

## Transparency Report 2017

### CONTENTS

1. Balance sheet
2. Profit and loss statement
3. Cash flow statement
4. Annual report
5. Refusals (see annual report)
6. Legal and governance structure (see annual report)
7. Information on entities owned or controlled by Gramex (see annual report)
8. Remunerations and benefits of board members and managing director (see annual report)
9. Special report on the use of amounts deducted for the purposes of social, cultural and educational services (see annual report)
  
10. Financial information
  - a) Rights revenue (see annual report and its appendix)
  - b) Investment income (see annual report and its appendix)
  - c) Administration expenses (see annual report and its appendix)
  - d) Resources used to cover costs (see cash flow statement)
  - e) Deductions made from rights revenues to social, cultural or educational services (see annual report)
  
11. Funds due to rightholders (see annual report for all of the following)
  - a) Collected funds
  - b) Funds attributed to phonograms ('placeholders')
  - c) Funds attributed to rightholders (awaiting payment)
  - d) Funds paid to rightholders
  - e) Distribution schedule
  - f) Undistributed funds
  - g) Information on amounts received from other collective management organisations and paid to other collective management organisations
  - h) Management fees and other deductions from rights revenue due to other collective management organisations
  - i) Management fees from the amounts paid by other collective management organisations
  - j) Amounts distributed directly to rightholders originating from other collective management organisations

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This is an unofficial translation of the text of the original document written in Finnish. In case of conflicts between the different language versions, the Finnish version is correct and valid.

	BALANCE SHEET 31.12.2017	BALANCE SHEET 31.12.2016
ASSETS		
FIXED ASSETS	Eur	Eur
Intangible assets		
Other long-term expenditure		
IT systems	315 873,47	302 703,03
Major improvements	48 609,36	35 738,96
Intangible assets total	364 482,83	338 441,99
Tangible assets		
Machinery and equipment	199 275,83	203 983,70
Other tangible assets	550,00	550,00
Tangible assets total	199 825,83	204 533,70
Investments		
Shares in real estate companies	433 100,03	433 100,03
Shares in holdings	50 000,00	50 000,00
Shares in equity funds and index funds	4 333 911,22	5 090 723,09
Bond funds	21 712 770,25	13 894 420,84
Bonds	1 197 228,00	5 624 770,36
Real estate funds	2 119 210,34	2 108 369,21
Total investments	29 846 219,84	27 201 383,53
<b>TOTAL FIXED ASSETS</b>	<b>30 410 528,50</b>	<b>27 744 359,22</b>
CURRENT ASSETS		
Receivables		
Short-term receivables		
Short-term investments	156 116,09	1 223 180,27
Loan receivables	1 250 000,00	1 250 000,00
Accounts receivable	3 362 077,51	1 107 225,73
Accrued income	3 420 451,13	2 152 659,48
Total short-term receivables	8 188 644,73	5 733 065,48
Bank and cash	3 968 955,54	3 272 747,53
<b>TOTAL CURRENT ASSETS</b>	<b>12 157 600,27</b>	<b>9 005 813,01</b>
<b>TOTAL ASSETS</b>	<b>42 568 128,77</b>	<b>36 750 172,23</b>

**EQUITY AND LIABILITIES**

## EQUITY

Promotion activities reserves	622 205,44	654 913,76
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## OBLIGATIONS AND PROVISIONS

Long-term obligations	623 466,58	585 348,06
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## TOTAL OBLIGATIONS AND PROVISIONS

623 466,58	585 348,06
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## LIABILITIES

## Short-term

## Unpaid remuneration liabilities

Remuneration for performances	20 989 608,36	22 732 292,30
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Remuneration for phonograms	5 036 971,79	3 737 053,20
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Private copying levies	1 971 514,20	1 503 760,55
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27 998 094,35	27 973 106,05
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## Accounts payable

88 451,54	196 733,96
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## Other remuneration liabilities

12 138 101,22	6 806 160,54
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## Other short-term liabilities

763 166,12	312 521,80
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## Accrued expenses and liabilities

334 643,52	221 388,06
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## TOTAL LIABILITIES

41 322 456,75	35 509 910,41
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**TOTAL EQUITY AND LIABILITIES**

