

# STATUTORY AUDITOR'S REPORT ON THE TRANSPARENCY REPORT

FOR THE YEAR ENDED DECEMBER 31, 2020

Statutory auditor's certificate on the information provided for in 1°, 7° to 10° of II and III of Article R. 321-14 of the Intellectual Property Code communicated in the annual transparency report provided for in Article L. 326-1 of the aforementioned code

To the Members of the Sacem Annual General Meeting,

In our capacity as the statutory auditor of your company Sacem and in application of Articles L. 326-8 and R. 321-14-IV of the Intellectual Property Code, we drew up this certificate on the information provided for in 1°, 7° to 10° of II and III of Article R. 321-14 of the Intellectual Property Code communicated in the annual transparency report provided for in Article L. 326-1 of the aforementioned code for the financial year ending December 31, 2020.

This information has been established under the responsibility of your Chief Executive Officer from the accounting books used in the preparation of the annual accounts of your company for the year ended December 31, 2020 and the internal management data of Sacem related to the accounts. It is our role to certify this information.

The transparency report has been approved by your Board of Directors.

As part of our statutory audit engagement, we audited the annual accounts of your company for the financial year ended December 31, 2020. Our audit, carried out in accordance with the professional standards applicable in France, was intended to express an opinion on the annual financial statements taken as a whole, and not on specific items of these accounts used for the determination of this information. Therefore, we have not performed our audit tests and our samplings for this purpose and we express no opinion on these items taken alone.

Due to the global crisis related to the Covid-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organisation.

It is in this complex and evolving context that we performed all of the procedures that we considered necessary in accordance with professional guidance issued by the French Association of Independent Auditors (Compagnie nationale des commissaires aux comptes) relating to this assignment. This work, which constitutes neither an audit nor a limited examination, consisted, on a test basis or through the use of any other selection methods, in:

- ▶ obtaining an understanding of procedures put in place by SACEM to produce the information provided for in 1°, 7° to 10° of II and III of Article R. 321-14 of the Intellectual Property Code communicated in the annual transparency report provided for in Article L. 326-1 of the aforementioned code;

- ▶ carrying out the necessary reconciliations between this information and the accounting from which it derives and checking that they are consistent with the elements used as basis for the preparation of the annual financial statements of Sacem for the year ended December 31, 2020;
- ▶ verifying the consistency of this information with the internal management data of Sacem related to the accounts;
- ▶ checking the arithmetic accuracy of the information produced;
- ▶ assessing whether this information achieves fair representation.

On the basis of the work that we performed, we have no comment to make on the information provided for in 1°, 7° to 10° of II and III of Article R. 321-14 of the Intellectual Property Code communicated in the annual transparency report provided for in Article L. 326-1 of the aforementioned code.

This certificate serves as a special report within the meaning of Articles L. 326-8 and R. 321-14 IV of the Intellectual Property Code.

Paris, April 14, 2021

French original signed by

**Didier KLING**  
The Statutory auditor  
CRCC of Paris

*This is a free translation into English of the Statutory Auditors' certificate on the information provided for in 1°, 7° to 10° of II and III of Article R. 321-14 of the French Intellectual Property Code communicated in the annual transparency report provided for in Article L. 326-1 of the aforementioned code, issued in French and it is provided solely for the convenience of English-speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.*

