

OUR ECONOMIC MODEL

FOCUS ON SACEM'S BUSINESS MODEL



COLLECTIONS

€988.5M

FUNDS FOR DISTRIBUTION

€912.7M

The diagram below shows the general balance of the royalty stream, from the incoming flow (collections) to the outgoing flows (allocations to rights holders, social and cultural works, cultural aid, 25% private copying funds) with the intermediate stage of suspense accounts (rights pending processing). The processing of royalties in the distribution information systems generates suspense accounts in the financial statements at the time of reconciliation of the broadcasting programmes with the documented works.

When a line in the broadcast programme cannot be matched to a registered work from our work documentation databases, the computer systems generate suspense accounts to hold the amounts due for those lines. Calculations are made quarterly, over three years, to pay these rights holders from these undistributed

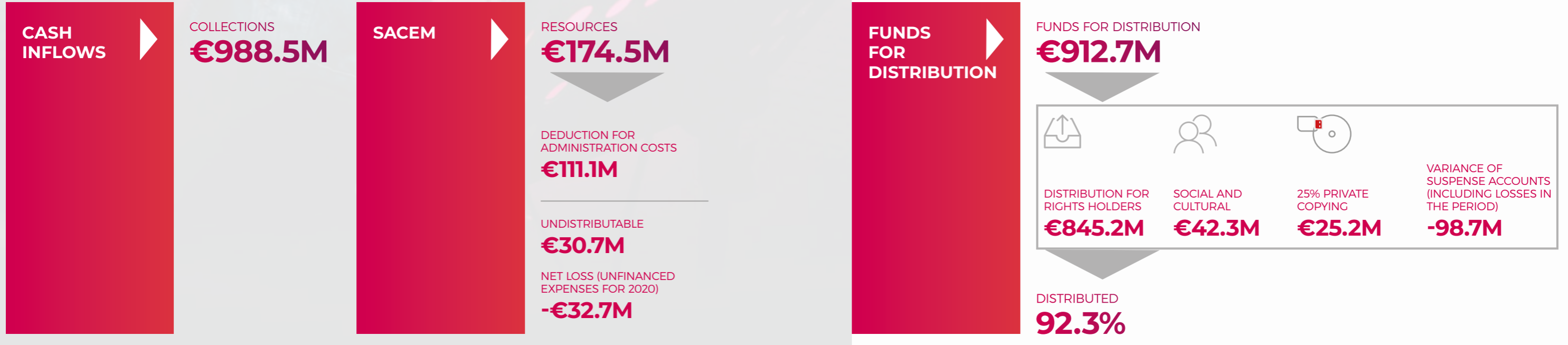
funds, as soon as the work is identified or if it has been registered more recently. After three years, the amounts remaining in the suspense accounts are used as resources to finance net expenses, in accordance with Sacem's statutes.

These amounts, called undistributables, do not include undistributables linked to private copying rights as stated by French law (Intellectual Property Code).

These amounts are transferred as resources to Cultural Aid coming from the 25% private copying. In addition to these undistributable amounts, the net expenses are also financed through deductions for administrative costs. These deductions are calculated by applying a rate to the amounts distributed. In the case of general fees (fees collected by the regional network), for example, the rate schedule has

