



ANNUAL REVIEW  
2019

GRAMEX FINLAND  
.....  
MUSIC MAKES GOOD  
THINGS HAPPEN





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# Year 2019 in numbers

**More efficiently.** The effective administrative expense percentage indicating the efficiency of operations declined by 0.8 percentage points to 15.9 per cent. The amount of collected remunerations increased to EUR 23.6 million.

**Faster.** Distributions amounted to EUR 19.8 million. Remunerations were distributed a lot faster than previously thanks to the renewal of the distribution system in 2018.

**More.** According to IFPI's Global Music Report, Gramex remunerations amount to just under a third, i.e. 29.5 per cent, of the proceeds of the whole Finnish phonogram industry. The number of rightsholder client agreements grew to 56 174 agreements.

56 174

Rightsholder client agreements

Change from previous year

+ 2 174 pcs

31 000 +

Locations using music

Same as before

23,6 milj. €

Remunerations collected during the business year

+ 0,1 million €

15,9 %

Effective administrative expense percentage

- 0,8 percentage points

1,37 milj.

Phonograms in Gramex's phonogram database

Same as before

19,8 milj. €

Remunerations paid to rightsholders

- 2,2 million € \*

▶ 9,6 million to performers

- 0,7 million €

▶ 10,2 million to producers

- 1,5 million €

16 119

Rightsholders receiving direct remunerations

+ 2 558 pcs

20 000 +

Also over 20 000 payments to performers through foreign organisations

Same as before

\* In 2019, remunerations collected during one year were distributed as normal. In 2018, remunerations for a significantly longer period of time were distributed due to the transitional period of the renewal of the distribution schedule.



## MANAGING DIRECTOR'S REVIEW



## We want to continue spearheading change

Tackling growing amounts of data requires digitalisation development across borders. In order to keep abreast of and benefit from such international development, we must ensure the standard and direction of our own development. Gramex has succeeded in this and consequently become a sought-after partner in the context of international development.

Digitalisation is one element in increasing efficiency. On the other hand, excelling in digitalisation requires careful scrutiny of the processes and the development of clarity and straightforwardness. Such progress also enables the development of services. The purchasing process of music-using customers can be simplified and the services provided to rightsholders enriched. An example of this is the MyGramex portal linked to the Apollon distribution system which provides rightsholders with access to data to support them in their gainful activities. The digital submission of phonogram reports is also linked directly to our distribution system. This will make work simpler, faster and less prone to human errors and their effects.

As a result of such development of processes and tools, the financial efficiency of the operations increases hand in hand with improved performance. This is best illustrated by the declining expense percentage.

The simplification and clarification of processes also serves to increase transparency. Transparency is ultimately also a question of intelligibility. Openness alone does not make things transparent if you cannot understand what you are seeing. Gramex continually strives towards greater intelligibility and, in this area, the new distribution rules were a big step in clarifying the processes and principles governing operations so that anyone can understand them.

I believe that such measures make Gramex ideally placed to successfully face the changing circumstances it will meet in the future when working for the benefit of music performers and producers.

ILMO LAEVUO  
Managing Director



“To me, success means first and foremost increasing artistic freedom. I hope I’m on that path.”

Anna Puu  
Gramexpress 2/2019

“Nowadays it’s OK to speak of music even as a form of self-employment which earns you a living, not just as a passion.”

Jannika B  
Gramexpress 2/2019



## More efficiency, more transparency

In 2019 Gramex invested in the development of financial efficiency and the openness and transparency of operations as well as international metadata co-operation.

**Serving as a link.** Gramex had 56 174 client agreements with rightsholder customers and had over 31 000 places of business using music as customers in the end of the year. Gramex serves as a link between these two customer groups.

**EUR 23.6 million in remunerations.** Gramex remunerations are collected for the use of phonogram music in media and events and as background music, among others. Altogether EUR 23.6 million was collected in remunerations. This figure showed a slight increase. In 2018, Gramex collected EUR 23.5 million in remunerations. The largest amounts came from background music (EUR 9 million) and radio and television use (EUR 8.9 million).

**Money distributed faster.** Remunerations amounting to altogether EUR 19.8 million were distributed. EUR 9.6 million of this went to performer and EUR 10.2 million to producer customers. Remunerations are distributed faster than before, every six months, thanks to the new Apollon system.