# INCOME AND EXPENSES STATEMENT

AT 31 DECEMBER 2020

	In €000	
	2020	2019
<b>OPERATING INCOME</b>		
<b>OTHER OPERATING INCOME</b>		
Other operating incomes	12,444	13,136
Capitalise output	2,958	1,116
Deductions	150,646	178,349
Reversal of provisions	1,451	561
Transfer of expenses	2,226	2,076
<b>TOTAL I – OPERATING INCOME</b>	<b>169,725</b>	<b>195,238</b>
<b>OPERATING EXPENSES</b>		
Purchases and other external expenses	46,769	50,630
Taxes and duties	6,327	6,667
Personnel expenses	124,499	138,541
Amortisation and depreciation	19,196	18,109
Net provisions	14,019	2,230
Other operating expenses	3,334	3,146
<b>TOTAL II – OPERATING EXPENSES</b>	<b>214,143</b>	<b>219,323</b>
<b>OPERATING RESULT (I – II)</b>	<b>-44,419</b>	<b>-24,085</b>
<b>FINANCIAL INCOME</b>		
From shareholdings	5,156	4,970
Interest and related receivables	19,283	25,436
<b>TOTAL III – FINANCIAL INCOME</b>	<b>24,439</b>	<b>30,406</b>
<b>FINANCIAL EXPENSES</b>		
Interest and related receivables	0	0
<b>Total IV – FINANCIAL EXPENSES</b>	<b>0</b>	<b>0</b>
<b>FINANCIAL RESULT (III – IV)</b>	<b>24,439</b>	<b>30,406</b>
<b>NET INCOME FROM ORDINARY ACTIVITIES (I – II + III – IV)</b>	<b>-19,980</b>	<b>6,321</b>
Non-recurring income	2,018	285
<b>Total V – NON RECURRING INCOME</b>	<b>2,018</b>	<b>285</b>
Non recurring expenses	8,841	707
<b>Total VI – NON RECURRING EXPENSES</b>	<b>8,841</b>	<b>707</b>
<b>NON-RECURRING RESULT (V – VI)</b>	<b>-6,823</b>	<b>-421</b>
<b>TOTAL INCOME (I + III + V)</b>	<b>196,182</b>	<b>225,930</b>
<b>TOTAL EXPENSES (II + IV + VI)</b>	<b>222,985</b>	<b>220,030</b>
<b>EXCESS OF MANAGEMENT LEVIES AT 31 DECEMBER</b>	<b>-26,803</b>	<b>5,900</b>

# BALANCE SHEET

AT 31 DECEMBER 2020

ASSETS	In €000			
	2020			2019
	Gross	Amortisation and depreciation (to be deducted)	Net	Net
<b>FIXED ASSETS</b>				
Intangible assets:	191,033	126,109	64,925	65,949
Concessions, patents, licences, brands, processes, software	179,916	126,109	53,808	42,462
Advance payments and instalments	11,117	0	11,117	23,487
Tangible assets:	124,536	82,135	42,401	44,772
Land	15,938	0	15,938	15,938
Buildings	48,756	33,741	15,015	16,289
Other tangible assets	59,459	48,394	11,065	12,206
Advance payments and instalments	383	0	383	340
Investments:	31,650	75	31,575	34,771
Shareholdings	10,645	0	10,645	10,645
Long term receivables from investments	13,371	0	13,371	16,744
Loans	6,913	0	6,913	6,563
Other financial assets	721	75	646	819
<b>Total I – FIXED ASSETS</b>	<b>347,219</b>	<b>208,319</b>	<b>138,900</b>	<b>145,492</b>
<b>CURRENT ASSETS</b>				
Receivables:	409,334	2,439	406,894	478,705
Clients and related accounts receivables	216,811	0	216,811	241,072
Other receivables:				
Members	33,855	2,439	31,416	29,650
Other operating receivables	4,724	0	4,724	3,990
Miscellaneous receivables	153,944	0	153,944	203,992
Transferable security investments	787,169	0	787,169	840,598
Available funds	201,475	0	201,475	204,188
<b>Total II – CURRENT ASSETS</b>	<b>1,397,977</b>	<b>2,439</b>	<b>1,395,538</b>	<b>1,523,490</b>
<b>ACCRUALS AND DEFERRED INCOME</b>				
Miscellaneous advance expenses	4,780	0	4,780	4,188
Insufficiency of levies	26,803	0	26,803	0
<b>Total III – ACCRUALS AND DEFERRED INCOME</b>	<b>31,583</b>	<b>0</b>	<b>31,583</b>	<b>4,188</b>
<b>Total assets (I + II + III)</b>	<b>1,776,779</b>	<b>210,758</b>	<b>1,566,021</b>	<b>1,673,170</b>