<b>42 568 128,77</b>	<b>36 750 172,23</b>
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**GRAMEX RY**  
**FINANCIAL STATEMENTS 1.1. - 31.12.2017**

**PROFIT AND LOSS STATEMENT**

	<b>2017</b>	<b>2016</b>
	Eur	Eur
<b>Revenue</b>		
Other revenue	250 000,00	11 084,67
Total revenue	250 000,00	11 084,67
<b>Expenses</b>		
Personnel expenses	-1 688 701,96	-2 098 635,50
Depreciations	-191 418,87	-172 860,43
Other expenses	-2 251 494,17	-1 474 361,54
Total expenses	-4 131 615,00	-3 745 857,47
Administration expenses deduction	3 881 615,00	3 734 772,80
<b>Promotion activities</b>		
Transfer from investments and financing activities	33 719,14	56 311,81
Statute-barred remuneration liabilities	1 690 588,63	0,00
Other expenses related to promotion activities	-1 757 016,09	-2 597 319,09
Total expenses for promotion activities	-32 708,32	-2 541 007,28
<b>Covered by promotion activities reserve</b>	32 708,32	2 541 007,28
<b>SURPLUS/DEFICIT</b>	<b>0,00</b>	<b>0,00</b>
<b>Separate project activities</b>		
Revenue	0,00	76 166,00
Expenses	<u>0,00</u>	<u>-67 178,81</u>
Surplus	0,00	8 987,19
Transfer from the previous financial period	<u>0,00</u>	<u>29 283,47</u>
Total	0,00	38 270,66
Transfer to the following financial period	0,00	-11 675,92
Transfer to support activities	<u>0,00</u>	<u>-26 594,74</u>
Separate project activities total	0,00	0,00
<b>Investment and financing activities</b>		
Revenue	1 978 545,74	981 109,62
Transfer to remuneration payments	-1 260 608,62	-924 797,81
Transfer to later conclusion	-684 217,97	0,00
Transfer to the promotion activities reserve	-33 719,14	-56 311,81
	0,00	0,00
<b>SURPLUS (DEFICIT) FOR THE FINANCIAL PERIOD</b>	<b>0,00</b>	<b>0,00</b>

**Cash flow statement****2017****Cash flow from operating activities**

Cash received from sales	24 104 226,00
Cash flow from fund-raising	
Payments from operating expenses	<u>-7 250 810,72</u>

**Cash flow from operating activities****16 853 415,28****Cash flow from investing activities**

Investments in tangible and intangible assets	-212 863,00
Other investments	-1 694 798,00
Cash received from investments	<u>2 238 924,00</u>

**Cash flow from investing activities****331 263,00**

Cash flow from operating and investing activities

17 184 678,28

**Cash flow from distributions and promotion activities:**

Total distributions to Finnish and foreign rightholders	-14 710 676,00
Promotion activities	-1 783 974,28

**Change in cash and bank****690 028,00****Cash and bank in the beginning of the financial period****3 285 852,00****Cash and bank at the end of the financial period****3 975 880,00****690 028,00**

## GRAMEX RY

### ANNUAL REPORT FOR THE FINANCIAL PERIOD 1.1.2017 - 31.12.2017

#### 1 GENERAL

**BUSINESS YEAR 2017.** In the year of its 50<sup>th</sup> anniversary, Gramex continued its operations with a focus on development. The GT Music Licences and Apollon projects, already initiated earlier, advanced to deployment according to plan. Both projects moved on to the stage of further development. The development of Gramex's organisation and operation model continued. The ratio of collected remunerations to costs developed positively. As part of the 50<sup>th</sup> anniversary, a commemorative volume was published on the Finnish music scene and the phases of Gramex's operation.

**CUSTOMERS.** In the end of the financial year, Gramex had 52,070 rightholder customers with contracts. Gramex also receives remuneration payments from approximately 31 000 user customers, who are partly served directly and partly through GT Music Licences Ltd.

