FOCUS ON MUSIC PUBLISHING IN FRANCE

2022

CSDEM
CHAMBRE SYNDICALE DE L'ÉDITION MUSICALE

CEMF

UNION DES LIBRAIRIES MUSICALES

CSDEM (Chambre Syndicale de l'Édition Musicale) – the French Music Publishers Association – represents publishers of pop music and is recognised as a representative body by the Ministry of Labour in France. The organisation counts more than 150 members, which includes the main music publishing companies in the country and 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 musical instrument tuition.

ULM (Union des Librairies Musicales) – Production Music Organisation – was founded in 2000. Its membership includes publishers and producers of repertoires intended for inclusion in audio-visual content: feature films, documentaries, fictional series, trailers, TV programmes (magazines, reports, streaming), radio, and advertisements, etc. ULM has 18 members, including independent companies and divisions of major groups such as 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 practice, as well as encouraging communication and cooperation between music publishers.

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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'Édition 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 2022.

- Data was gathered via a questionnaire, which focused on five main themes: general outlook of the company, workforce, financial results, investments, and external financing.

- A panel of 716 music publishing companies (represented by 44 respondents), composed of major music publishing companies, the French affiliates of independent international companies, and independent French companies received the questionnaire.

- The responding sample accounted for 68.3% of the total amount of rights paid by authors' society Sacem to music publishing companies in 2022.

- Data from 2021 has been recompiled in order to include data gathered from new respondents from 2022.

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

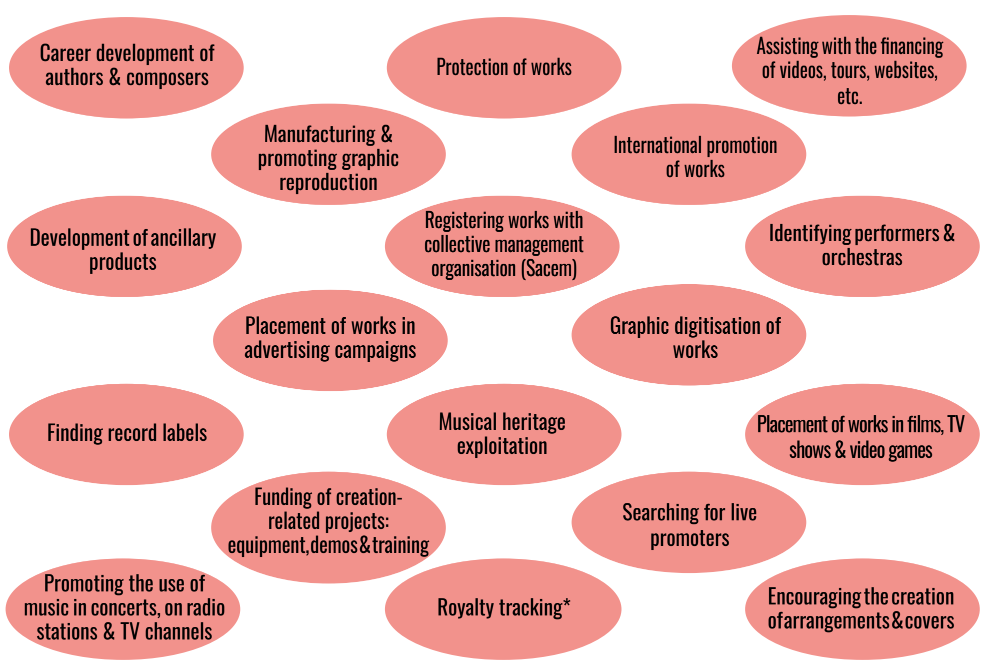
THE MUSIC PUBLISHER'S BUSINESS

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 - recording and live performance - and all three are interdependent: investments made by music publishers tend to benefit the other two sectors and vice versa in a harmonious dynamic.

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 exploiting creative works through all available channels, in particular with regards to synchronisation. Creators - authors and composers, of which publishers are the main partners - can therefore develop and optimise their careers and professional environments 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 play a key role in career development, defending the rights of authors and composers, funding creative projects, ensuring the distribution and commercial exploitation of musical works, and promoting them nationally and internationally.

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



Source: Xerfi, with input from CSDEM, CEMF, ULM, and trade media

* See glossary on page 38

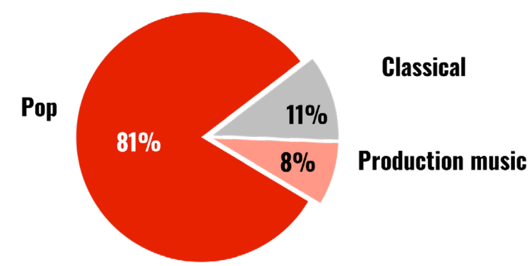
MAPPING THE PUBLISHING MARKET

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 2022, 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 projects. 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 €6.4 million in 2022, for a median turnover of approximately €650,000.** Over **61% of those who responded to our survey reported a turnover lower than €1 million**, 27% of which posted revenues under €250,000. Based on data from SACEM, 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 2022.

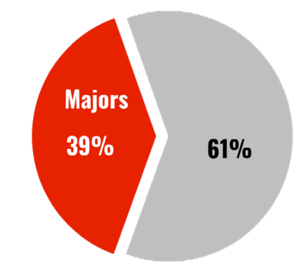
* see glossary page 38

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

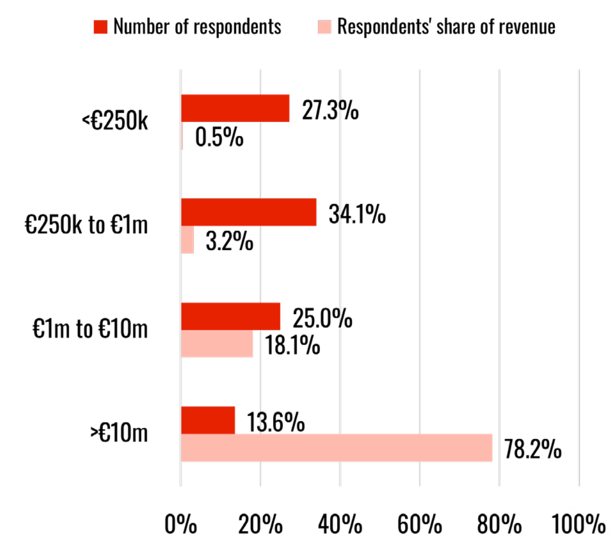


Unit: share (in %) of total turnover in value
Source: *Focus on Music Publishing in France*, 2022 data

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



Unit: share (in %) of Sacem's rights paid to publishers
Source: Sacem, 2022 data



61% of music publishers generate under €1 million in turnover and account for less than 4% of total revenue

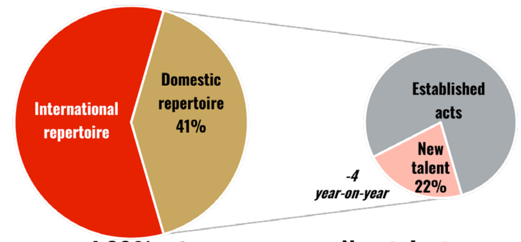
Unit: share (in %) of the number of respondents and total turnover in value

Source: *Focus on Music Publishing in France*, 2022 data

SHARE OF DOMESTIC REPERTOIRE* & NEW TALENT*

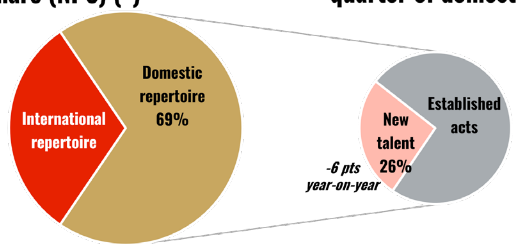
Domestic repertoire represented 41% of total publishing revenue

New talent represented approximately 22% of the revenue generated by domestic repertoire



Domestic repertoire generated 69% of net publisher's share (NPS) (*)

New talent generated approximately a quarter of domestic repertoire's NPS (*)



(*)The publisher's gross margin on revenue / Unit: share in %
Source: *Focus on Music Publishing in France*, 2022 data

Publishers devote a significant part of their work to developing domestic repertoire and new talent, which lies at the heart of music publishing.

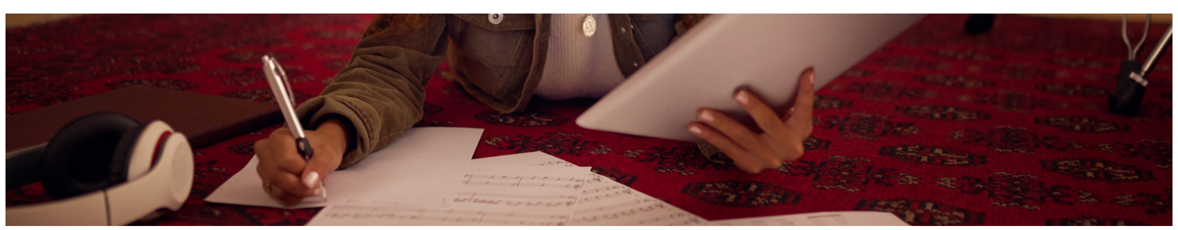
In 2022, **revenue from domestic repertoire represented 41% of all publishing revenue** and grew by 20% compared to 2021, a year which was impacted by the cancellation of concerts and the closure of public places due to the ongoing health crisis.

However, **the strong growth in royalty payments** made by publishers on domestic repertoire revenues (+29% compared to 2021) **resulted in a 3-point drop in the domestic repertoire NPS rate** in 2022 compared to 2021 - and a drop of 8 points compared to 2020.

Revenues from new talent increased slightly (+1%) compared to 2021. Their weight in domestic repertoire dropped by 4 points to 22% in 2022 compared to the year prior. **This reflects the difficulties in bringing out new talent in an industry disrupted by Covid.**

NPS from new talent shrank by nearly 8% in 2021 compared to 2021. It represented **26% of domestic repertoire's NPS** in 2022, a 6-point drop compared to 2021.

* see glossary page 38



EMPLOYMENT IN THE SECTOR

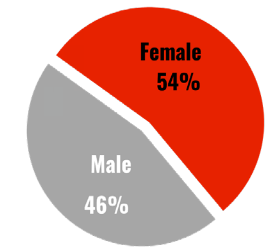
A TOTAL OF 376 PEOPLE WERE EMPLOYED BY COMPANIES RESPONDING TO THE SURVEY IN 2021, UP 3% YEAR-ON-YEAR

The total music publishing workforce for the companies represented in the panel reached **376 people** in 2022, **up 3%** compared to 2021. Jobs in the sector 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).

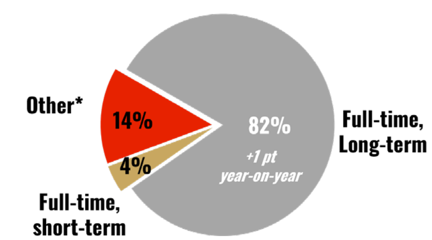
The music publishing sector creates stable long-term jobs: 82% of the workforce had a permanent contract in 2021, up 1 point compared to 2021.