LIABILITIES	In €000	
	2020	2019
<b>EQUITY</b>		
Capital	13,268	13,213
<b>Total I – EQUITY</b>	<b>13,268</b>	<b>13,213</b>
<b>PROVISIONS</b>		
Provisions for contingencies and expenses	16,755	3,150
<b>Total II – PROVISIONS</b>	<b>16,755</b>	<b>3,150</b>
<b>DEBT</b>		
Bank loans and debts	55	51
Sundry debts	1,122,252	1,210,247
Deposits received (gifts and bequests)	3,743	3,723
Collections to be distributed	893,314	959,531
Users – foreign societies	11,013	5,123
Non-paid notified rights	173,347	200,902
Members	40,835	40,969
Trade payables and related accounts	10,321	12,640
Tax and social security debts	54,709	70,222
Other debt	9,227	11,165
Excess of the social aid of members' fund	323,155	322,221
Cultural aid (25% Private Copying levy)	16,279	24,361
<b>Total III – DEBT</b>	<b>1,535,998</b>	<b>1,650,907</b>
<b>ACCRUALS</b>		
Excess of management levies at 31 December	–	5,900
<b>Total IV – ACCRUALS</b>	<b>–</b>	<b>5,900</b>
<b>TOTAL LIABILITIES (I + II + III + IV)</b>	<b>1,566,021</b>	<b>1,673,170</b>

# NOTES TO THE STATUTORY FINANCIAL STATEMENTS

## ACCOUNTING RULES AND PRINCIPLES

Sacem's annual financial statements are prepared in accordance with French legal provisions, in particular Regulation No. 2014-03 of the French Accounting Standards Authority (Autorité des Normes Comptables) relating to the Plan Comptable Général, and are up to date with the various supplementary regulations on the date of preparation of the said annual financial statements, in particular ANC Regulation No. 2016-07 of December 26, 2016 and ANC Regulation No. 2018-02 of July 6, 2018.

Since the 2018 financial year, Sacem has also applied the new ANC regulation n°2017-07 of 1 December 2017 relating to the harmonisation of accounting rules and the presentation of summary documents from collective management organisations for copyright and related rights. (Regulation approved by order of 26 December 2017 published in the Journal Officiel of 30 December 2017).

In addition to the information provided for in ANC Regulation No. 2014-03 on the general accounting plan, the annex to the annual financial statements includes the new information mentioned in Articles 131-2 to 131-8 of the new regulation.

The general accounting conventions have been applied, in compliance with the principle of prudence, in accordance with the basic assumptions whose purpose is to provide a true picture of Sacem's assets and liabilities, financial position and results:

- ▶ Continuity of operations
- ▶ Consistency of accounting policies from one year to the next
- ▶ Independence of fiscal years
- ▶ Materiality

The basic method used for valuing balance sheet assets is the historical cost method.

The main methods used are the following:

### a and b. Intangible assets and tangible fixed assets

An intangible asset or tangible fixed asset is recognised as an asset when the following conditions are simultaneously met:

- ▶ It is probable that the entity will receive the related future economic benefits
- ▶ Its cost or value can be measured with sufficient reliability

### a bis. Intangible fixed assets

Software is recorded at acquisition cost or, when created internally, at production cost when it can be measured with sufficient reliability.

Depreciation is calculated on a straight-line basis between 2 and 8 years depending on the probable period of use.

### b bis. Tangible assets

Tangible fixed assets are valued at their acquisition cost (purchase price and incidental expenses). Since the 2013 financial year, it was decided to enter the costs related to the acquisition of fixed assets on the assets side of the balance sheet and to depreciate them over the duration of the corresponding asset.