#### Gramex's contract customers by role (rightholders)

Customer roles	number
Performer	36 537
Producer	3 003
Music video producer	286
Performer & producer	12 336
Performer & producer & music video producer	66
<b>Total</b>	<b>52 070</b>

**GRAMEX'S LEGAL AND ADMINISTRATIVE STRUCTURE (6)**<sup>1</sup>. Gramex is a non-profit society whose purpose is to administer and to promote those rights of performing artists and producers of phonograms which are prescribed in copyright legislation. Gramex's activities include the collection of remunerations referred to in the Finnish Copyright Act, keeping them until they are distributed and distributing them to rightholders. The Board of Directors of Gramex consists of a chairman and six other members. Three of the members of the Board of Directors shall be elected from among phonogram producers and three from among performing artist. The Managing Director is responsible for the management of Gramex's office.

Gramex concludes a client agreement with rightholders, the content of which will be approved by the general assembly of members. By the customer agreement, the rightholder authorises Gramex to manage the forms of use of phonograms and music videos defined therein and the related rights of the performing artist and phonogram producer, and to collect remunerations. Everyone entitled to remunerations collected by Gramex has the right to become a client of the organisation.

The Ministry of Education and Culture has approved Gramex to collect remunerations for the use of phonograms as referred to in Section 47(1)(1-2) of the Copyright Act and distribute them to performing artists and phonogram producers, and to collect remunerations for the use of music recordings containing images as referred to in Section 47(1)(3) of the Copyright Act and distribute them to the performers of musical works. This decision is valid until the end of the year 2020.

<sup>1</sup>The numbers refer to the table of contents of the transparency report

The Ministry of Education and Culture has approved Gramex to operate as an extended collective licence organisation as follows:

- Recording for educational activities (Copyright Act, Section 14). This decision is valid until the end of the year 2021.
- Ephemeral recording (Copyright Act, Section 25 f §). This decision is valid until the end of the year 2018.
- Online storage service for television programmes (Copyright Act 25 l §). This decision is valid until the end of the year 2019.

Gramex is involved in arrangements of international co-operation bodies of performing artists and record producers concerning licensing and distribution of remunerations. Within the International Federation of Phonographic Industry (IFPI), the following framework agreements enabling cross-border licensing, which Gramex has joined, have been concluded:

- Agreement on Reciprocal Representation to License Simulcast;
- Agreement on Reciprocal Representation to License Certain Webcasting;
- Protocol to Extend the Agreement on Reciprocal Representation to License Certain Webcasts and
- Agreement on Reciprocal Representation to License certain On-Demand offerings of Audio and Audiovisual Programs.

Within the Societies' Council for the Collective Management of Performers' Rights (SCAPR), Gramex is a party to, inter alia, various VRDB2 and IPD systems and services supporting the international distribution and payment of remunerations.

**REMUNERATIONS AND BENEFITS OF BOARD MEMBERS AND MANAGING DIRECTOR (8).** During the business year, the Board elected by the organisation's meeting comprised of the Chair Tuija Brax and the ordinary members Mark Fry (as of 30 May), Antti Kotilainen, Matti Lappalainen, Jouni Nieminen, Niklas Nordström (until 9 March), Kimmo Valtanen and Ahti Vänttinen. The Board convened 11 times. The Managing Director of the organisation is Ilmo Laevuo. The remunerations and benefits of the Board of Directors and the Managing Director totalled EUR 219,779.80.

**INFORMATION ON ENTITIES OWNED OR CONTROLLED BY GRAMEX (7).** Gramex owns 50% of GT Music Licences Ltd (2647504-7), which is a joint sales and customer service organisation of Gramex and Teosto for the public performance of background music. Gramex owns a share in the Sport Institute in Vierumäki (0861730-4, Vierumäen Loma-aika Oy). Gramex has co-founded the Finnish Music Foundation, MES (Musiikin edistämissäätiö sr, 2502897-4) together with Teosto. Gramex appoints half of the member of its Board and the Chairman together with Teosto. Gramex is one of the seventeen member associations of the Copyright Information and Anti-Piracy Centre (Tekijänoikeuden Tiedotus- ja Valvontakeskus ry, 1926210-7), and it has one seat in its Board. Gramex is also one of the six members of Tekijänoikeusakatemia ry (2297190-8) and has one seat in its Board as well.