Although **women still represent the majority of the workforce within the sector** (54% of the total), their share nevertheless fell by 4 points compared to 2020. In addition, **their payroll** (charges included) is **30% lower to that of men** (all types of contracts combined).

Breakdown of staff by gender

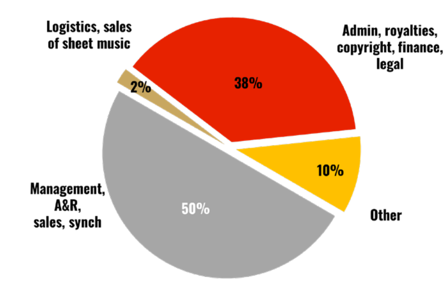


Breakdown of staff by type of contract



* including 6% internship contracts, 4% apprenticeships/training contracts, and 4% self-employed workers
Unit: share (in %) of total workforce
Source: *Focus on Music Publishing in France*, 2022 data

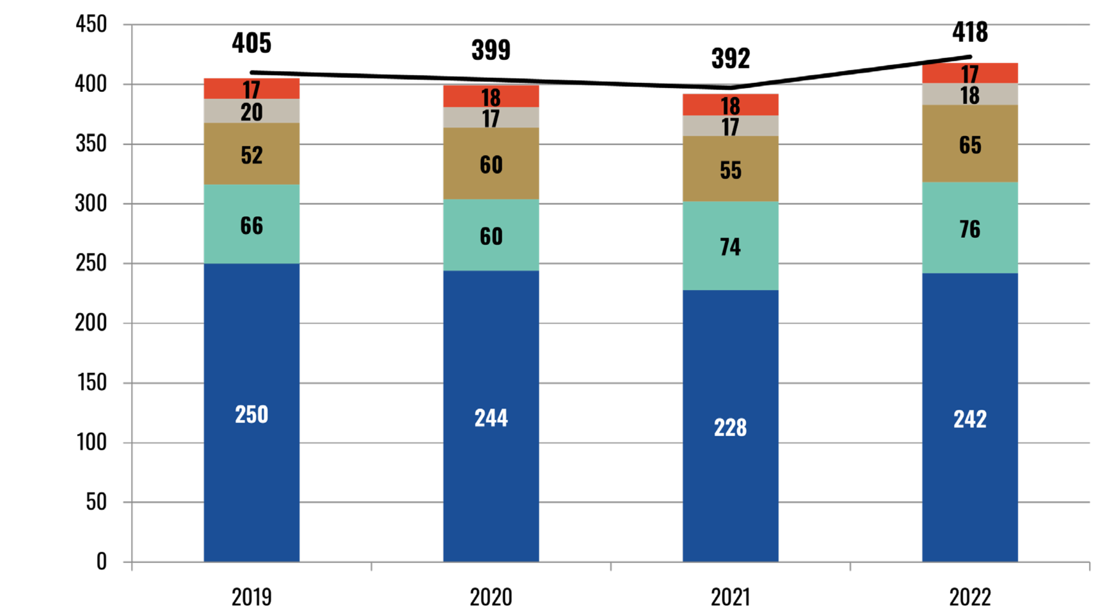
Breakdown of staff by function



02 THE FRENCH MUSIC PUBLISHING MARKET

A/ EVOLUTION & STRUCTURE

MUSIC PUBLISHING REVENUE REACHED €418M IN 2021, UP 7% COMPARED TO 2021.



Evolution over 1 year

Total publishing market: +7%	of which other rights (*) represented: -1%	of which classical represented: +8%	of which international rights represented: +19%	of which synch rights represented: +2%	of which Sacem distributions represented: +6%

(*) Mainly graphic licence fees, management fees, and neighbouring rights on master recordings

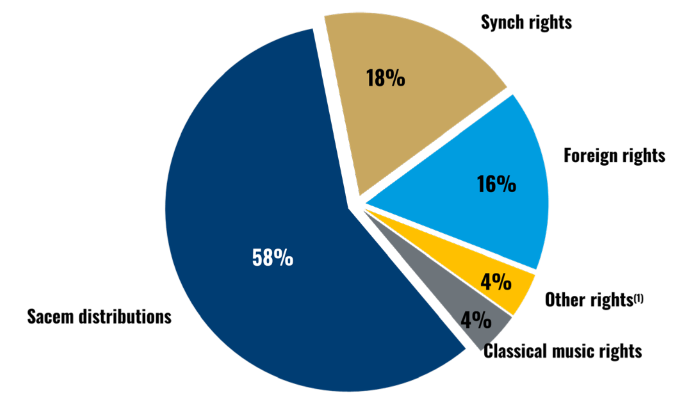
Unit: million euros / Sources: *Focus on Music Publishing in France* & Sacem

Market analysis highlights the following trends:

- **sacem distributions to publishers** (through the collective management system) **increased by 6%** year-on-year, thanks to the increase in digital rights, public performance rights, and international revenues;
- **synchronisation rights** - which entail the use of musical works in advertising campaigns, film and TV productions - **were up 2%**;
- **foreign rights/export rights** - which relate to revenue generated by domestic repertoire abroad and collected by sub-publishers* outside of France - **were up by 19%**, as a result of the growth in all types of rights, in particular synchronisation;
- **classical music revenues,** consisting of sales of printed music, rental of orchestral scores, reprographic rights (collected by SEAM - Société des Éditeurs et Auteurs de Musique or the Society of Music Publishers & Authors) and grand rights, returned to growth and **increased by 8%**;
- **other rights**, mainly consisting of sheet music reproduction rights, management fees*, neighbouring rights on master recordings, and other non-publishing revenues, **declined slightly.**

* see glossary page 38

REVENUE SOURCES REMAINED STABLE WITH COLLECTIVE MANAGEMENT OF RIGHTS REPRESENTING CLOSE TO 60% OF THE TOTAL SYNCH & EXPORT ACCOUNTED FOR THE MAJORITY OF DIRECT MANAGEMENT INCOME



(*) Mainly sheet music reproduction rights, management fees, and neighbouring rights on master recordings

Unit: share (in %) of the total music publishing market in value

Sources: *Focus on Music Publishing in France* & Sacem, 2022 data

STRUCTURE OF THE PUBLISHING MARKET

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).

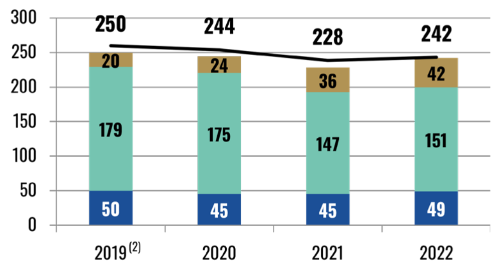
These rights represented about **58% of the publishing market** in 2022. **Its share fell by 5 points** compared to 2018, **in favour of two direct management activities: synchronisation** (18% of the market in 2022, +1 point in four years) and **«export» rights** from abroad, collected directly through sub-publishers (16% of the market in 2022, +4 points in four years). These two segments have sustained the growth of the publishing market in recent years.

* see glossary page 38

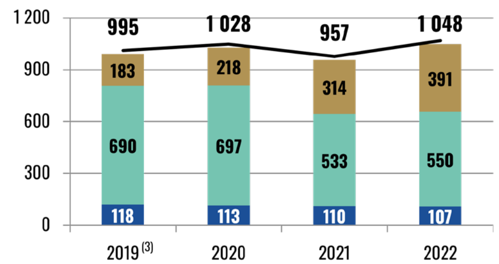
B/ TRENDS IN COLLECTIVE MANAGEMENT

RIGHTS DISTRIBUTED BY SACEM TO MUSIC PUBLISHERS INCREASED IN 2022, 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: +16%
- of which public performance rights: +3%
- of which mechanical rights: +8%

Evolution over 1 year

- Total Sacem distributions: +10%
- of which digital rights: +25%
- of which public performance rights: +3%
- of which mechanical rights: -3%

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

(1) Rights holders include digital mandates; authors and composers; and foreign collective management organisations
(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 to French publishers in 2021 increased by 6% year-on-year, but not as much as those distributed to all rights holders (+10%).

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 collecting digital rights related to the repertoires represented by these agreements over multiple 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.

THE EVOLUTION OF PUBLIC PERFORMANCE RIGHTS

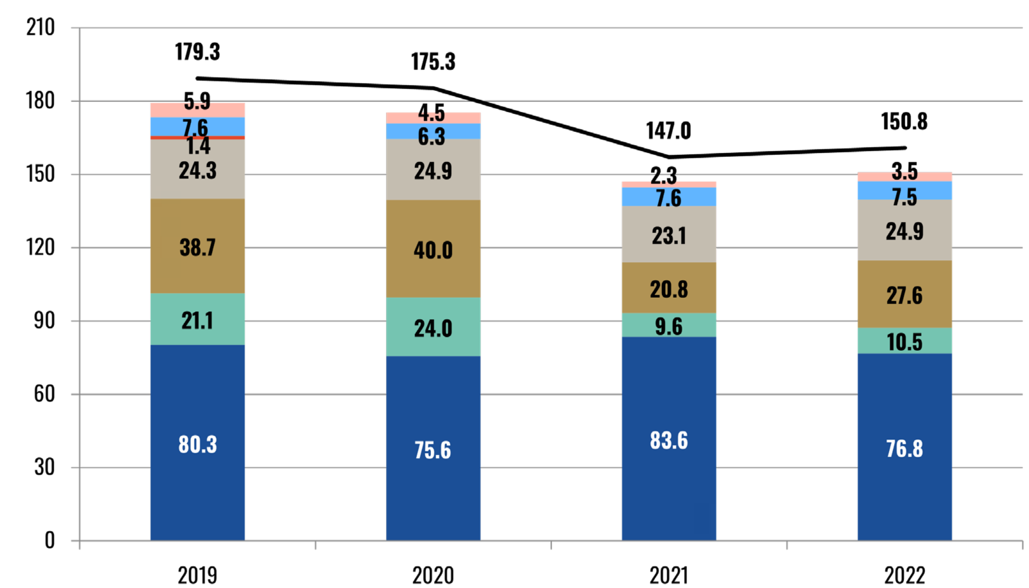
Public performance rights[1], which represented 63% of SACEM rights paid to publishers, **increased by 3%** in 2022, driven mainly **by the return to normal business conditions for cinema** (+50%), **background music**[2] (+33%) and **live performances** (+9%), due to the end of the Covid period. However, the level of rights in these three market segments has not yet returned to that of 2020.

Rights collected from the use of music on radio have grown by 8% and are returning to their pre-Covid levels.

Rights from television, which had been positively impacted in 2021 by non-recurrent elements, are back in 2022 to their 2020 levels. They are down by 8% in a year, slowing the growth in public performance rights.