Depreciation is calculated on a straightline basis over the estimated useful life of the asset:

- ▶ Buildings: 30 years
- ▶ Fixtures and fittings: 3, 5, 10 or 20 years
- ▶ Transport equipment: 5 years
- ▶ Office furniture and equipment: 3, 5 or 10 years
- ▶ Computer equipment: 3, 5 or 8 years

Equipment, the unit value of which is less than €500 excluding VAT, is recognised as an expense for the financial year.

### a and b ter. Inventory value of fixed assets

At each closing, the society assesses whether there is any indication of impairment of tangible and intangible assets. Indications of impairment are obsolescence, physical deterioration, significant changes in the mode of use, and other external indications.

If this is the case, the society determines the present value of these assets and compares it to their net book value to calculate any impairment.

The present value is the higher of these two values: current market value or usage value.

### c. Financial fixed assets

Financial fixed assets are shown in the balance sheet at their acquisition cost. If their present value is lower than the acquisition cost, an impairment loss is recognised.

### d. "User" receivables

Receivables are recorded at their nominal value. They correspond to invoices for rights issued to users.

Receivables presenting a risk of irrecoverability are not subject to depreciation, since royalties are only transferred to the rights holders after they have been collected in advance.

Thus, in the event of irrecoverability, a reduction in receivables is recorded as an asset, offset on the liabilities side by a reduction in the item "fees notified to users but not paid", with no impact on the management account.

### e. "Member" receivables

A provision is set aside each year for member accounts that are in deficit and present a risk of non-payment through the absence or insufficiency of royalties.

This provision amounted to €2,439,346 at the end of December 2020.

### f. Other receivables

Other receivables are recorded at their nominal value.

Receivables are written down, where appropriate, by means of a provision to take into account any collection difficulties that may arise.

### g. Investment securities

The portfolio consists primarily of liquid securities that are readily convertible into a known amount.

Investment securities are recorded in the balance sheet at their original value.

Sacem's general investment policy has always been based on the principle of the security of invested capital.

As part of this approach to ensure the security and quality of its investments, Sacem has always refrained from making arbitrages, keeping the securities until maturity in order to always be able to benefit from the capital guarantee.

Consequently, this portfolio is presented as cash and cash equivalents and no impairment is recorded on the basis of market prices at the end of the year.

For information, potential capital losses on investments as of 31 December 2020 amount to €4,087,180, with potential capital gains at €37,713,648.

### h. Provisions

Sacem recognises the following provisions on the liabilities side of the balance sheet:

- ▶ The "Medals for Work" provisions: the Medals for Work reward seniority of service to the Sacem. Their award is accompanied by the payment of a bonus for 20 and 30 years of seniority. The provision is determined using the "projected unit credit" method.
- ▶ Other provisions correspond to specifically identified risks and charges.

Provisions for liabilities and charges are established in conformity with CRC regulation 2000-6 on liabilities. A provision is recognised when the society has an obligation to a third party resulting from a past event, and it is probable or certain that it will result in an outflow of resources to the third party, and the amount can be reliably estimated.

### i. Exceptional results

Income and expenses that are not, by their nature, occurrence or materiality, part of the ongoing activities of Sacem are recorded as extraordinary income and expenses.

### j. Off-balance sheet commitments

The liability for "End-of-career benefits" is determined using the "projected unit credit method".

## SIGNIFICANT EVENTS OF THE FINANCIAL YEAR

### a. Management of the health crisis related to COVID-19

The Coronavirus health crisis that we are currently experiencing has a significant impact on both the organisation of Sacem's activity and its accounts, as well as its relations with its members.

The year 2020 has had a serious and lasting impact on the cultural and music professions, with financial consequences for collective management organisations.

The closure for several months of music venues (cafés, restaurants, shops, nightclubs, cinemas, etc.) and the cancellation of concerts and festivals have had a very strong negative impact on copyright collections, severely affecting the remuneration of Sacem members, as well as on the financing of the society's operating account.

