID



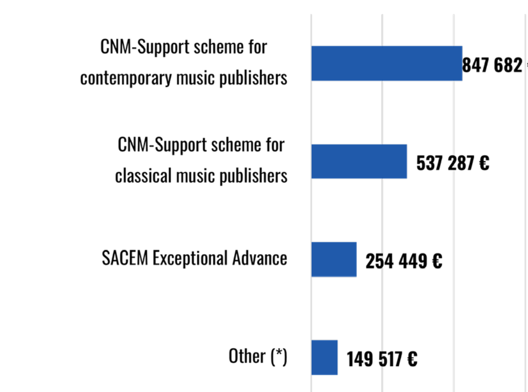
Units: as share (in %) of total amount
Source: *Focus on Music Publishing in France*, 2021 data

Support scheme (excluding specific COVID aid)



(*) SCPP, ADAMI
Units: euro (excluding taxes)
Source: *Focus on Music Publishing in France*, 2021 data

Sectorial support related to COVID



(*) CNM support schemes for producers, CNM fund for the support of live music publishers, SEAM, SACEM, other support schemes
Units: euro (excluding taxes)

08 ECONOMIC & FINANCIAL PERFORMANCE

The economic and financial performance of publishers **deteriorated in 2021**, in particular as a result of the delayed impact of the health crisis. In addition to the drop in revenue from the publishing market (-2% compared to 2020), the market also experienced the following :

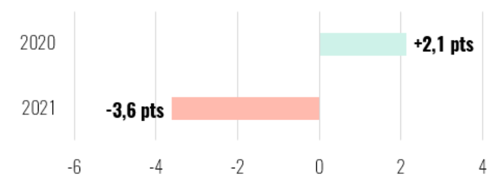
- a **3.6 point drop** in the **NPS** rate, down to 34.4%, a level **lower than that of 2019;**
- a **fall in the operating profit rate** for the second consecutive year, dropping below the 10% threshold of the turnover,
- a **contraction** of the annual gross margin by **6%**.

An analysis by publisher size highlights two main factors :

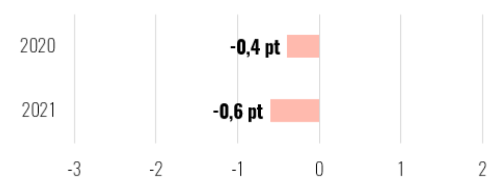
- **a decline in the activity of small structures** (those whose turnover is less than €1 million),
- despite an increase in turnover, the major companies experienced a deterioration of their NPS.

THE EVOLUTION OF ECONOMIC & FINANCIAL PERFORMANCE

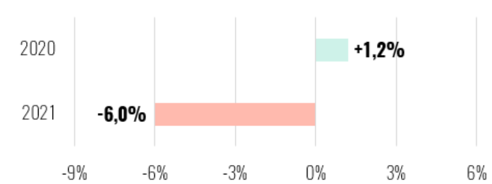
Year-on-year evolution of the NPS rate
Unit: Variation in points
Source: *Focus on Music Publishing in France*, 2021 data



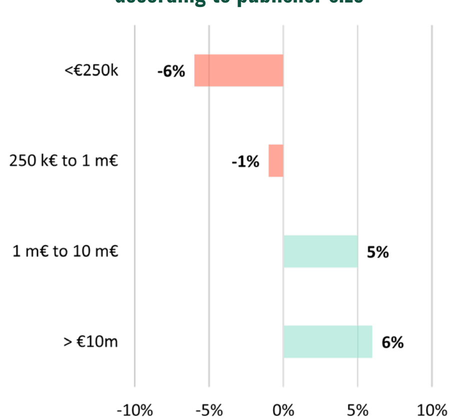
Year-on-year change in the operating profit rate
Unit: Variation in points
Source: *Focus on Music Publishing in France*, 2021 data



Evolution of the annual gross margin
Unit: variation in %
Source: *Focus on Music Publishing in France*, 2021 data

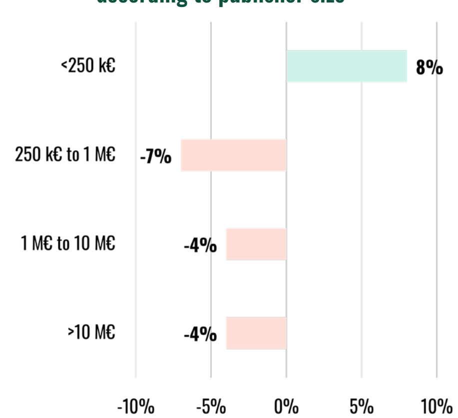


2021/2020 evolution of turnover according to publisher size



Unit: Variation in %
Source: *Focus on Music Publishing in France*, 2021 data

2021/2020 evolution of the NPS according to publisher size



Unit: Variation in %
Source: *Focus on Music Publishing in France*, 2021 data

MAIN CONCLUSIONS

The year 2021 was marked by the ongoing effects of the COVID crisis :
The music publishing market dropped by 2% for the second consecutive year, falling from €399 million in 2020 to €390 million, a lower level than 2018 (€393 million):

• SACEM distributions fell by 6% in 2021, in particular due to the drop in public performance rights (because of the halt in live performances and closure of public places), which was not offset by the continuous increase in digital rights.