**The expense percentage continued to go down.** Gramex’s operations grew more efficient. The ‘effective administrative ex-

pense percentage’ illustrating the efficiency of the operations fell to 15.9 per cent. In distributions, the expense percentage also fell by one percentage point to 16.2 per cent. Financial reporting and analytics were developed during the period.

**Distribution rules renewed.** Gramex renewed its distribution rules in order to enhance transparency and intelligibility. They were structured into a public manual describing the central principles, procedures and processes applied to distributions and payments.

**Active communication and events.** Gramex communicated more actively on its everyday activities. Gramex’s Rightsholders Unit initiated new regional meetings with music performers and producers. Gramex partnered with, among others, the Emma Gala, Radio Gala and Musiikki & Media events and took part in the public debate forum SuomiAreena in Pori.

**MyGramex portal.** The introduction of the new MyGramex service portal to rightsholder customers was continued. The number of users grew by 57%, and by the end of the year the portal had over 10 111 registered users.

**Invited to international metadata pilot.** Among copyright organisations, Gramex has been acknowledged as a trailblazer in international development. As a result,

Gramex was invited to take part in the international pilot group of the RDx project as well as the DDEX community.

**Investments in personnel.** Significant investments were made in Gramex’s personnel during the period e.g. in the form of employee wellness and training days and by enabling participation in events of the industry and creating the position of HR manager.

**For music.** Gramex was involved in the supervision of the interests of the cultural sector mainly through the LYHTY project. The focus was on the value gap problem associated with platform services, compensation for private copying, and the creation of the extensive Creative Business Finland network.

Gramex invested in the development of efficiency, transparency and customer communications and in international metadata co-operation.



## LICENSING

The amount of remunerations collected by Gramex increased to EUR 23.6 million. Gramex takes care of media licensing itself. In background music licensing, Gramex is represented by GT Music Licences Ltd, a joint venture of Gramex and Teosto.

# Growth and development

**Development.** Gramex and GT Music Licences continued to develop customer service, the online shop and the licensing products.

**More remunerations.** The remunerations collected by Gramex amounted to EUR 23.6 million (EUR 23.5 million in 2018). As previously, the largest amounts came from background music (EUR 9 million) and radio and television use (EUR 8.9 million).

**GT Music Licences.** Gramex itself provides licences for the use of music in radio and TV programmes. In background music licensing, Gramex is represented by Gramex's and Teosto's joint venture GT Music Licences. During the year, the joint venture's sales organisation was bolstered, new regional representatives hired and marketing developed especially in social media channels.

**Development work continues.** Because Gramex wants to make it easy to use music, the development of the service and products of Gramex and GT Music Licences was continued.

**More extensive licence for AV production companies.** In meetings with production companies, we distributed information on, among others, the new types of licences available. The mandate of audiovisual products was enhanced to more extensively cover use in SVOD services. The extension creates better conditions for using Finnish music in TV programmes in different online and streaming services. Audiovisual licences are now easily available through Gramex's webshop.