**GT MUSIC LICENCES LTD (GTM).** GT Music Licences Ltd is responsible for the customer service of the organisations' background music customers in order to facilitate and clarify the use of the services. GTM collected approximately EUR 8.4 million for the rightholders of Gramex. The company is at a stage where its operations are being developed.

**REFUSALS (5).** During 2017, Gramex has not on behalf of the rightholders it represents refused to grant any licences to use phonograms or music videos in such forms of use in which Gramex has the right to grant licences.

## 2 FINANCIAL INFORMATION (10)

**RIGHTS REVENUE (10 a).** Gramex invoiced a total of EUR 23.9 (24.4) million in remunerations during the financial year. Gramex acts as an intermediary, so the remunerations do not constitute Gramex's income in the financial statements.

<b>Rights revenue</b>	
Radio and television use	9 080 923 €
Retransmission	53 635 €
Background music	9 369 466 €
Internet and data network	2 567 325 €
Audio fixations or audiovisual programs	389 690 €
Private copying levies	1 717 610 €
Music videos	63 946 €
Remuneration from abroad	677 424 €
<b>TOTAL</b>	<b>23 920 019 €</b>

**INVESTMENT INCOME (10 b).** The financial year's income from investment and financing activities, EUR 1.979 (0.981) million, have been allocated to funds accrued in 2017 and distributed in 2018, to funds distributed later and to funds of promotional activities as follows: EUR 1.261 (0.712) million to funds distributed in 2018, EUR 0.684 (0.212) million to funds distributed later and EUR 0.034 (0.056) million to funds of promotional activities.

The amount of reimbursed investment income, EUR 1.261 (0.712) million, will be added to the remuneration distributions made in 2018. Because remunerations subject to the investment income reimbursement collected in 2017 amounted to 23.243 (24.006) million, the amount of investment income reimbursed in the remuneration distributions constitutes 5.4% (3.0%) of the distributed amounts.

The objective of the investment operations is, on the long term, to ensure appropriate, profitable and secure investment while keeping in mind the profit level, the accepted risk level, the accountability of the investment activities, and liquidity.

**ADMINISTRATION EXPENSES (10c-d).** The costs of Gramex's operations amounted to EUR 3.9 (3.7) million in 2017. On 31 December 2017, Gramex employed 23 (26) persons.

The administration expenses deduction for the year 2017 is an amount corresponding to the costs arising from Gramex's administration, EUR 3.882 (3.735) million. The administration expenses deduction percentage used in the distributions of 2017 was the cost percentage 15.6 of the year 2016 because the distributions of 2017 mostly consisted of funds collected in 2016.

The 2017 amount of administration expenses deduction, EUR 3,882 million, is 16.7% of remunerations subject to expenses deduction, EUR 23.243 (24.006) million.

**DEDUCTIONS FOR THE PURPOSES OF SOCIAL, CULTURAL AND EDUCATIONAL SERVICES (10 e).** No deductions were made during the financial year for social, cultural or educational purposes.

**PROMOTION OF CULTURE.** During the business year, Gramex supported the operation of Esittävän säveltaiteen edistämissäätiö sr (ESES) with undistributed funds that had become statute-barred, total EUR 1.784.



### **3 FUNDS DUE TO RIGHTHOLDERS (11)**

**COLLECTED FUNDS (11 a).** Gramex's financial statements contain EUR 40.136 (34.779) million in undistributed remuneration liabilities.

Remuneration liability awaiting payment process amounts to EUR 28.00 million. In the old distribution system, the unattributed remuneration liability is EUR 3.21 million. Remunerations collected by the year 2015 and becoming statute-barred amount to a total of EUR 2.98 million.

The largest item is the remuneration collected in 2017 as presented in section 2, presented by type of revenue. It is not possible to provide an exhaustive breakdown per year and per type of right of the earlier years due to the transitional period. The most significant measure of the transitional period is the transfer of all remuneration payment transactions and the remunerations accrued during previous years to the new system managing the collected funds and their distribution. As a result of the transition, all accrued funds will be covered by the same reporting.

**FUNDS ATTRIBUTED TO PHONOGRAMS (11b).** Funds in what is called the 'placeholder mode' at the end of the financial period amounted to EUR 4.90 million (see Appendix 1).