(1) Including mechanical rights, excluding digital rights
(2) From the use of music in establishments open to the public

WHILE NOT YET REACHING PRE-COVID LEVELS, THE GROWTH IN ROYALTIES FROM LIVE, BACKGROUND MUSIC & CINEMA LEAD TO A 3% INCREASE IN PUBLIC PERFORMANCE RIGHTS IN 2022



Evolution over 1 year

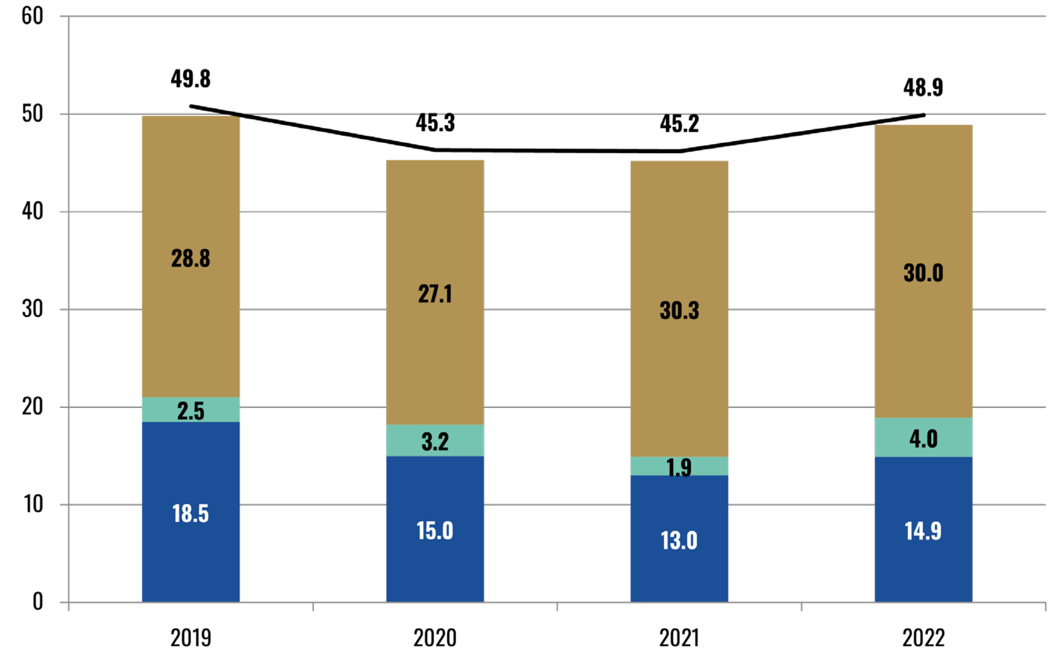
- Total public performance rights: +3%
- of which cinema: +50%
- of which foreign rights: -1%
- of which television: -8%
- of which radio: +8%
- of which background music*: +33%
- of which live: +9%

NB: data excluding digital rights / Unit: million euros / Source: Sacem

* see glossary page 38

EVOLUTION OF MECHANICAL RIGHTS

RETURN TO GROWTH FOR MECHANICAL RIGHTS IN 2022, DUE TO A RISE IN THE PHONO / VIDEO & FOREIGN SEGMENTS



Evolution over 1 year

Total mechanical rights: +8%

of which private copy: -1%

of which foreign rights: +111%

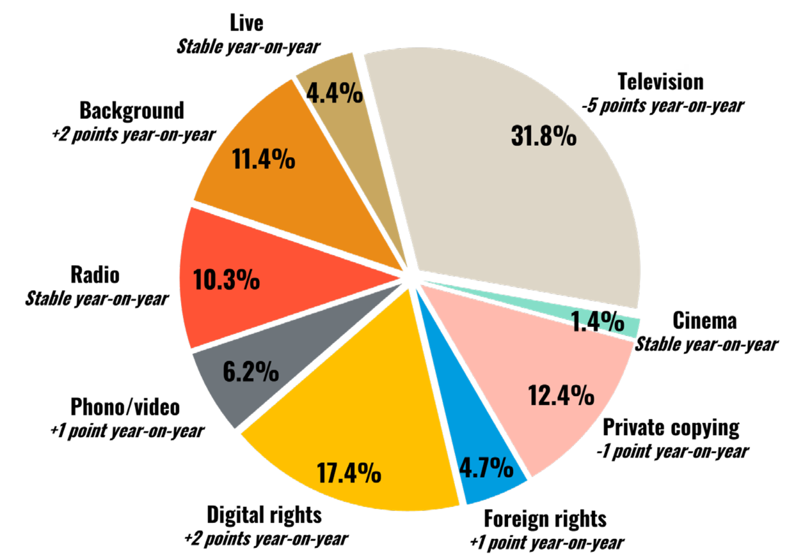
of which phono / video: +14%

NB: data excluding digital rights / Unit: million euros / Source: Sacem

Mechanical rights (excluding digital rights), which represent 20% of rights paid by Sacem to publishers, **increased to €49 million.**
The increase in private copying revenue has offset the drop in segments such as phono / video, as well as export.
After four consecutive years of contracting, **mechanical rights are once again experiencing growth** (+8% compared to 2021), thanks to the increase in activity in the phono and video exploitation and export segments.
Private copying, which represents 61% of mechanical rights (excluding digital rights) and 12% of SACEM rights paid to publishers, **fell slightly** in 2022.

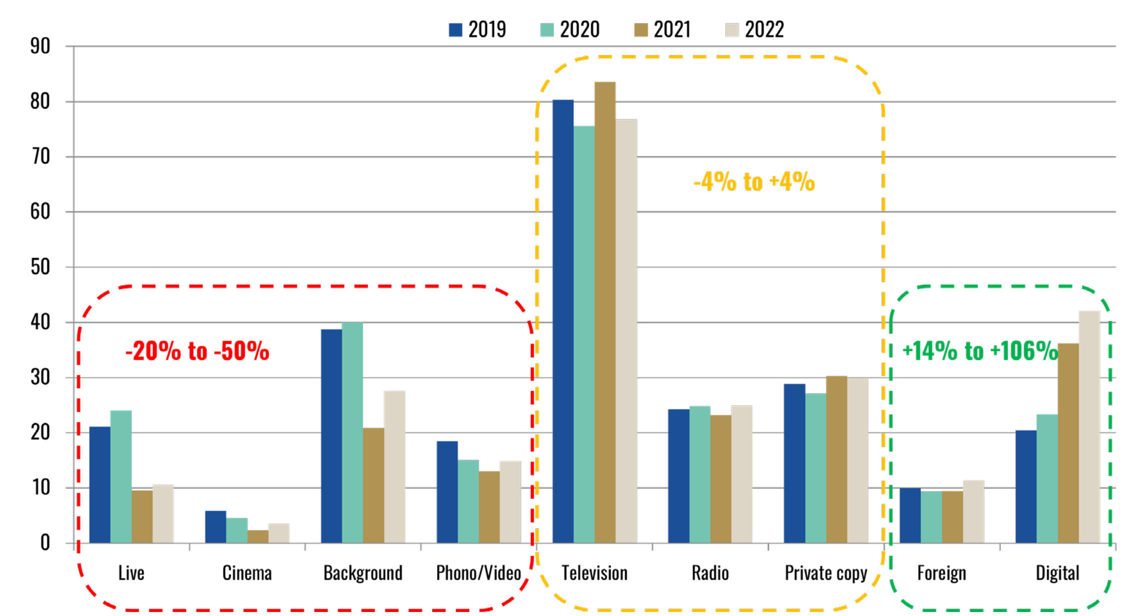
SACEM DISTRIBUTIONS TO PUBLISHERS BY TYPES OF RIGHTS

THE WEIGHT OF DIGITAL & BACKGROUND RIGHTS IN SACEM DISTRIBUTION TO PUBLISHERS IS GROWING, TO THE DETRIMENT OF TELEVISION



Unit: share (in %) of music publishers' rights from Sacem in value / Source: Sacem, 2022 data

EVOLUTION OF SACEM DISTRIBUTIONS TO PUBLISHERS BY TYPES OF RIGHTS



NB: data excluding management surpluses / Unit: million euros / Source: Sacem

SLOW RESTART IN 2022 OF SACEM DISTRIBUTIONS TO PUBLISHERS, WHICH REMAIN BELOW PRE-COVID LEVEL

EVOLUTION OF SACEM RIGHTS

Despite a **6% increase** in 2022 compared to 2021, the rights distributed by SACEM to French publishers **remain 3% lower than their 2019 level**:

- public performance rights have not returned to their 2019 level. Indeed, rights from **live performances, cinema, and background** remain 50%, 41%, and 29% lower, respectively, compared to 2019;
- rights from **private copying, radio, and television** remained **relatively stable** over the period analysed, with variations between -4% and +4% between 2019 and 2022;
- They are **partially offset by digital rights**, which continued their **upward trend** although at a much slower growth rate (+16% in 2022, after +55% in 2021). Their amount doubled between 2019 and 2022, to reach €42 million or 17% of total Sacem rights;
- **foreign rights also increased** by 14% between 2019 and 2022, reaching €11 million.

C/ FOCUS ON DIGITAL RIGHTS

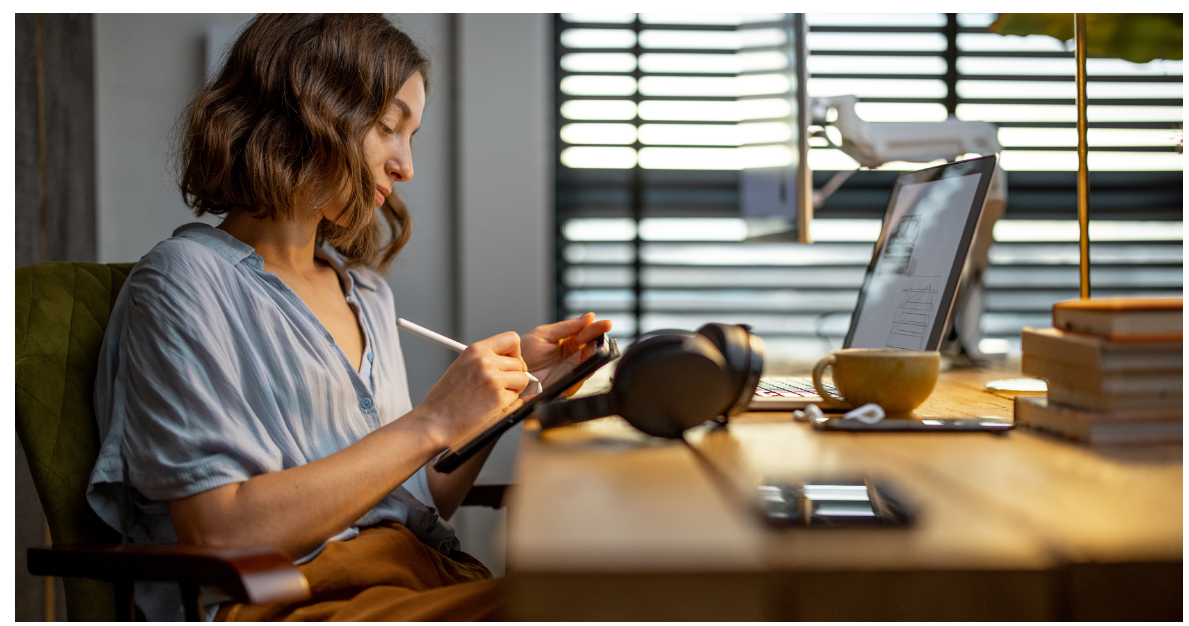
Total digital rights amounted to €102.4 million in 2022, of which €57.8 million were collected by French publishers and €44.6 million from pan-European allocations, paid directly to repertoire owners outside of France by various authors' societies.