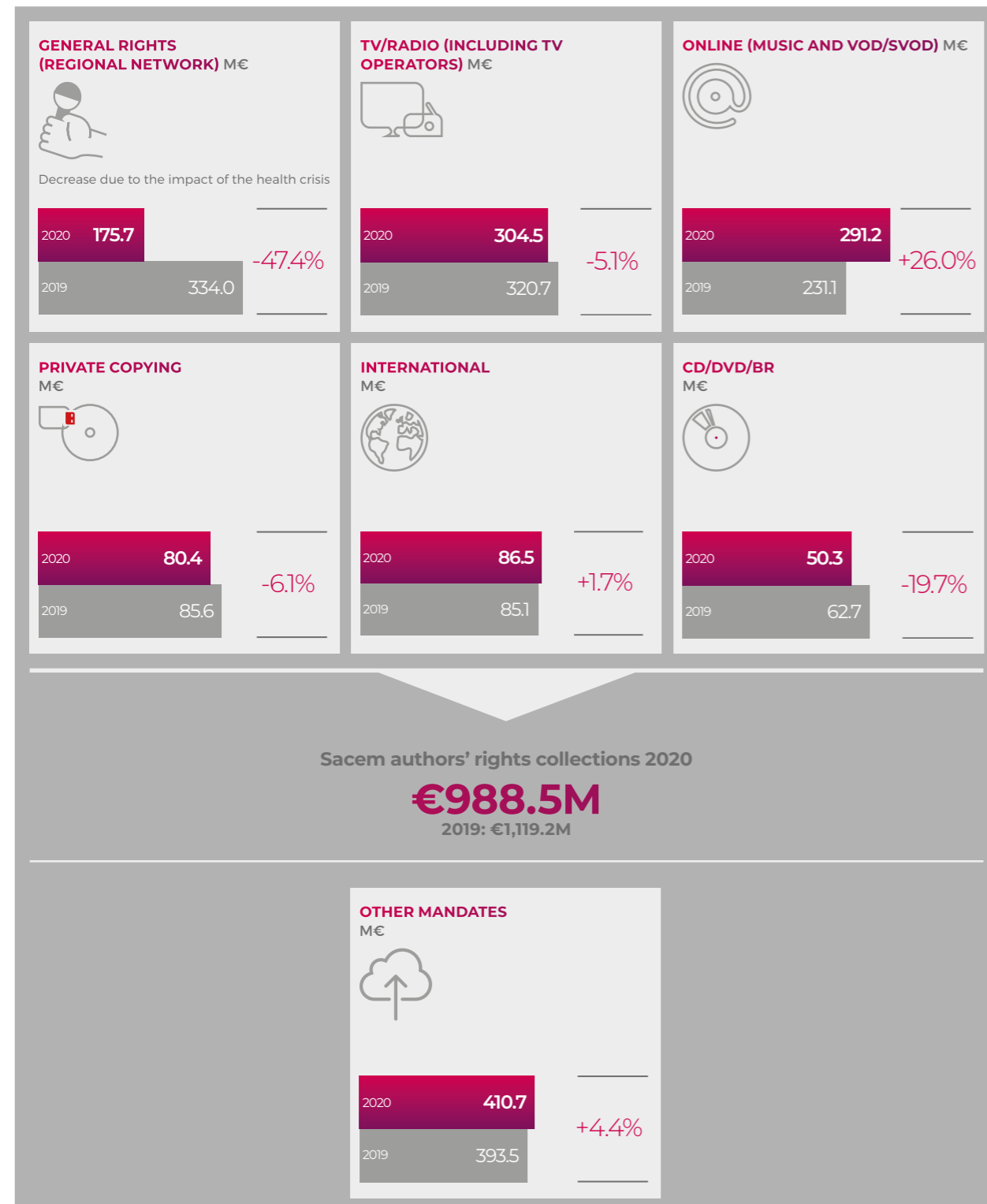
four different rates reflecting the actual costs of collection and distribution. The rate used for the Biem and Ifpi record producer contracts reflects the Cannes agreements signed by many European collective management organisations (CMOs). These rates may be updated if necessary by decision of the Board of Directors as part of its mission to verify compliance with Sacem's statutes, including in particular the rule on reserves in the management account (which may not exceed +/-5% of the gross expenses for the year) linked to Sacem's non-profit status.

In 2020, in view of the exceptional economic situation, the General Assembly voted to temporarily suspend the rule of +/-5% of gross expenses.



COLLECTION

Fully committed to increasing the value of its members' rights, Sacem relies on a solid and efficient regional network, innovative IT systems and cutting-edge technologies. Collection revenue totalled €988.5 million (-12% compared with 2019).