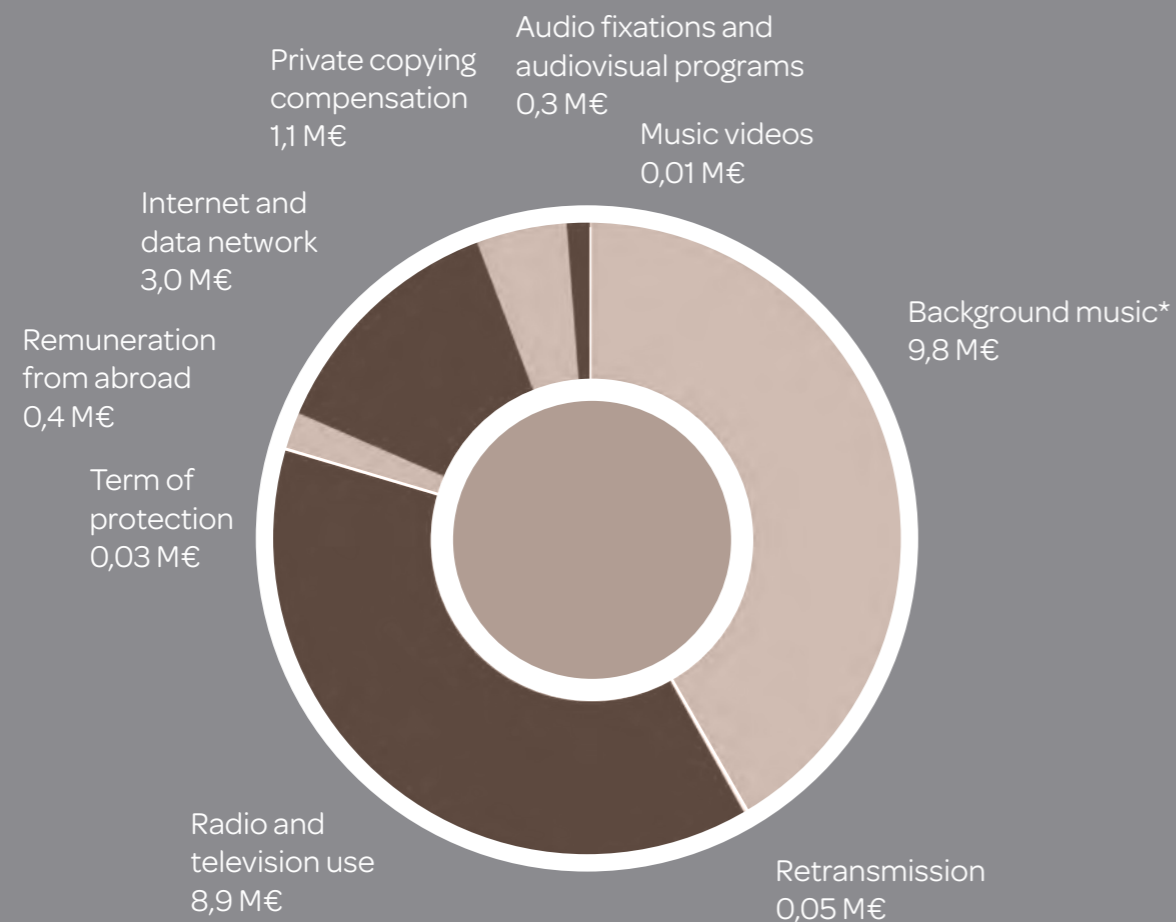
"You just have to shut out everything else and have faith in your own art."

