Stop Lighting Money on Fire!

Paperless Residuals and Participations Payments Now Available Industry-Wide
Corporate Update

- Growing team of experts now at 50+ FTEs
- Increased presence in Music and Digital Marketplaces
- SAG-AFTRA 20-year agreement
- Entertainment Partners 20-year agreement
- Acquired by City National Bank in August
Lines of Business

- FILM/TV
- MUSIC
- MARKETPLACES

- SAG-AFTRA
- Global Music Rights
- wattpad
- Entertainment Partners
- WGA
- SOVEREIGN
- ANGRYMOB MUSIC GROUP
- Songtradr
PaymentHub Overview
The Residuals Problem

- 5M+ paper payments per year
- 10% annual growth in volume
- 20% of all residuals are < $5.00
- The industry often spends more to send and support a paper check than the amount the check is written for
- Uncashed checks either need to be cancel/replaced or escheated to the state
- Reporting and support are convoluted and manual
- There is loss and waste at every step of this process
- The industry needed an end to end paperless solution…
PaymentHub: Industry-Wide Information Exchange

- Paper-free payments for residuals, participations, payroll, and more
- Online portal for studios, guilds, payroll companies, and talent
- Data Standardization Service for guild reporting and support
- Secure registration engine for payees in 200+ countries
- Massive savings tool for companies processing high payment volumes
- CBA compliant and highly secure
PaymentHub: Industry-Wide Information Exchange
Exactuals and EP Partnership

• Invested in 2017
• Matching teams of 15+ built fully integrated solution
• CFO, Darren Seidel, Board Member
• First to market
• 600+ accounts now onboarded to Exactuals
• Client portal launching soon
  – Guild reports
  – Market trends
  – Live payment status
  – Delegated access
  – Bank level security
A Fully Automated Platform

(Click here and here to watch YouTube videos)
Savings at Every Level

• Potential Savings
  – No more paper
  – No more printing
  – No more sorting
  – No more courier
  – No more cancel/replace requests
  – No more escheat requirements
  – No more lost payments
  – No more lost/undelivered tax documents

• Potential Enhancements
  – Improved internal reporting
  – Improved reconciliation transparency
  – Improved guild reporting
  – One call resolution for many payee or guild calls
  – Improved and persistent payee data
  – Prepared for massive growth in txn volume with existing team
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- Enhanced Reporting
- Enhanced Services
- Reduced Costs
- Enhanced Scalability
## Savings Example

<table>
<thead>
<tr>
<th>Today's Gross Costs</th>
<th>Per Check</th>
</tr>
</thead>
<tbody>
<tr>
<td>Print / Courier / Support Processing Cost per Check</td>
<td>$1.76</td>
</tr>
<tr>
<td>Weighted Average Cost of Cancel &amp; Replace Processing</td>
<td>$0.06</td>
</tr>
<tr>
<td>Weighted Average Cost of Cancel &amp; Replace Bank Fees</td>
<td>$0.60</td>
</tr>
<tr>
<td>Weighted Average Cost of Escheatment</td>
<td>$0.57</td>
</tr>
<tr>
<td>Weighted Average Cost of Other Support Costs</td>
<td>$0.20</td>
</tr>
<tr>
<td>Weighted Average Impact of Reduced Float Income</td>
<td>($0.06)</td>
</tr>
<tr>
<td>Total Costs</td>
<td>$3.13</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Exactuals Costs</th>
<th>Per Check</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fees at 23 basis points of dollars processed</td>
<td>$1.06</td>
</tr>
<tr>
<td>Print / Courier / Support Processing Cost per Check</td>
<td>Included</td>
</tr>
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“The performers union first announced in 2017 that it had entered into a multiyear agreement with Exactuals, a Los Angeles-based payments software company, to deliver residual payments through direct deposit. SAG-AFTRA said Tuesday that it had put into place the infrastructure and run pilot programs nationwide to ensure that the process is secure and stable. Exactuals is part of City National Bank.”
“The direct deposit process is powered by technology from software/services firm Exactuals (which was purchased by City National Bank in 2018), and with the participation of Entertainment Partners (itself recently sold). The announcement comes a year after pilot testing was first announced.”

The move may mark the beginning of the end for millions of paper checks.
Members Love ACH

- tasteofadrian: We did it!😊😊😊😊
- gatsbycoram: 😊😊😊
- hazelcalderon: Wow!!!!
- toiyalea: Oh yes!!!!
- alizee_gaillard: WOW! 🙌
- mercedesrenard: Yes! @vanemillon
- shenitamoore: SOOOOO excited about this! 😍
- stevenmendeziv: Finally!
- Jay Kristopher: No more ten cent checks! #savethetrees
- Angel Sing: No brainer! YAY! 😁
- Ron Norris: Yes yes yes
- Angela Fox: Love my direct deposit. So happy all members will soon be able to choose this option!
- John Lister: Direct deposit has been working great for me. So glad it's being rolled out for all members.
Studio Driven Payments Platform
Market Launch Progress

EP Disbursement Volume

*Current month is month-to-date*

$22.2M
Paid out

98K
Transactions
Studio Driven DD
(How it Works with ep)
Everyone Wins

Guilds

Happy Talent

Enhanced Service

Reduced Costs

Studios & Payroll Houses

Enhanced Reporting

Tax Center

Zero Escheatment & Cancel/Replace

Talent

Direct Deposit

Centralized identity management

Mgmt Access

5/23/19

Exactuals LLC | Confidential for HITS
Why Exactuals

Focused: Experts in Residuals and Royalties

- Established relationship with trusted entertainment banking leader
- Batch payment structure built and tested
- Datafaction integration built and tested

Innovative: Software as a Service

- Zero upfront cost for implementation, licenses, or hardware
- Product constantly improving
- Extremely secure infrastructure with high-availability architecture
- Tax Center to benefit all parties
- Escheatment elimination through union Trust account integration

Trusted: Neutral third party

- Exactuals has invested the time and effort to establish an agreed-upon industry standard for data and payment processing
- Exactuals provides high value to both studios and unions
- Registration, security, and management of all sensitive data
- Bank-level security for all PII data
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