**FUNDS ATTRIBUTED TO RIGHTHOLDERS (11c).** Funds awaiting payment at the end of the financial period amounted to EUR 1.05 million (see Appendix 2).

**FUNDS PAID TO RIGHTHOLDERS (11d).** The funds paid to rightholders during the financial period amounted to EUR 15.50 million (see Appendix 3).

**DISTRIBUTION SCHEDULE (11e).** The schedule of the distributions and payments made during the financial period, reasons for delays and measures taken in response to them (see Appendix 4).

**UNDISTRIBUTED FUNDS (11f).** In the end of the financial period, undistributed funds stood at EUR 2.98 million, EUR 0.76 million of which were from the years 2011-2013 and EUR 2.22 million of which were from the year 2014.

Under section 5 of the by-laws of Gramex, "the meeting of the organisation may decide that undistributed copyright compensations are added to the capital of the collective management organisation or are used as direct or collective remunerations, or otherwise used in remunerations for the benefit of those entitled to remunerations."

**OTHER COLLECTIVE MANAGEMENT ORGANISATIONS (11g-11j).** Teosto and Kopiosto have been authorised by Gramex to collect some of the remunerations. During the financial period, Teosto and Kopiosto conveyed Gramex a total of EUR 1.432 million (VAT 0%), out of which EUR 0.154 million originated from Teosto and EUR 1.278 million from Kopiosto. Management fees paid to them amounted to a total of EUR 0.021 million (VAT 0%), out of which EUR 0.014 million constituted an administrative expenses deduction to Teosto and EUR 0.007 million to Kopiosto.

Gramex has conveyed EUR 0.965 million to foreign sister organisations under representation agreements. Gramex received EUR 0.677 million from foreign sister organisations. In international co-operation of collective management organisations, the principle is that the organisation collecting the remunerations deducts the administrative expenses while the distributing organisation makes no such deductions. Other collective management organisations did not distribute remunerations collected by Gramex directly to the rightholders. (see Appendix 5).

#### **4 A LOOK AT THE FOLLOWING YEAR**

The most significant objectives of the year 2018 are the development of media licensing and the strengthening of existing projects and development. The continuous development of the efficiency, certainty and transparency of operations strengthens Gramex as a representative of the rightholders of phonogram music.

## Appendix 1.

### 11. b) Funds attributed to phonograms

In the distribution process, individual instances of phonogram use are preprocessed in what is called the 'identification phase of the phonograms', during which such phonograms for which remunerations are collected are clarified by form of use.

The actual distribution contains the distribution calculations of the collected remunerations for such phonograms which, on the basis of reports of use, are included in the distributions of each distribution period. In this calculation phase, the applicable administration expenses deductions and investment income reimbursements are also taken into account.

Once the phonogram-specific remunerations have been calculated in an itemised manner, the remuneration sums will transfer from the phonograms to respective rightholders, i.e. producers and performers, known to Gramex. If the necessary identification data or rightholder(s) of a phonogram are not known to Gramex to a sufficient extent during the actual distribution process, the above-mentioned remuneration sum which has undergone distribution and been calculated for the phonogram will remain as a remuneration balance of the phonogram in question to wait for information on the rightholder and/or a representative of the rightholder.

These phonograms reported to Gramex and used in Finland in 2016 for each of which remunerations has already been calculated and attributed in an itemised manner but whose exact phonogram or rightholder information is missing in full or in part are entered in Gramex's system as 'placeholder phonograms' or 'unknown phonograms'.

On 31 December 2017, Gramex had the following collected remunerations attributed to phonograms, divided by various forms of use and groups of rightholders:

<b>Form of use</b>	<b>Producers</b>	<b>Performers</b>	<b>Total</b>
Radio and television use:	765.130 €	1.505.674 €	2.270.804 €
Background music:	576.473 €	1.179.294 €	1.755.768 €
Internet and data network:	52.732 €	38.321 €	91.054 €
Audio fixations or audiovisual programs:	457.892 €	40.011 €	497.903 €
Private copying levies:	27.205 €	176.310 €	203.516 €
Music videos:	67.973 €	16.718 €	84.692 €
<b>Total</b>	<b>1.947.405 €</b>	<b>2.956.324 €</b>	<b>4.903.737 €</b>