Excluding pan-European allocations, digital rights represented **14% of the publishing market in 2022**. They grew by 14% compared to 2022, driven mainly by audio streaming and SVOD revenue distributed by SACEM and international revenues

Digital rights include the following exploitations:

- **domestic repertoire in France** for audio streaming, as well as international repertoire for SVOD usage, distributed by SACEM;
- **domestic repertoire abroad** (revenues collected by sub-publishers and/or Sacem);
- **international repertoire in France**, as part of the pan-European allocations for audio streaming.

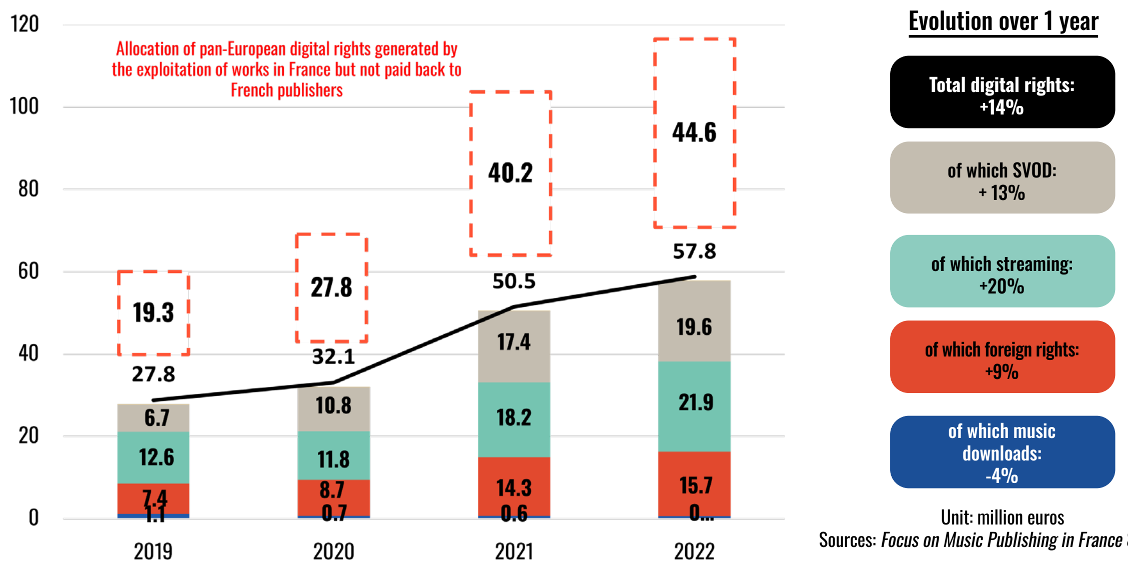
	Territory of exploitations	
Repertoire	Whithin France	Outside France
Domestic	Sacem	Sacem / Sub-publishers
International	Principal	N/A



EVOLUTION OF DIGITAL RIGHTS

DIGITAL RIGHTS COLLECTED BY PUBLISHERS IN 2022 AMOUNTED TO €58 MILLION, UP 14% COMPARED TO 2021

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



Unit: million euros
Sources: *Focus on Music Publishing in France* & Sacem

The share of digital rights in the French music publishing market has increased significantly in recent years (+10.6 points in five years) but still only represented 14% (€57.8 million) of the publishing market in 2022.

In comparison, for record labels, digital sales amounted to €569 million in 2022 and accounted for 62% of the recording music market.
The transition of revenue from physical to digital rights is lagging compared to the transition that took place within the recording music segment. This is due to:

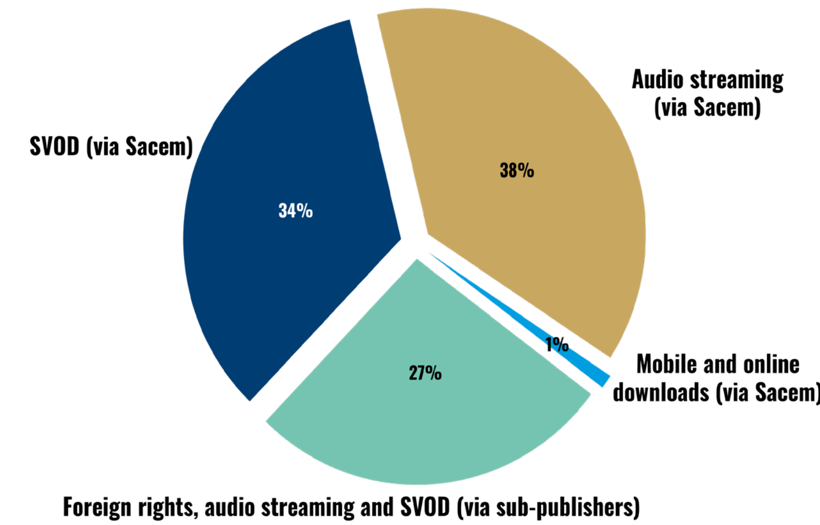
- the **fragmentation of repertoires**, a consequence of multi-territorial licences (pan-European agreements);
- management **rules specific to online exploitation requiring**, in particular, the implementation of the documentation of work from the start of exploitation;
- a **time gap** in the collection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

It is important to emphasise that digital rights from platforms such as YouTube and social networks such as Facebook, Instagram, TikTok, etc., remain very low or almost non-existent due to the difficulty in Sacem exploiting data linked to usage.

Despite **improvements in Sacem's efficiencies** in processing digital rights, there are **significant disparities between the growth in figures at the macroeconomic level and its translation at the microeconomic level for publishers**. Being able to register domestic works with Sacem via CWR* file is an area that needs improving, in order to optimise, in particular, French publishers' remuneration from digital rights.

* see glossary page 38

THE DISTRIBUTION OF DIGITAL RIGHTS BY CATEGORY IN 2022



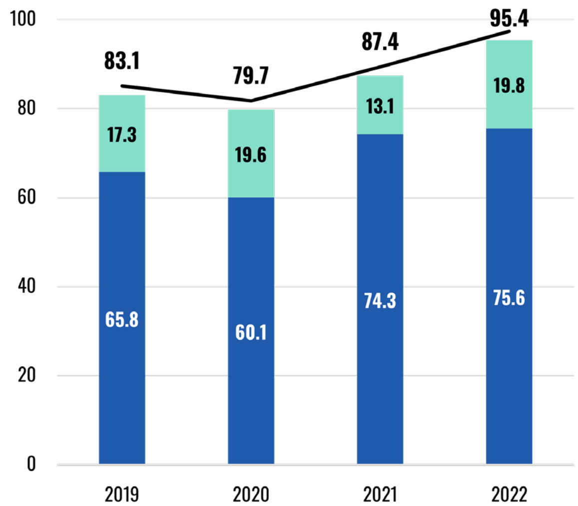
Unit: share (in %) of digital rights
Source: *Focus on Music Publishing in France*, 2022 data

D/ DIRECT MANAGEMENT : THE CASE OF SYNCHRONISATION

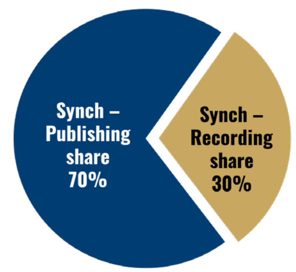
Revenue from synchronisation rights increased by 9% in 2022 to €95.4 million.

This increase is mainly due to **the growth in synch rights** from outside of France (+51%). Synch rights generated in France grew by 2% in 2022.

STRONG GROWTH IN SYNCHRONISATION RIGHTS DRIVEN BY INTERNATIONAL ACTIVITY



Breakdown of France's synch market



Unit: share (in %) of the market
Sources: SNEP, Sacem & *Focus on Music Publishing in France*, 2022 data

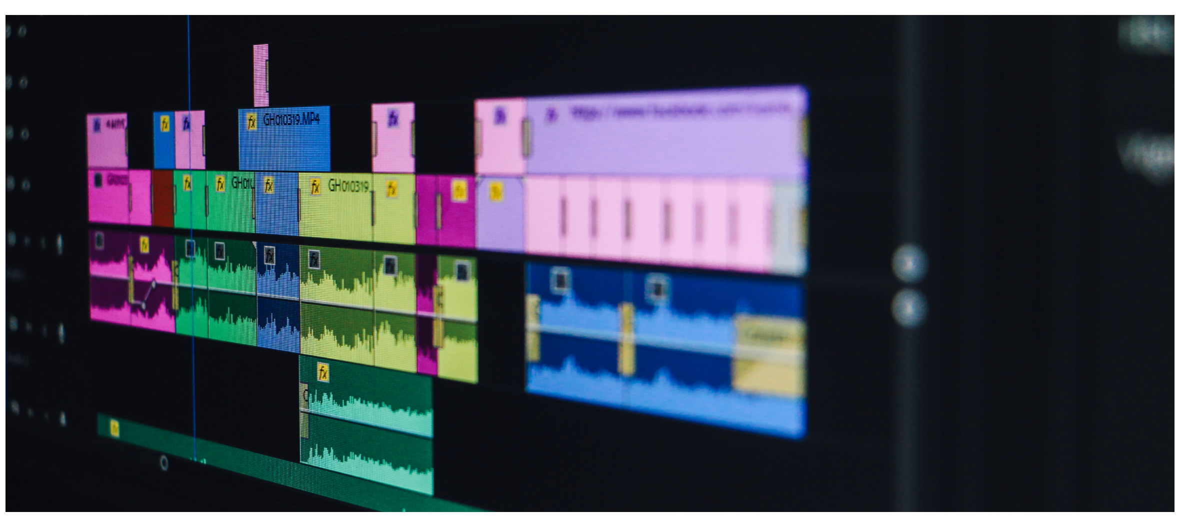
Evolution over 1 year

- **Total synch rights (publishing): +9%**
- of which international: +51%
- of which France: +2%

Unit: million euros
Sources: *Focus on Music Publishing in France* & Sacem

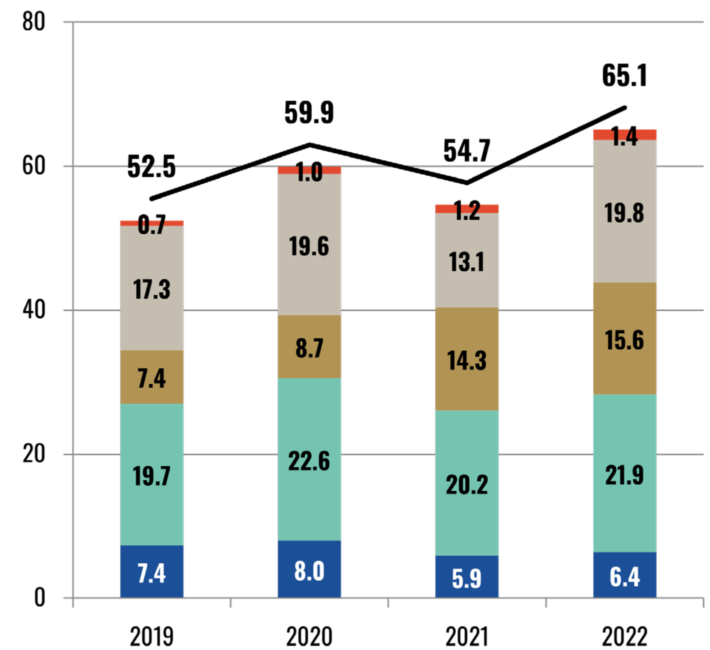
Synchronisation rights accounted for close to 23% of the total French publishing market in 2022. They were the main source of income from publishers' direct management of rights segment.