• This drop is an average that fails to recognise the diversity of individual situations: while some publishers experienced significant increases in 2021 (those for whom digital rights represent a large part of their income), others suffered extreme losses (those whose repertoire is exploited mainly on stage and in public places).

• Revenue from synchronisation increased by 5% in total, driven by healthy momentum in France (+17%), but still experienced a significant decline in exports (-31%) due to the time lag between the collection and distribution of overseas rights. Foreign rights were down for the same reason.

• Revenue from classical music publishing remained weak due to the contraction of almost half of orchestral scores rentals compared to 2019.

• Production music demonstrated dynamism due to the increase in public performance rights and due to being less impacted by COVID because of the specificities of this market.

In this fragile market context, publishers continued to demonstrate dynamism and proactiveness in 2021 in terms of investment and with increased risk-taking.

• An increase in the total number of domestic works published (+12% in 2021, compared to 2020) but a drop in the average publishing income per domestic works (-15% between 2020 and 2021).

• A 10% increase in advances paid by publishers in 2021 compared to 2020, reflecting publishers' commitment to prefinancing creation, particularly for new talents for whom advances paid have increased significantly (+81%). The cumulated balance of unrecouped advances reached €70 million at the end of 2021, or +6% compared to 2020.

• A 7% increase in non-recoupable investments in 2021 compared to 2020, particularly notable for new talents, for which the increase is 27%. A sharp increase in the average amount of investment per project (+20% in 2021, compared to 2020), very significant for new talents (+40%), reflecting stronger support from publishers for each project.

In addition, economic and financial indicators are deteriorating :

• The overall NPS is down 4% in 2021, compared to 2020 (even more so with domestic repertoire for which the drop is 12%).
• The NPS and operating profit rates, as well as the annual gross margin, are down in 2021, compared to 2020.

The exceptional support system put in place by SACEM and CNM in response to the COVID crisis has, however, assisted companies during this difficult period.

Long-term support schemes have also played their role in supporting investment. The arrival of the tax credit scheme for publishing in 2022 constitutes an additional tool, essential for publishers in their role of supporting creation.

GLOSSARY

PAN-EUROPEAN AGREEMENT / PAN-EUROPEAN LICENCE
Pan-European agreement/licence refers to the authorisation for the exploitation of works throughout the territory of the European Union.

RECOUPABLE ADVANCE/INVESTMENT
A recoupable advance is a lump sum generally provided by a publisher when signing a contract with an author or composer. The amount depends on various factors, including the reputation of the author or composer, the catalogue, commitment to exclusivity, etc. This advance is recoupable on the royalties paid by the publisher to the author or composer and more generally on the royalties due to the author or composer (but is non-refundable).

MANAGEMENT FEE
The management fee is what a publisher charges in consideration of the various services performed for its client: SACEM registration, documentation of musical works, documentation of audio-visual works, control over distribution, catalogue audit, management of authorisation requests for secondary uses, exploitation of sheet music, proactive exploitation in the field of synchronisation, as well as cowriting/song-plugging and exploitation of catalogue, etc. The fee may consist of a lump-sum remuneration and proportional remuneration indexed to different streams of revenue (SACEM, synch, sale of sheet music, income from sub-publishers).

EXCLUSIVE SONGWRITER AGREEMENTS
A Exclusive Songwriter Agreements is a type of contract in which an author or composer grants a publisher, for a limited period, the exclusive right to publish their works; the author undertakes to transfer the rights to the publisher if the publisher lifts their option. Generally, this exclusivity is tied to an advance paid to the author or composer.

SUB-PUBLISHING AGREEMENT
A sub-publishing agreement or contract is when the publisher of a work gives another publisher the right to collect part of the royalties generated by a work or catalogue in one or more territories. The sub-publisher is the individual/organisation that represents the publisher abroad and helps promote the exploitation of their works in these other territories.
Sub-publishing differs from co-publishing in two main ways. Firstly, the co-publisher is, like the publisher, owner of the work, while the sub-publisher is only an assignee of certain rights; and secondly, the sub-publisher is only associated with the work in certain territories, whereas the co-publisher generally represents the work globally.

PRIVATE COPY
Private copy is a levy consisting of a flat-rate applicable to the purchase price of a medium used to play, store or record creative works (smartphones, tablets, USB keys, etc), which is paid to creators, artists and producers in return for their authorisation to copy all the works (music, series, films, etc) legally acquired on any viewing medium within the framework of private use.

PRODUCTION MUSIC
Production music consists of music produced and developed specifically for audio-visual and media clients.

NEW TALENT
Authors, composers and/or performers are considered new talent (in France) if:
- they haven't released two albums selling more than 100,000 copies as the featured artist;
- they haven't contributed at least 50% to the writing or composition of two albums selling more than 100,000 copies.