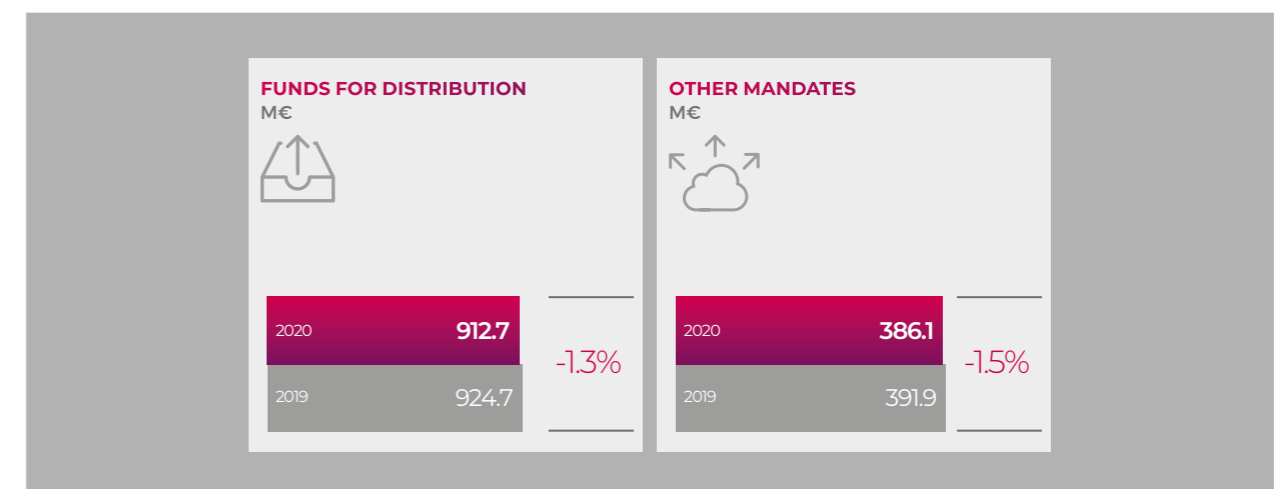
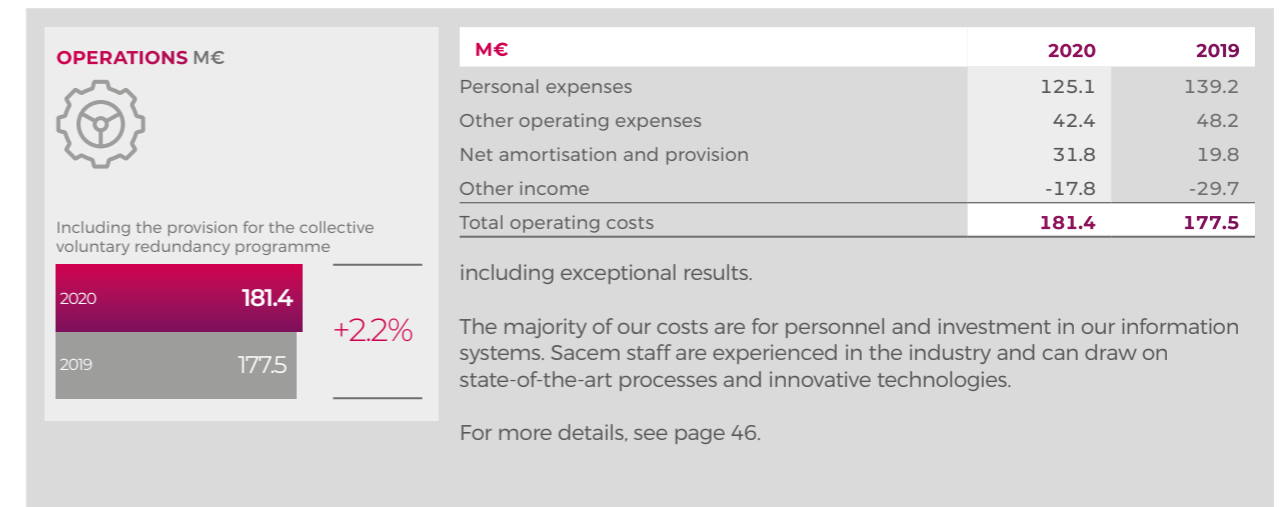


Including mandates managed by Sacem, collection income reached nearly

€1,399.2M
2019: €1,512.6M

DISTRIBUTION

Sacem works tirelessly to optimise the distribution of royalties and invest substantially in support of creation, guiding creators and promoting their work. The result: funds distributed fell 1.3% in 2020 from 2019.



M€	2020	2019
Sacem members	542.4	581.6
Mandators (managed by Sacem)/other collecting societies	302.8	273.2
Social & Cultural programmes	42.3	47.3
Cultural projects (25% PC)	25.2	22.6
Sub-total	912.7	924.7
Other mandators	386.1	391.9
Total distributable including mandates	1,298.9	1,316.7

Sacem is one of the organisations that best maximises the royalties distributed to rights holders, and especially to its members. We devote all our energy to guaranteeing authors, composers and publishers the best possible return on the exploitation of their works.

Total Sacem distributable funds (inc. mandates)

1,298.9 M€
2019 : 1,316.7 M€