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



E/ INTERNATIONAL PUBLISHING: FOREIGN RIGHTS

FOREIGN RIGHTS GREW BY 19% IN 2022, MAKING UP FOR THE 2021 DROP IN SYNCHRONISATION & PUBLIC PERFORMANCE RIGHTS & THANKS TO THE CONTINUED INCREASE IN DIGITAL RIGHTS

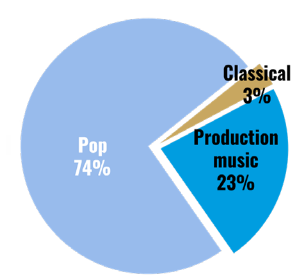


Evolution over 1 year

- **Total foreign rights: +19%**
- of which other rights: +21%
- of which synch rights: +51%
- of which digital rights: +9%
- of which public performance rights: +8%
- of which mechanical rights: +8%

Unit: million euros
Source: *Focus on Music Publishing in France* (data excluding Sacem)

Breakdown of foreign rights by types of works



Unit: share (in %) of foreign rights in value
Source: *Focus on Music Publishing in France*, 2022 data

Foreign rights, collected directly from sub-publishers (excluding Sacem rights), which related mainly to exploitations from 2021, **were up by 19%** in 2022 at €65 million.

All categories of rights have posted growth, in particular synchronisation rights, reflecting the strong dynamism of domestic repertoire, regardless of genres, in the international market in the post-Covid era.

Digital rights have been steadily increasing since 2019 and have more than doubled, from €7.4 million in 2019 to €15.6 million in 2022.

Pop repertoire accounted for 74% of total foreign rights in 2022, far ahead of both production music (23%) and classical music (3%).

The international exploitation of catalogues remained a crucial activity for production music.

03 FOCUS ON THE CLASSICAL MUSIC MARKET

EVOLUTION OF CLASSICAL & CONTEMPORARY MUSIC
THE CLASSICAL MUSIC MARKET HAS BOUNCED BACK AFTER TWO YEARS OF IMPACT DUE TO THE EFFECTS OF COVID

The classical music market has returned to growth in 2022, with revenues up 19% year-on-year, reaching €25 million, thus returning to its pre-health-crisis level. In stark contrast, however, the market has experienced:

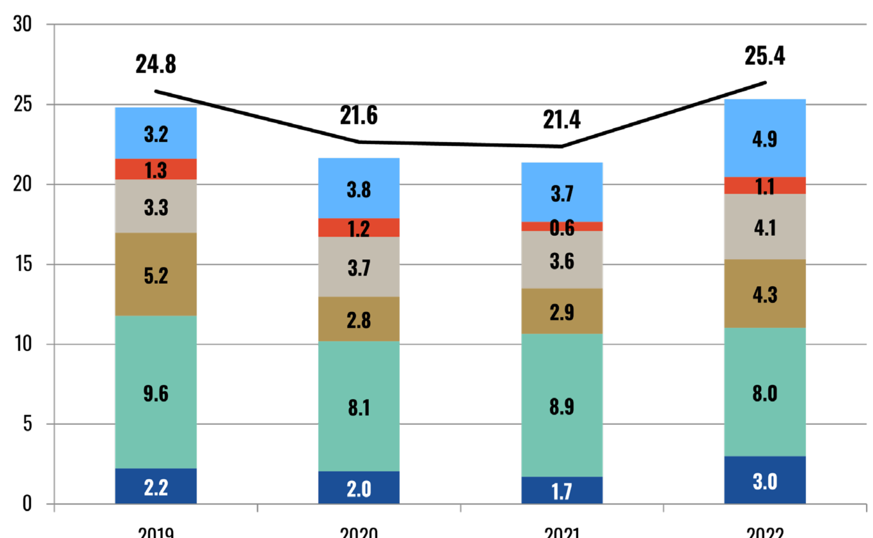
- **An almost 10% drop in sales of scores and printed music** to a level below the first year of Covid, resulting in a 17% decline compared to pre-Covid levels. This is explained by:

  1. a drop in attendance at conservatories: dropouts following Covid and a drop in the number of new students due to the decline in birth rate;
  2. bad habits amplified during Covid such as illegal filesharing and access to pirate sites.

  The €0.9 million decrease is not offset by the increase in SEAM distribution (up €0.5 million or €0.29 million in net revenue), weakening publishers.

- **with concert activity resumed, score rental and grand rights have increased by more than 50%,** although not returning to the 2019 level (€5.4 million vs. €6.5 million, or a drop of 17%);

- **three categories exceeded pre-crisis levels:** SEAM reprographic rights, SACEM rights, and other rights (synch, foreign rights).



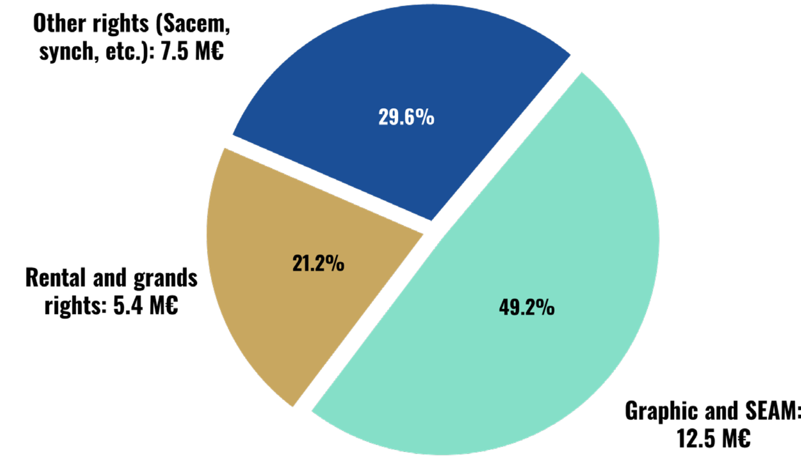
Evolution over 1 year

Total classical music rights: +19% | of which other rights (1): +31% | of which grand rights: +90% | of which reprography rights from SEAM :+14% | including score rental: +50% | of which printed music sales: -10% | of which Sacem rights: +74%

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

BREAKDOWN OF THE CLASSICAL & CONTEMPORARY MUSIC PUBLISHING SECTOR

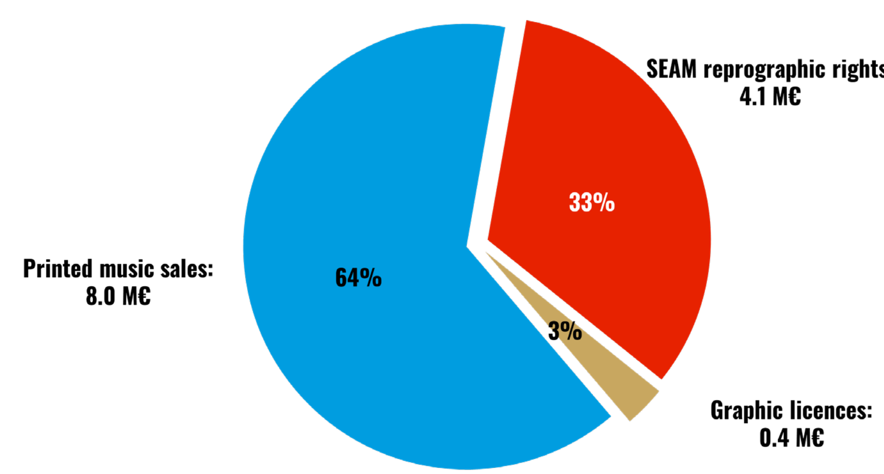
"CLASSICAL" ACTIVITY CAN BE DIVIDED INTO THREE SEGMENTS: GRAPHIC, RENTAL & OTHER RIGHTS



Unit: share (in %) of the market in value
Sources: *Focus on Music Publishing in France* & Sacem, 2022 data

FOCUS ON CLASSICAL'S GRAPHIC REVENUES - €12.5 MILLION IN 2022

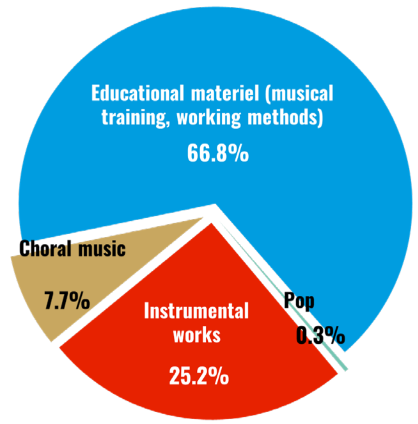
SEAM RIGHTS (PHOTOCOPY & PRIVATE COPYING) REPRESENT A VERY IMPORTANT SHARE OF GRAPHIC ACTIVITY



Unit: share (in %) of the graphic and SEAM activity in value
Sources: *Focus on Music Publishing in France* & Sacem, 2022 data

FOCUS ON CLASSICAL PRINTED MUSIC SALES

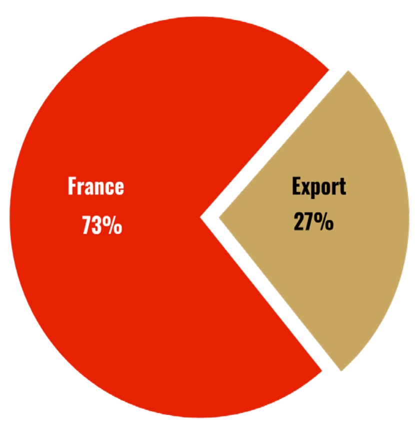
Distribution of printed music sales by type



Unit: share (in %) of the Unit sold
Source: *Focus on Music Publishing in France, 2022 data*

The drop in sales demonstrates a drop in learning to play music, which will affect the training of future musicians, all music genres combined.