In this context of a combined health and economic crisis, Sacem has been fully mobilised to ensure the continuity of its activities and its operational missions, to support its members through the implementation of exceptional measures, and to remain committed to the defence of the rights and interests of the music industry and culture.

From the beginning of the health crisis, Sacem reacted to this unprecedented situation by setting up an organisation through the PASC (Sacem's action plan against the coronavirus) and showed great adaptability in order to continue its activity and its missions, taking into account the periods of confinement, the restrictions and the closures of establishments decided by the public authorities.

The involvement of all employees and the reinforced implementation of remote working have enabled the company to continue its activity within the framework of the implementation of the business continuity plan (BCP).

## NOTES TO THE STATUTORY FINANCIAL STATEMENTS

From the beginning of the health crisis, Sacem mobilised to support its members and all actors in the musical and cultural sector.

Sacem put in place a number of exceptional measures to support its members and respond to the different situations they were living through: an emergency fund with direct non-reimbursable aid and aid programmes for publishers (6.2 M€ financed by the 25% creation aid); exceptional advances of authors' rights, with a staggered reimbursement spread over 5 years (3.1 M€); suspension of invoicing for closed venues during the lockdown and easing of payment deadlines; maintenance through cultural action of most of the aid to show organisers and project leaders; support plans obtained from public authorities; implementation of remuneration for livestreams and more.

These aid and support measures will be extended and reinforced in 2021.

Regarding activity-related indicators, given the closure and limited attendance of certain music venues, collections in fiscal year 2020 fell by €130.6 million, from €1,119.1 million in 2019 to €988.5 million in 2020, mainly due to a drop in general rights collections (-€158.3 million, or -47%), but partially offset by online activity (+€60.0 million, or +26%).

As a result, and taking into account the distribution schedule, royalties distributed fell by €53.8 million over the year.

With regard to income, the effects of the reduction in activity reduced deductions from collections and allocations by 22.5 M€.

The decline in financial resources combined with the deterioration in investment rates resulted in a €6.0 million decrease in financial income.

The cost-cutting plan implemented and the knock-on effects of the decline in business activity reduced operating expenses by €18.1 million.

In the context of this long-lasting and unprecedented economic crisis, Sacem's accounts showed a negative management result of €26.8 million at the end of the 2020 fiscal year, taking into account the surplus reserve of €5.9 million at the beginning of the year, i.e. a shortfall of €32.7 million for the year 2020.

Given the magnitude of the health crisis and its unforeseeable duration, the society is implementing a Transformation Plan for the Development of Sacem (PTDS), a major initiative challenge for the year 2021 and beyond.

This plan aims to respond to the consequences of the crisis by streamlining Sacem so that it is even more effective in serving its members and defending authors' rights.

Combined with a cost-savings plan, this should make it possible to finance development and transformation projects.

### b. IT projects

The health crisis has sharply reduced Sacem's resources since March 2020, imposing a plan to reduce expenses in order to optimise and adapt to needs. This situation has led to an in-depth analysis of expenses associated with ongoing IT developments, resulting in a review of certain IT projects.

Over the year, the amount of projects in progress shown on the assets side of the balance sheet fell from €23.5 million at the end of 2019 to €11.1 million at the end of 2020, with €25.6 million worth of developments coming on stream during the year.

### c. Labour accords

In the context of a brutal and long-lasting health crisis, an agreement relating to the implementation of voluntary collective contract changes and related social measures was signed unanimously by the representative trade unions.

A restructuring provision of €11.3 million was recognised in the financial statements for the year ended December 31, 2020 as an operating expense and presented as a provision for contingencies and losses on the liabilities side of the balance sheet.

In December 2019, Sacem and the employee representative bodies signed a new three-year profit-sharing agreement for the years 2020 to 2022, which replaces the previous profit-sharing agreement (the last payment of which was made in May 2020).