Where albums feature vocal tracks, they must be French-speaking, consisting mostly of works in French or in a regional language spoken in France. Compliance with this condition is assessed at company level for all albums by new talent on which their authors/composers have collaborated whether or not they are performers, so long as they control at least 50% of the works on the album being considered.

NPS – NET PUBLISHER'S SHARE
The NPS is calculated by taking into account publishing revenue minus royalties and repayments to rights holders or other beneficiaries.

LOCAL REPERTOIRE
Local repertoire consists of works in which the publisher, who is a SACEM member, is the original publisher. These are mainly works that are recorded in French or whose authors or composers are based in France or are directly signed to a French publisher.

SUB-PUBLISHER
See sub-publishing agreement above

SYNCHRONISATION
Synchronisation is a practice that consists of the incorporation of a pre-existing musical work into a new work (film, TV show, documentary, advertisement, TV series, live show, etc), which creates a composite work as defined by the CPI (Intellectual Property Code).

TRACKING
Tracking is the checking of collections and distributions.

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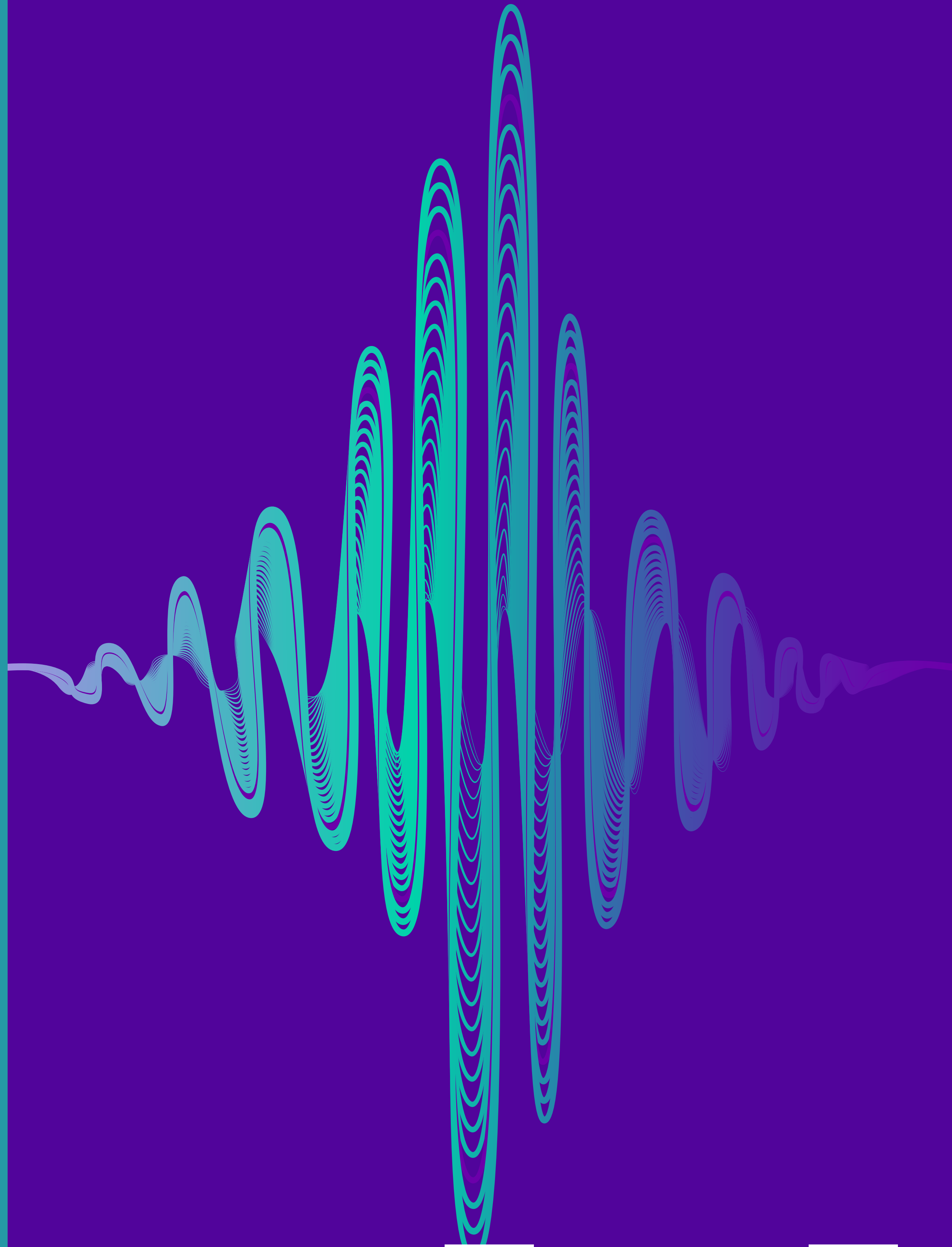

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