## Appendix 2.

### 11. c) Funds attributed to rightholders (awaiting payment)

The next phase in Gramex's distribution and payment process is that the phonograms to which the remunerations have been allocated are given up-to-date rightholder information. After this, the process involves the calculation of remunerations and the combination of the remunerations for an individual rightholder, after which the phase of awaiting payment follows. In this phase, the amounts due to an individual rightholder from different phonograms are combined and the remunerations are transferred to a balance payable to the individual rightholders to wait for the payment. The remuneration sums transferred to the rightholder are simultaneously automatically removed from the balances of individual phonograms (Placeholders).

When the remunerations are awaiting payment, the recipients' payment details and, inter alia, the tax status of each person receiving payment are checked, for example the correct rate of withholding tax with respect to foreign recipients.

On 31 December 2017, Gramex had the following collected remunerations which had been individually allocated to rightholders but were still awaiting payment:

<b>Form of use</b>	<b>Producers</b>	<b>Performers</b>	<b>Total</b>
Radio and television use:	325.015,59 €	67.969,03 €	392.984,63 €
Background music:	274.335,00 €	83.230,59 €	357.565,59 €
Internet and data network:	58.060,42 €	36.473,63 €	94.534,05 €
Audio fixations or audiovisual programs:	58.462,24 €	34.132,53 €	92.594,77 €
Private copying levies:	40.589,62 €	9.238,09 €	49.827,70 €
Music videos:	2.476,47 €	46,89 €	2.523,36 €
Foreign representation agreements:	6.994,65 €	40.817,90 €	47.812,55 €
Others:		9.778,12 €	9.778,12 €
<b>Total</b>	<b>765.933,99 €</b>	<b>281.686,78 €</b>	<b>1.047.620,77 €</b>

### Appendix 3.

#### 11. d) Funds paid to rightholders

In Gramex's distribution and payment process, the remunerations are paid to the rightholders in what is called the payment phase. During the calendar year 2017, Gramex paid the following collected remunerations classified by form of use and rightholder groups:

<b>Form of use</b>	<b>Producer</b>	<b>Performer</b>	<b>Total</b>
Radio and television use:	3.525.458,40 €	2.168.960,20 €	5.694.418,60 €
Background music:	3.173.510,39 €	2.289.072,40 €	5.462.582,79 €
Internet and data network:	371.143,09 €	125.414,88 €	496.557,98 €
Audio fixations or audiovisual programs:	375.323,30 €	136.566,20 €	511.889,49 €
Private copying levies:	478.400,82 €	360.647,67 €	839.048,49 €
Music videos:	984.167,91 €	3.198,11 €	987.366,02 €
From abroad (organisations)	92.351,46 €	582.654,96 €	675.006,35 €
Abroad (organisations)		605.058,12 €	605.058,12 €
Live recordings		70.418,40 €	70.418,40 €
Transferred distributions from the old system	16.291,77 €	141.623,70 €	157.915,47 €
<b>Total</b>	<b>9.016.647,15 €</b>	<b>6.483.614,65 €</b>	<b>15.500.261,80 €</b>

## **Appendix 4.**

### **11. e) Distribution schedule 2017**

#### **Distribution schedule**

During 2017, Gramex performed the following main distributions and the related payments:

- 23 February – 23 March 2017 an extra payment of remunerations was made to the producers of phonograms and music videos
- 30 June 2017 the main distribution and payment of the forms of use Radio Use, Background Music and Private Copying Levies was made
- 20 November 2017 the main distribution and payment of the forms of use Sound and Visual Recordings and Internet and Data Network was made
- 12 December 2017 the distribution and payment of remunerations reverted to distribution to producers, Additional distribution of the Radio form of use and payment to producers, and the payment of remunerations received abroad to performers and producers.