On the subject of remote working, negotiations on the terms and conditions of financial support for teleworking led to the signature in November 2020 with the representative trade unions of an agreement which includes assistance offered by the company to employees who usually work from home, as prescribed by an amendment (contribution to the purchase of office equipment, computers and office furniture).

These expenses are recorded as operating expenses in the year in which the expense is incurred.

### d. Online collections

The 26% increase in online revenues partially offset the decline in other revenues.

Online revenues reached €291.2 million in 2020, representing nearly 30% of total revenues, compared with 21% the previous year.

This sustained growth is the result of renegotiations and new contracts (Facebook, Amazon Unlimited), as well as revenue growth and settlements.

### e. Sacem Polynésie

Sacem and SDRM created, through a constitutive general assembly dated March 5, 2018, a non-trading entity in the Polynesian territory named "Sacem Polynésie", of which they are the two partners (75 shares for Sacem and 25 shares for SDRM).

The purpose of Sacem Polynésie is the exercise and administration, in French Polynesia, of all copyrights relating to the public performance, public representation or reproduction of protected works in the repertoire of its associates and of the companies that have given the associates a mandate to collect in French Polynesia.

Given the fact that the subsidiary is only starting out in this difficult period, Sacem decided to grant a balancing subsidy of €113,000 in order to clear the accumulated losses of 2018 and 2019.

### f. Activity in Lebanon

The health, economic and political situation in Lebanon severely disrupted the branch's activity.

In addition, the monetary instability weighing on the Lebanese pound led to the use of a conservative conversion rate causing an exchange difference of €186,000.

Collections thus amounted to €70,000 compared with €984,000 in 2019.

### g. Sale of real estate

Sacem decided to sell some unused real estate assets related to thirteen delegation sites.

The sale of the fully depreciated assets, carried out at the end of 2020 for €1.3 million, generated a capital gain of the same amount.

### h. Renunciation by TF1 and M6 of their contractual obligations towards the authors' societies

At the end of 2020, the TF1 and M6 groups decided to terminate their contractual obligations under the direct injection broadcasting technique and to take legal action against Sacem.

At this stage of the legal proceedings, it is impossible to assess the financial risks that may be incurred.

These legal proceedings were initiated in a context of renegotiation requested by the two groups.

# STATUTORY AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

To the members of the SACEM Annual General Meeting,

## 1. OPINION

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying financial statements of Société des auteurs compositeurs et éditeurs de Musique (Sacem) for the year ended December 31, 2020 as enclosed in this report.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of Sacem as of December 31, 2020 and of the results of its operations for the year then ended in accordance with French accounting principles.

## 2. BASIS FOR OPINION

### Audit framework

We conducted our audit in accordance with professional standards applicable in France.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Statutory Auditor's responsibilities for the audit of the financial statements* section of this report.

## Independence

We performed our audit in accordance with the independence rules provided by the French Commercial Code and the French Code of Ethics for Statutory Auditors for the period from 1 January 2020 to the date our report was issued.

## 3. JUSTIFICATION OF ASSESSMENTS

Due to the global crisis related to the Covid-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties for their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organisation and the performance of the audits.

It is in this complex and evolving context that, in accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we inform you of the following assessments which, in our professional judgment, were of most significance in our audit of the financial statements of the current period.

These assessments were addressed in the context of our audit of the financial statements as a whole, approved for publication under the aforementioned conditions, and in forming our opinion thereon. We do not provide a separate opinion on specific items of the financial statement.

► Your Company, a collective management organisation of authors' rights, manages these rights as part of the legally and the voluntary management. As such, it collects from users the rights relating to the exploitation of works belonging to rightsholders, notably its members, and to other collective management organisations, to which it applies deductions to cover its costs relating to management fees and to social, cultural and educational services.