Ellinoora  
Gramexpress 3/2019





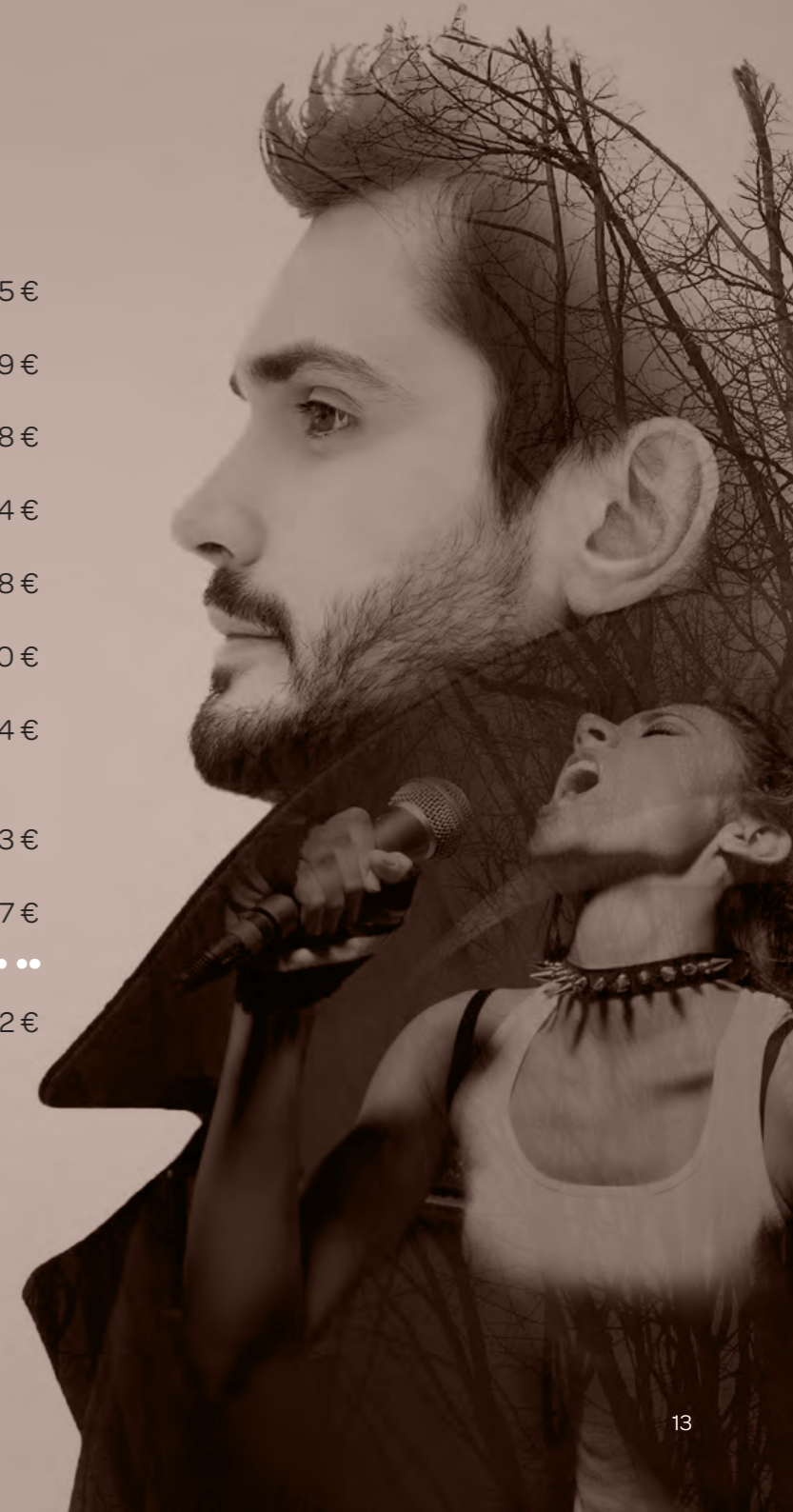
# Rights revenue 2019



## Copyright revenues 2019 by sector:

|  |                     |
|--|---------------------|
| Background music*                        | 9 829 815 €         |
| Retransmission                           | 52 249 €            |
| Radio and television use                 | 8 899 178 €         |
| Term of protection                       | 34 464 €            |
| Remuneration from abroad                 | 431 088 €           |
| Internet and data network                | 2 995 470 €         |
| Private copying compensation             | 1 077 194 €         |
| Audio fixations and audiovisual programs | 275 283 €           |
| Music videos                             | 14 397 €            |
| <b>Total</b>                             | <b>23 609 142 €</b> |

\* Background music here refers to the entire sector of background music, containing remunerations for both performance and recording.



## RIGHTSHOLDER UNIT

Gramex nowadays distributes the collected remunerations every six months, which is significantly faster than before.

# Customer first

**Number of customers.** In the end of the year 2019, Gramex had altogether 56 174 client agreements with rightsholders, i.e. artists performing on phonograms and producers of phonograms.

**Money distributed faster.** During the calendar year 2019, a total of EUR 27.2 million was entered in the distribution process and a total of EUR 19.8 million paid out. Distribution is significantly faster than before. Remunerations collected in January–June are paid in the end of the year and those collected in July–December in the spring. The Apollon system which enables faster distribution has awakened interest around the world. This IT system developed by Gramex together with the Austrian BiConcepts has been acquired by several foreign organisations.

**MyGramex portal.** The active introduction of the MyGramex service portal continued. The number of users grew by 57 per cent during the year. The portal had 10 111 registered users by the end of the year 2019. The year also saw the launch of an electronic phonogram report and the beginning of the development of the MyGramex App.

**International co-operation.** Among copyright organisations, Gramex has been acknowledged as a trailblazer in international development. As a result, Gramex has been invited to take part in the pilot group of the RDx project and accepted into the DDEX community.

**Distribution rules increase transparency.** In order to enhance transparency and comprehensibility, Gramex renewed its distribution rules, a public manual describing the central principles of the operation and how the distributions and payments are carried out in practice.