#### **Delays and measures**

The aforementioned Placeholder phonograms ('unknown phonograms') mostly consist of foreign phonograms which respect to which Gramex is mainly missing the correct rightholder information, real-time licenceholder information or detailed identification data of the phonograms. Insofar as Placeholder phonograms include Finnish phonograms, it is question of Gramex not having received the relevant phonogram report indicating the information and rightholders of the phonogram. As for remuneration sums calculated for phonograms in placeholder mode, the process proceeds as follows:

As of the beginning of the year 2018, the information on Performing Artists' Placeholder phonograms arising in the distribution during 2017 is delivered to foreign copyright organisations that have concluded a representation agreement with Gramex and represent performing artists. The delivery of the data takes place with files created of reports of use of phonograms. As a result of the exchange of information with the foreign organisation, Gramex obtains more detailed information about the phonogram and the role and representation (which organisation represents the performing artist) of the artist performing on the phonogram. Based on this received data, the distribution and payment of the remunerations calculated in the distribution process to the correct rightholder is carried out next. The exchange of information and payment of remunerations with foreign organisations are mainly carried out during the year 2018 for the use of phonograms in 2016.

As of the beginning of 2018, information concerning Producers' Placeholder phonograms arising in the distribution of the year 2017 will be delivered to producers who are Gramex's customers. The producers will be provided with lists of the phonograms by means of files. The producers shall present Gramex with claims concerning the phonograms they represent and provide a reply containing up-to-date information on the rightholder or licenceholder. For Finnish phonograms, the producers will provide phonogram reports also indicating the artists performing on the phonogram.

Gramex's distribution process works in real time so that every time the system receives new data on a phonogram or rightholder either from foreign organisations or from Gramex's direct customers in automated or manual exchange of information, the relevant remuneration sum concerning the phonogram and the rightholder will transfer from Placeholder mode to the phase where it awaits for payment, in which the remunerations of an individual rightholder from various uses and phonograms are combined into total sums.

Appendix 5.

11. g) Information on amounts received from other collective management organisations and amounts paid to other collective management organisations

Representation agreements with foreign organisations 31 December 2017

Society	Country	Rightholder	Type of agreement and status	Received from organisations	Transferred to Gramex's customers	Paid to organisation	2012-2015
SENA	The Netherlands	performer	A	21906	2279,47 2011-2016	4925,43	
SENA	The Netherlands	producer	A			11375,78	
Norma	The Netherlands	performer	A	912,68	539,16 2013-2014		
Cadif	Argentina	performer	B				
PlayRight	Belgium	performer	A	9380,05	8265,45 2013-2013		
Abramus	Brazil	performer	A				
Abramus	Brazil	producer	A				
AIE	Spain	performer	A		14823,58 2008-2015	45883,45	
Agedi	Spain	producer	negotiations ongoing on A				
RAAP	Ireland	performer	A	436,07	822,65 2013-2015	7535,2	
SFH	Iceland	performer	A				
PPL	Great Britain	performer	A	33378,47	34419,15 2010-2016	636245,68	
PPL	Great Britain	producer	A	5934,31	12863,62 2008-2015	85674,88	
Nuovo IMAE	Italy	performer	A	12733,12		16421,93	
SCF	Italy	producer	A				
LSG	Austria	performer	A	7931,44	2863,07 2015-2015		
Geidankyo	Japan	performer	A	9360,03			
ACTRA	Canada	performer	A	5624,35		40817,96	
ARTISTI	Canada	performer	A				
MROC	Canada	performer	A				
Re:Sound	Canada	producer	A				
Grammo	Greece	producer	A				
Huzip	Croatia	performer	B, negotiations ongoing on A				
LaiPa	Latvia	performer	A	717,29			
LaiPa	Latvia	producer	A	24,03		45,64	
AGATA	Lithuania	performer	A				
AGATA	Lithuania	producer	negotiations ongoing on A				
PRISM	Malaysia	performer	B				
Gramo	Norway	performer	A	18258,09	26020,32 2012-2016	4815,96	
Gramo	Norway	producer	A	19278,29	18977,93 2015-2016	14100,7	
Norwaco	Norway	performer	A, private copying levies	2059,9			
GDA	Portugal	performer	A				
SAWP/Stoart	Poland	performer	A	15237,41		6633,88	
Adami	France	performer	A	2368,38	1791,68 2010-2015		
Spedidam	France	performer	B, negotiations ongoing on A	81,77			
SCPP	France	producer	negotiations ongoing on A				
Credidam	Romania	performer	A				
SAMI	Sweden	performer	A	146817,55	403854,3 2006-2016	20437,62	
IFPI Sverige	Sweden	producer	A	17756,19		35325,91	
GVL	Germany	performer	A	285021,41	75021,41 2010-2014	8181,58	
GVL	Germany	producer	negotiations ongoing on A				
Slovgram	Slovakia	performer	B, negotiations ongoing on A				
Zavod IPF	Slovenia	performer	A				
Swissperform	Switzerland	performer	A	13435,8	13372,09 2011-2015		
Gramex	Denmark	performer	A	42797,32	39321,82 2010-2016	7880,06	
Gramex	Denmark	producer	A	3734,98		1356,67	
Intergram	Czech Republic	performer	A			2271,39	
Intergram	Czech Republic	producer	A				
RPA	Russia	producer	A				
EJI	Hungary	performer	A				
EEL	Estonia	performer	A			3851,41	
EFÜ	Estonia	producer	A	2225,17		847,45	
AARC	United States	performer	A, private copying levies			6314,64	
AARC	United States	producer	A, private copying levies				
AFM & SAG - AFTRA	United States	performer	A				
SoundExchange	United States	performer	A			1364,97	
SoundExchange	United States	producer	A	13,62		2204,53	
				<b>677423,72</b>		<b>964512,72</b>	