► As part of our assessment of the accounting treatment of these flows, we verified the appropriateness of the accounting principles applied, in particular with reference to Article 621-11 of the General chart of accounts relating to the accounting of these flows in accordance with Article L.324-9 of the French intellectual property code, and we ensured ourselves as to their correct application.

## 4. VERIFICATION OF THE MANAGEMENT REPORT AND OTHER DOCUMENTS PROVIDED TO THE MEMBERS

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Chief Executive Officer's approved for publication on April 8, 2021 and in the other documents provided to the Members with respect to the financial position and the financial statements.

It should be noted that our verifications relating to the transparency report set forth in Article L. 326-1 of the French intellectual property code and provided to the Members are the subject of a certificate established in application of the provisions of articles L. 326-8 and R. 321-14 IV of the aforementioned code, distinct from this report.

## 5. RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The financial statements were approved by the Board of Directors on April 8, 2021.

## 6. STATUTORY AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with professional standards, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L. 823-10-1 of the French commercial code (Code du commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditor exercises professional judgment throughout the audit and furthermore:

- identifies and assesses the risks of material misstatements of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements;

- assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the Statutory Auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Paris, April 14, 2021

French original signed by

**Didier Kling**  
The Statutory auditor  
CRCC of Paris

*This is a free translation into English of the Statutory Auditors' report on the financial statements issued in French and it is provided solely for the convenience of English-speaking users. This Statutory Auditors' report includes information required by French law, such as information relating to the specific verification of the CEO's report and other documents provided to Members. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.*

# GLOSSARY

	Definition
<b>ADAGP</b>	French society of Authors of Visual Arts
<b>ADAMI</b>	Collective management organisation for the rights of performers
<b>AFDAS</b>	Training organisation for songwriters and performers
<b>AGESSA</b>	Authors' Social Security Management Association
<b>ANC</b>	French Accounting Standards Board
<b>API</b>	Application Programming Interface
<b>BIEM</b>	International organisation representing mechanical rights societies
<b>CISAC</b>	International Confederation of Societies of Authors and Composers
<b>Copie France</b>	Collective management society that collects private copying levy
<b>CMO</b>	Collective Management Organisation
<b>CPI</b>	French Intellectual Property Code
<b>DGA</b>	Directors Guild of America
<b>DSP</b>	Digital Service Provider
<b>FACF</b>	Franco-American Cultural Fund
<b>FCM</b>	Musical Creation Fund
<b>General rights</b>	Authors' rights collected in France by the Sacem regional network (concerts, shows, background music, nightclubs, cinemas, etc)
<b>GESAC</b>	European Authors' Societies
<b>IFPI</b>	International Federation of the Phonographic Industry
<b>IRCEC</b>	Supplementary pension institution for education and creation
<b>MPAA</b>	Motion Picture Association of America
<b>NPVR</b>	Network Personal Video Recorder
<b>Private copying</b>	Private copying is a system which allows private individuals to copy works for their own private use, while remunerating creators
<b>RAAP</b>	Regime for professional artists and authors
<b>RAES</b>	Sacem Mutual Assistance Allowance Scheme
<b>RACL</b>	Regime for lyrical authors and composers
<b>SACD</b>	French Society of Dramatic Authors and Composers
<b>SCAM</b>	French Civil Society of Multimedia Authors
<b>SCPP</b>	Society for the collection and distribution of recorded-music producers
<b>SDRM</b>	French Collecting Society for Mechanical Reproduction Rights for Authors, Composers and Publishers
<b>SPEDIDAM</b>	Society for the collection and distribution of artists' and performers' rights
<b>SPPF</b>	Society for the collection and distribution of independent recorded-music producers
<b>SVoD</b>	Subscription video on demand (SVoD) refers to a service that gives users unlimited access to a wide range of programmes for a monthly flat rate
<b>VoD</b>	Video-On-Demand, which allows consumers to select and watch the video content they want, when and where they want
<b>WGAW</b>	Writers Guild of America West

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