Geographic distribution of sales of scores

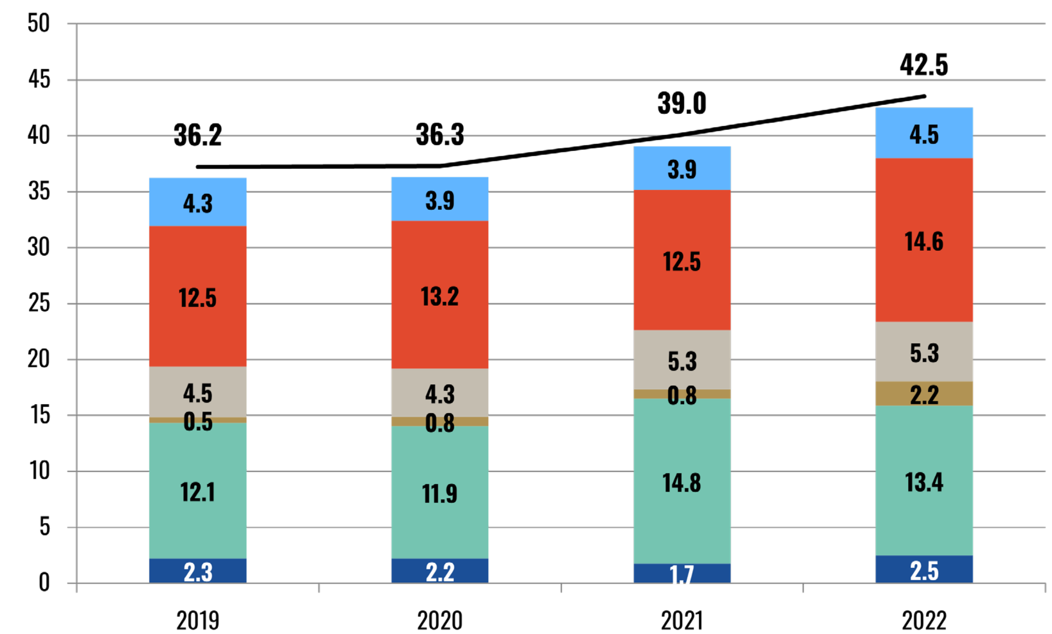


Unit: share (in %) of the sale of scores in value
Source: *Focus on Music Publishing in France, 2022 data*

Sales of printed music are overwhelmingly sales of training methods.
Overall, teaching represents more than two-thirds of sales, which explains the dominant share of training methods.

04 NEW DEVELOPMENTS IN PRODUCTION MUSIC

THE PRODUCTION MUSIC MARKET GREW BY 9% IN 2022, BOOSTED BY DIGITAL, MECHANICAL & FOREIGN RIGHTS



Evolution over 1 year

- Total production music rights: +9%
- of which other rights [1]: +15%
- of which foreign rights: +17%
- of which synch rights: 0%
- of which digital rights: +167%
- of which public performance rights: -9%
- of which mechanical rights: +43%

[1] Management fees, neighbouring rights on master recordings, other publishing rights, and non-publishing income
Unit: million euros / Sources: *Focus on Music Publishing in France* & Sacem

The production music market amounted to €42.5 million in 2022, up 9% compared to 2021.

This change is mostly explained by **the significant increase in digital rights**, mainly from SVOD, as well as foreign rights and other rights.

Public performance rights distributed by Sacem, mainly rights from TV broadcasts, **fell by 9%** compared to 2021, while synchronisation rights remained stable.

It is important to emphasise that digital rights from platforms such as YouTube and social networks such as Facebook, Instagram, TikTok, etc., remain very low or almost non-existent due to the difficulty in SACEM exploiting data linked to usage.

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

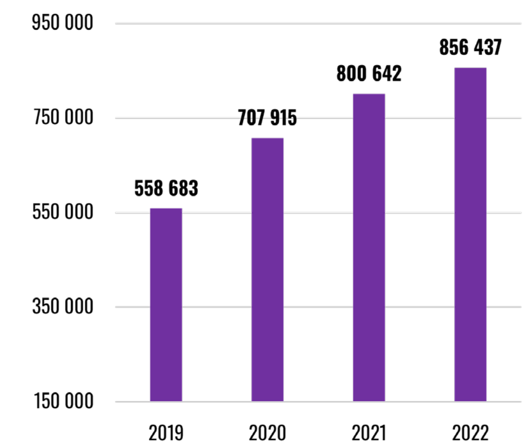
KEY FIGURES RELATING TO MUSIC WORKS

	Variation 2021-2022	Variation 2019-2022
Total number of published works	+6%	+46%
Total number of domestic works published	+7%	+53%
Publishing revenue generated by each work (domestic and foreign works combined)	+2%	-21%
Publishing revenue generated by each domestic work	+12%	-22%

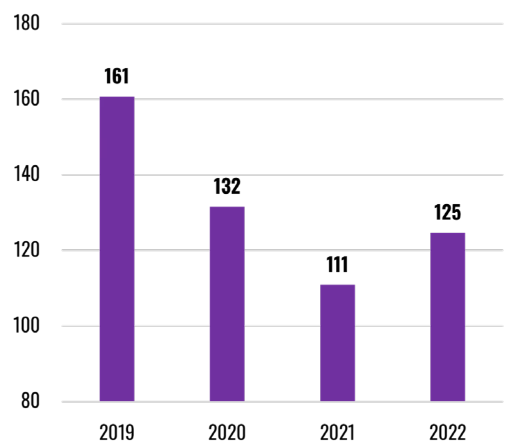
Source: *Focus on Music Publishing in France*

FOCUS ON PUBLISHED DOMESTIC WORKS

Number of local works



Average publishing revenue by work



Source: *Focus on Music Publishing in France*

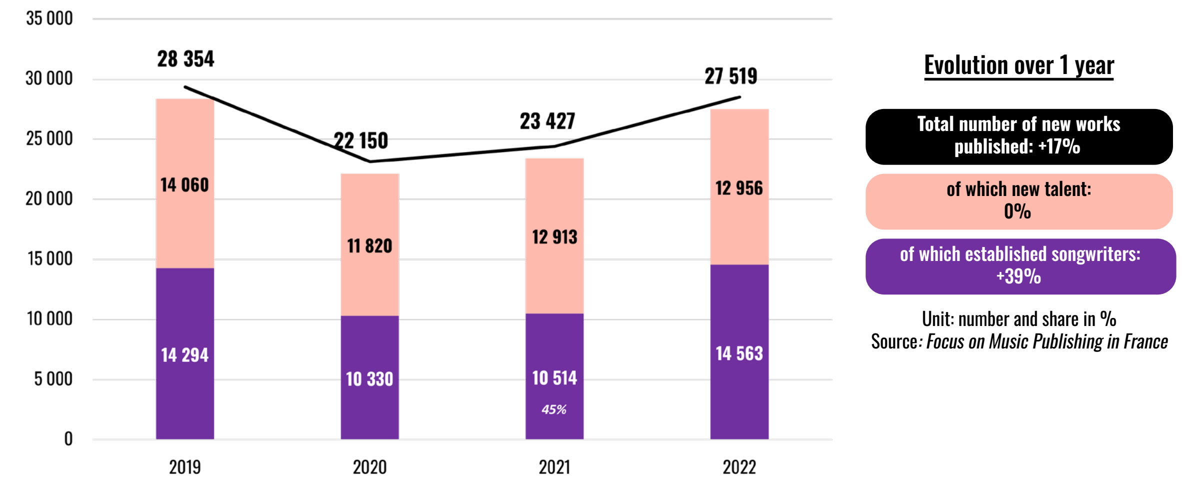
The total number of works published has increased significantly in recent years (+6% in 2022 compared to 2021 and +46% compared to 2019), reaching nearly €13 million in 2022. **The growth has been driven in particular by domestic works** (+7% in 2022 compared to 2021 and +53% compared to 2019).

Average publishing income per piece of work has grown by 2% between 2021 and 2022 (including domestic and foreign works) and by 12% during the same period for domestic works. However, **the average publishing revenue per work remains lower than its 2019 level**, by 21% for all works and by 22% 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 2022 increased by 17%** to nearly 28,000 titles. **This growth was driven by established songwriters** (+39% compared to 2021), who represent 53% of these new works (+8 points year-on-year).

NEW FRENCH WORKS PUBLISHED IN 2022 INCREASED BY 17%, DRIVEN BY ESTABLISHED SONGWRITERS WHO ACCOUNTED FOR 53% (+8 POINTS YEAR-ON-YEAR)



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

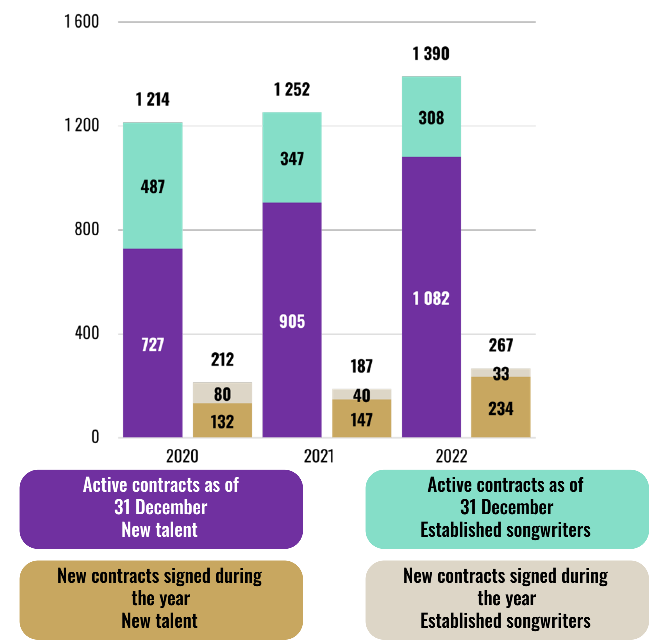
THE EVOLUTION OF EXCLUSIVE SONGWRITER AGREEMENTS

STABILITY IN THE NUMBER OF EXCLUSIVE SONGWRITER AGREEMENTS* IN 2022, WITH A HIGH VOLUME OF NEW SIGNINGS IN URBAN MUSIC OFFSETTING A DROP IN POP & ELECTRONIC / EDM

Focus on active exclusive songwriter contracts as of 31 December 2022

	2022
Pop	448
Rock	88
Urban	628
World	28
Classical	14
Jazz	29
Electronic/EDM	138
Film / TV scores	16
Production music	1
Total	**1 390**
Of witch new talent	*1 082*

New talent accounted for 78% of new exclusive songwriters' contracts in 2022, up 6 points year-on-year



Source: *Focus on Music Publishing in France*

The number of exclusive songwriter contracts stood at 1,390 at the end of December 2022, up 11% compared to 2021. This positive change can be explained by growth in pop, urban, electronic/EDM, world music, classical, and jazz, as well as in soundtracks and music for advertising and TV shows. The number of exclusive contracts has dropped in the rock genre.

Publishers focus on new talent, which represented 78% of exclusive contracts in progress in 2022 (+6 points year-on-year) and 88% of the new contracts signed during the year (+9 points year-on-year).

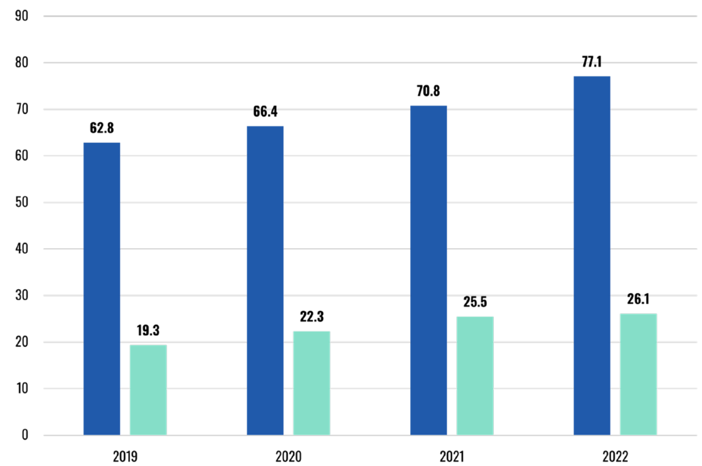
* see glossary page 38

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. **In 2022, advances paid to songwriters were up +2% year-on-year, with cumulative advances** reaching more than €77 million at the end of 2022, up 9%. These figures attest that prefinancing has 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 - there is no guarantee that these advances will be recouped.