11. h) Management fees and other deductions from revenue due to other collective management organisations

Gramex's general management fees concerning the distributions made in 2012-2016 have been deducted from remunerations collected for phonograms used during the calendar years 2012-2015 in Finland and paid during the year 2017 to rightholders represented by foreign organisations on the basis of representation agreements and investment income reimbursements have been added correspondingly

Year of collection 2012 - distribution 2013:	Year of collection 2013 - distribution 2014:	Year of collection 2014 - distribution 2015:	Year of collection 2015 - distribution 2016:
Deduction of expenses 13,2 % Investment income 1,236 %	Deduction of expenses 14,4 % Investment income 3,2 %	Deduction of expenses 16,1 % Investment income 6,5 %	Deduction of expenses 16,6 % Investment income 9,3 %

11. i) Management fees from the amounts paid by other collective management organisations

Gramex does not deduct any management fees from remunerations paid to Gramex by foreign organisations on the basis of representation agreements during the year 2017.

## AUDITOR'S REPORT

To the members of Gramex ry, the Copyright Society of Performing Artists and Phonogram Producers in Finland

### Audit of the financial statements

#### Opinion

We have audited the financial statements of Gramex ry, the Copyright Society of Performing Artists and Phonogram Producers in Finland, for the financial period 1 January–31 December 2017. The financial statements include the balance sheet, income statement and notes.

In our opinion, the financial statements give a true and fair view of the society's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

#### Basis for opinion

We conducted our audit in accordance with good auditing practice followed in Finland. Our responsibilities under good auditing practice are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the society in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Responsibilities of the Board of Directors and the Managing Director for the financial statements

The Board of Directors and the Managing Director are responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine 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, the Board of Directors and the Managing Director are responsible for assessing the society's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the society or to cease operations, or there is no realistic alternative but to do so.

#### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice 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 part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:



- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our 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.
- Obtain 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 society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director'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 society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the society to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including **all** of the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

## **Other reporting requirements**

### **Other information**

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors and the information included in the Transparency Report and the Annual Report. We obtained the report of the Board of Directors and the annual Transparency Report prior to the date of this auditor's report and the Annual Report is expected to be made available to us after that date. Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the information included in the report of the Board of Directors and the annual Transparency Report is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. It is also our responsibility to consider whether the report of the Board of Directors and the annual Transparency Report have been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors and the annual Transparency Report is consistent with the information in the financial statements and that the report of the Board of Directors and the annual Transparency Report have been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed, we conclude that there is a material misstatement of the information included in the report of the Board of Directors and the annual Transparency Report, we are required to report that fact. We have nothing to report in this regard.

Helsinki, 16 March 2018

**Deloitte Ltd**  
Authorised Public Accountants

Ari Hakkola  
Authorised Public Accountant

Janne Immonen  
Authorised Public Accountant