IMPORTANT PREFINANCING OF CREATIVE PROJECTS DRIVEN BY A 2% INCREASE IN ADVANCES PAID IN 2022 & OF 9% IN CUMULATIVE ADVANCES AT THE END OF 2022



Evolution over 1 year

Cumulative balance of unrecouped advances at year-end: +9%

Recoupable advances paid during the year: +2%

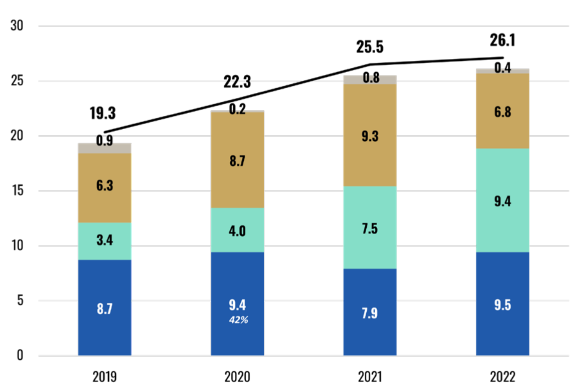
Unit: million euros
Source: *Focus on Music Publishing in France*

EVOLUTION OF RECOUPABLE ADVANCES PAID IN 2022

The overall amount in recoupable advances increased by 2% in 2022, in particular with regards to new talent (+26%). New talent represented 36% of the total advances paid by publishers in 2022.

Advances related to administration agreements (management contracts) have significantly declined (-27%) and represent about a quarter of all advances paid.

THE SHARE OF NEW TALENT IN TOTAL ADVANCES PAID INCREASED IN 2021 WITH A GAIN OF 19 POINTS YEAR-ON-YEAR



Evolution over 1 year

Total recoupable advances: +2%

of which sub-publishing*/import: -47%

of which management/administration in France: -27%

of which new talent in France: +26%

of which established songwriters or projects in France: +19%

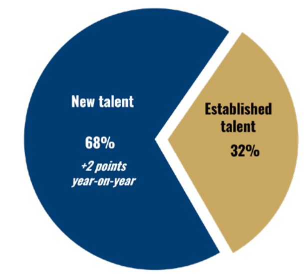
Unit: million euros and share as a % of the total
Source: *Focus on Music Publishing in France*

* see glossary page 38

KEY FIGURES ON EXPENDITURE RELATED TO PUBLISHING PROJECTS

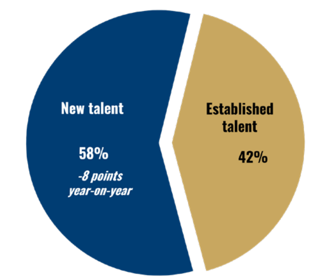
BREAKDOWN OF NON-RECOUPABLE INVESTMENTS IN 2022

In number of projects



Unit: share (in %) of the number of publishing projects
Source: *Focus on Music Publishing in France*, 2022 data

In value



Unit: share (in %) of the number of publishing projects
Source: *Focus on Music Publishing in France*, 2022 data

THE EVOLUTION OF NON-RECOUPABLE INVESTMENTS*

Non-recoupable investments grew by 9% in 2022, compared to 2021, despite a 5% drop in the number of projects.

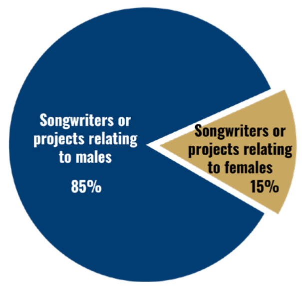
The amount of non-recoupable investments in new talent was down by 4.1% in value and 2.5% in number of projects, compared to 2021. They represented over a third of the money invested as recoupable advances in 2022.

In addition, the average amount invested per project increased by 15% in 2022 compared to 2021, reflecting stronger support from publishers for individual projects.

* see glossary page 38

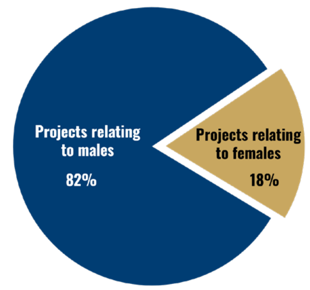
INVESTMENTS IN PUBLISHING PROJECTS SPLIT BY GENDER

Paid advances to songwriters and co-publishers



Unit: share of advances (in %) paid to established songwriters or projects and new talent in France
Source: *Focus on Music Publishing in France*, 2022 data

Publishing projects with non-recoupable expenses

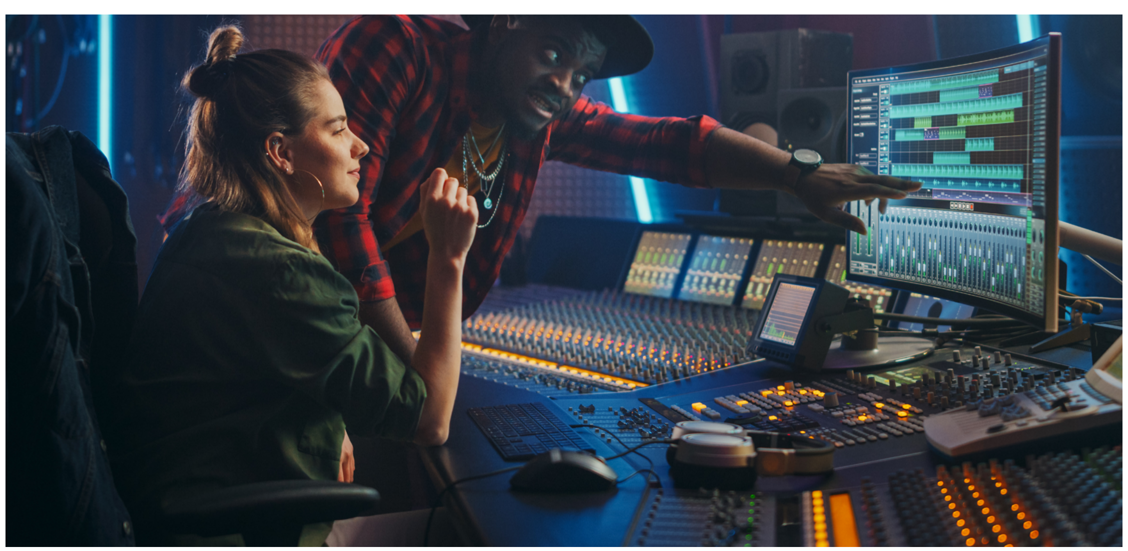


Unit: share (in %) of the number of publishing projects with non-recoupable advances
Source: *Focus on Music Publishing in France*, 2022 data

In order to shed light on the ecosystem of the sector - and in line with the work already carried out on this issue - CSDEM, CEMF, and ULM have begun to collect data to measure investment according to the gender of each project's lead.

According to respondents to the survey, advances paid in 2022 to songwriters and/or co-publishers for male songwriters or projects led by males represented **85% of the total**, compared to 15% for female songwriters/projects led by females. The figures are similar for confirmed projects and new talent. **This proportion is consistent with the share of royalty distribution to female members of Sacem, which is 17.6%.** A future focus on this will allow the evolution of these figures to be measured.

Of the publishing projects with non-recoupable expenses, 82% were projects relating to males and 18% relating to females.



07 SUBSIDIES RECEIVED BY PUBLISHERS

FOR THE ENTIRE MARKET

In 2022, **survey respondents reported receiving subsidies from Sacem and CNM amounting to €13.2 million**, including exceptional support of €7.3 million from CNM related to the Covid pandemic. The exceptional support, which was initiated by CNM in 2021 to the tune of €2.3 million, was renewed in 2022 to take into account the prolonged cycle of music publishing.
Excluding the exceptional support mechanisms set up during the pandemic, subsidies received by publishers in 2022 amounted to €5.9 million, compared to €4.9 million in 2021.

IN 2022, PUBLISHERS RECEIVED €13.2 MILLION IN SUBSIDIES FROM SACEM & CNM, INCLUDING €7.3 MILLION IN EXCEPTIONAL SUPPORT RELATED TO COVID

Support programme for publishers from Sacem	Projects filed	Project supported	In €m
Current music	485	400	3.8
Contemporary classical music	48	32	0.1
Production music	31	26	0.2
Source : Sacem	564	458	4.1

Support programme for publishers from CNM	Projects filed	Project supported	In €m
Contemporary classical music	64	64	0.3
Publishing development	191	180	1.5
Support fund for music publishing (Covid-related aid, including contemporary classical music)	199	197	7.3
Source : CNM Annual Report 2022	454	441	9.1

RESPONDENTS' PANEL

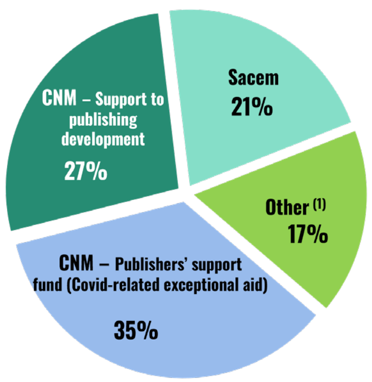
In 2022, **publishers who responded to the survey** received €2.6 million in **subsidies**, including €0.9 million in exceptional CNM aid linked to Covid.

In addition, respondents received the same level of subsidies in 2022 as in 2021, i.e. €1.5 million.

This funding comes largely from CNM (56%), thanks in particular to support for publishing development and from SACEM (32%).

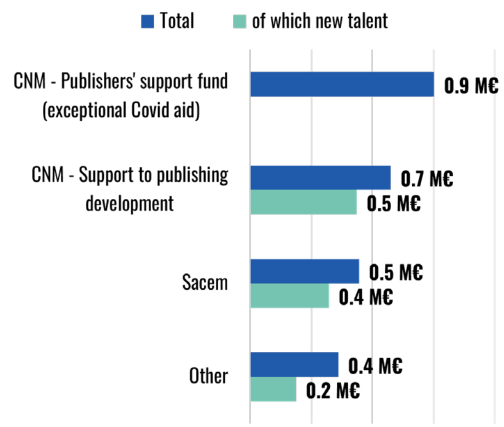
BREAKDOWN OF THE SUBSIDIES RECEIVED BY PUBLISHERS IN 2022

Breakdown by type of organisation



(1) CNM: Export, CNM: other programmes (including classical), SCPP, SPPF, ADAMI
Unit: as share (in %) of total amount
Source: *Focus on Music Publishing in France*, 2022 data

Breakdown of subsidies by source



(2) CNM - Export, CNM - other (including classical), SCPP, SPPF, ADAMI
Unit: million euros
Source: *Focus on Music Publishing in France*, 20212 data

08 ECONOMIC & FINANCIAL PERFORMANCE

Publishers' economic and financial performance improved in 2022, as a logical consequence of the return to normal business post-Covid. The analysis by size of publishers shows an increase in turnover and in NPS, regardless of the size of the structure.

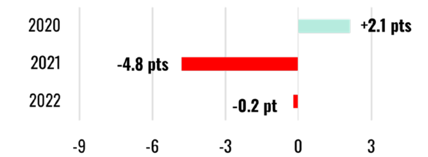
However, despite the 6% growth rate of the publishing market in 2022 compared to 2021, the analysis shows that:

- **The NPS rate continues to contract and has dropped to 33% of turnover, a level almost 10% lower than in 2019. This decline is mainly due to the performance of domestic repertoire, which fell by 3 points in 2022 compared to 2021 (and by 8 points compared to 2020);**
- The operating profit rate has increased by one point, reaching 10.8% of turnover during the same period.

THE EVOLUTION OF ECONOMIC & FINANCIAL PERFORMANCE

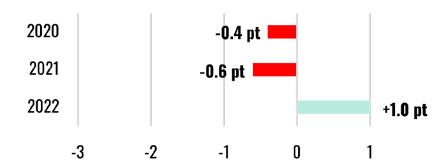
Year-on-year evolution of the NPS rate

Unit: Variation in points
Source: *Focus on Music Publishing in France*

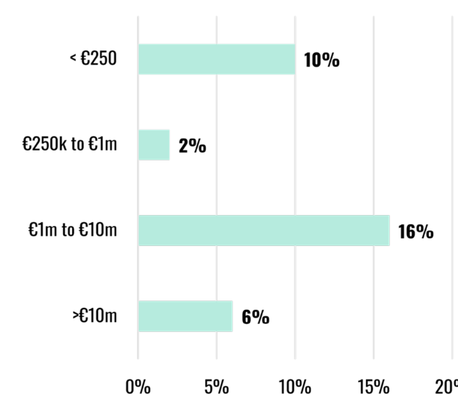


Year-on-year change in operating profit

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

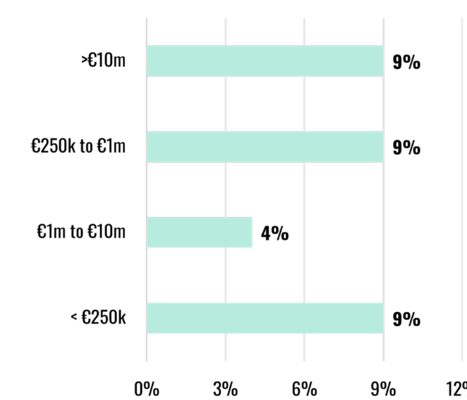


Evolution of turnover according to publisher size in 2022/2021



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

Evolution of NPS according to publisher size in 2022/2021



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

MAIN CONCLUSIONS

The year 2022 is marked by the return to normal business activity following the pandemic.

The music publishing market posted the highest annual growth since 2019, with a 7% growth rate year-on-year and revenues reached €418 million, exceeding pre-Covid levels. Other findings:

- despite a 6% increase in 2022, the level of Sacem distributions remains 3% lower than in 2019. Public performance rights from live shows, cinema, and background music have not returned to pre-Covid levels. They are partially offset by digital rights, which continued their upward trend although at a much slower growth rate (+16% in 2022, after +55% in 2021);

- revenues from direct management strongly supported the growth recovery. Synchronisation rights increased by 9% to €95 million. Foreign rights increased by 19% in 2022 to €65 million;

- revenue from classical music publishing experienced growth (+19%), reaching €25 million, and thus, returning to pre-pandemic level;

- production music continued to post growth in 2022, supported by the dynamism of foreign, digital, and mechanical rights.

In this context of recovery and growth in revenues from direct management, publishers have shown dynamism and courage in terms of investment in 2022, with an increased risk-taking policy on new talent, highlighted by the following points:

- an increase in the total number of works published (+6% in 2022, compared to 2021) and an increase in the number of exclusive contracts (+11%), particularly for new talent, who represent 88% of contracts signed during the year;

- a 2% increase in advances paid by publishers in 2022, compared to 2021, reflecting the commitment of publishers to prefinance music creation, particularly for new talent, for whom advances paid have significantly increased (+26%). The balance of unrecouped advances reached €77 million at the end of 2022, i.e. up 9% compared to the end of 2021;

- a 9% increase in non-recoupable investments in 2022, compared to 2021, with significant increases in the average amount of investment per project (+15% in 2022, compared to 2021), reflecting stronger support from publishers for their respective projects.

The analysis by publisher size highlights an increase in turnover and NPS, regardless of the structure size. However, the NPS rate is slightly down overall and more markedly on domestic repertoire (minus 8 points compared to 2020). Other points include:

- the overall NPS rate fell by 0.2 points and dropped to 33%, a level lower than that of 2019;

- the annual gross margin rate improved by 1.1 points, and the operating profit rate increased by one point to reach 10.8% of turnover;

- profitability from the investment in new talent remains very fragile (due to low growth in revenue and an 8% decline in NPS), reflecting the difficulty in breaking new talent.

The continuation of CNM's exceptional support programme has helped relieve publishers and allow them to overcome the aftereffects of the health crisis and facilitate recovery.

Long-term support mechanisms have also played their role in supporting investment. The introduction of the tax credit in 2022 provided an additional tool that is essential for the ability of publishers to support music creation.

GLOSSARY

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

ADVANCE
An advance is a lump sum generally provided by a publisher when signing a contract with a songwriter or composer. The amount depends on various factors, including the reputation of the songwriter or composer, the catalogue, commitment to exclusivity, etc. This advance is recoupable on the royalties paid by the publisher to the songwriter or composer and more generally on the royalties due to the songwriter 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 clients: Sacem registration, documentation of musical works, documentation of audio-visual works, control over royalty distribution, catalogue audit, management of authorisation requests for secondary uses, exploitation of printed 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/or a proportional remuneration indexed to different streams of revenue (Sacem, synch, sale of printed music, income from sub-publishers).

EXCLUSIVE SONGWRITER AGREEMENTS
A type of contract in which a songwriter or composer grants a publisher, for a limited period, the exclusive right to publish their works; the songwriter 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 songwriter 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 entity 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 drives, etc.), which is paid to creators, artists, and producers in return for their authorisation to copy all the works (music, TV series, films, etc.) legally acquired on any viewing medium within the framework of private use.

CWR – COMMON WORKS REGISTRATION
CWR is a standardised digital format that allows the communication of data relating to musical works (names of creators and publishers, respective shares, etc.). This format has been adopted by many collective management organisations, and it allows not only the transmission of this data in a globalised manner between publishers but also the registration of works with collective management organisations.

PRODUCTION MUSIC
Production music pertains to music produced and developed specifically for audio-visual and media clients.

NEW TALENT
Songwriters, composers, and/or performers are considered new talent (in France) if:
- They haven't released two albums selling more than 100,000 copies as a featured artist.
- They haven't contributed to at least 50% of 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
NPS is calculated by taking into account publishing revenue minus royalties and repayments to rights holders or other beneficiaries.

DOMESTIC REPERTOIRE
Domestic 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 songwriters or composers are based in France or are directly signed to a French publisher.

SUB-PUBLISHER
See sub-publishing agreement above.

GLOSSARY

AUDIO STREAMING
A technique used to broadcast music and allow music to be played over the Internet in a continuous flow, while avoiding downloading data and allowing live (or slightly delayed) broadcasting.

SVOD (SUBSCRIPTION VIDEO ON DEMAND)
SVOD is an activity which consists of providing a video-on-demand service in the form of a paid subscription, which is generally paid on a monthly or yearly basis.

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

ROYALTY TRACKING
Royalty tracking refers to monitoring the collection and distribution of royalties.

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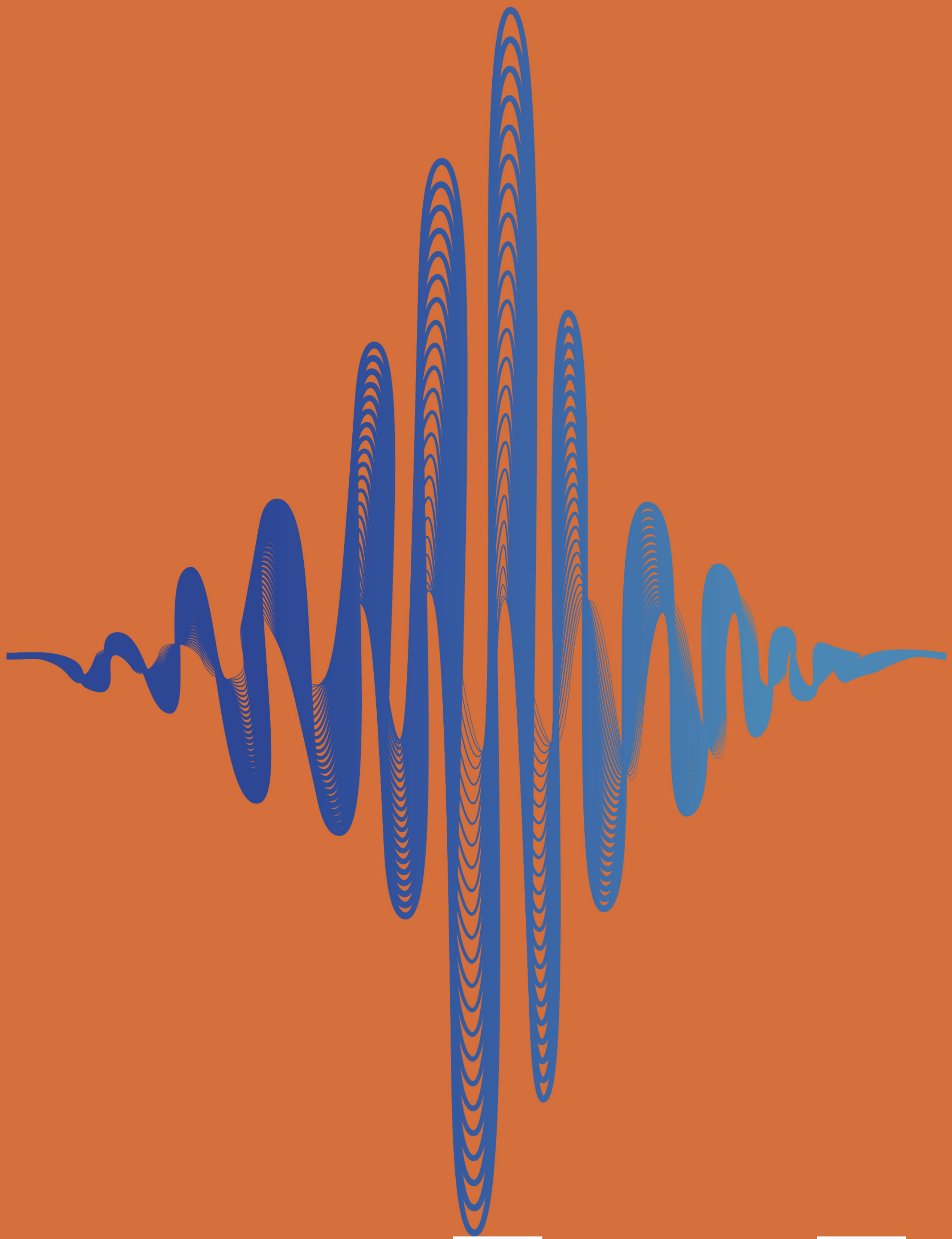

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