**New client meetings.** New meetings with performer and producer customers were piloted during 2019 in Tampere and Oulu. The meetings were met with enthusiasm.

"Narratives are my thing, I like to tell stories. With the song Nummela I found my own voice, my way of doing things."

Anssi Kela  
Gramexpress 4/2019





# Gramex in an international metadata pilot

Record companies and Gramex organisations are developing a global metadata hub RDx for phonograms, which speeds up and improves the payment of remunerations. The Finnish Gramex was chosen for the pilot.

When a song plays on the radio in any corner of the world, a payment must be made to the musicians, songwriters and record companies, even if they are on the other side of the globe.

This requires incredible amounts of data – and in such a format which can be produced, distributed and processed by the systems of all parties everywhere in the world.

This information is called metadata. In the digital age, it can be attached to both phonograms and individual song files. The phonograms' rightsholders can be quickly and correctly identified with the help of this information.

## Digital hub

In October, IFPI and WIN announced a project leading to the creation of a centralised data exchange service called the Repertoire Data Exchange (RDx). It is a company owned by IFPI and WIN, registered in Great Britain.

Rdx gives record companies and copyright organisations the opportunity to submit and access metadata via a single point, or service hub. After a long and meticulous selection process, Gramex's English sister



organisation PPL was selected as the hub's operative administrator and service provider.

The pilot phase of the project also involves four copyright organisations, one of which is the Finnish Gramex. Tuomas Talonpoika, Director of Gramex's Rightsholders Unit, is a member of RDx's Advisor Board.

## Efficiency and precision

"Record companies continue to invest in and enhance the accuracy and management of music data in many different areas of the industry," says Frances Moore, Chief Executive of IFPI.

She believes RDx will benefit everyone. "It will improve operational efficiencies and lower costs for right holders whilst allowing MLCs to retrieve authoritative repertoire data from a single point – enabling more accurate and timely distribution of revenues."

"We are very grateful to all our MLC and record company partners who are working closely with us on this project," Moore says in acknowledgement of Gramex and other parties invited to join the pilot.

## Important for indie companies

"Performance rights make up an increasingly important part of independent labels' revenues," says Charlie Phillips, Chief Operating Officer of WIN.

Since music is globally accessible, it generates copyright remunerations internationally.

"Historically, supplying complex data into the international network of MLCs has not been straightforward for independent producers and right holders. RDx is the first significant project of such magnitude for distributing phonogram information in a centralised and global way."

"Music itself can now be distributed around the globe in the blink of an eye – European music to Australia, for instance – and, in the future, the identification data required for the collection of remunerations and, naturally, the remunerations themselves will also travel fast," says Phillips.

According to the Peter Leathem, Chief Executive of the British copyright organisation PPL, PPL is well placed to support IFPI and WIN in addressing the challenges of big data, drawing on their relationships with music licensing companies around the world and



their expertise gained from managing huge volumes of recording data every week.

“RDx works with both major and independent record labels and distributors as well as collective management organisations such as Gramex Finland,” Leathem says.

#### Spearheading change

Tuomas Talonpoika, Director of Gramex’s Rightsholders Unit, is a member of the international project’s Advisor Board. He thinks Gramex has a lot to offer to the project.

“We have know-how as the developer of an innovative, efficient and accurate rights

management and distribution system and a user of the system and the data processed therein.”

“In practice, a modern system is a necessary requirement for the reception and processing of the metadata distributed via the RDx.”

“Gramex is also of a completely different scale than the other organisations in the pilot group, representing a medium-sized/small organisation. The other organisations – PPL from Great Britain, Re:Sound from Canada and SENA from the Netherlands – are a lot bigger than Gramex. Gramex’s cur-

rent technical capabilities and know-how have made it possible to be in this position.”

#### Gramex’s system sells

The Apollon rights management and distribution system developed together by Gramex and the Austrian BiConcepts has already been acquired by the copyright organisations of many other countries.

“We are naturally very happy that we have been selected for the pilot of the RDx project, with organisations and labels from around the world as participants,” says Talonpoika. •

## Gramex taking part in the construction of the RDx hub

The international phonogram producer organisations IFPI and WIN have launched an international metadata project to collect and distribute data on phonograms and rightsholders.

The new RDx metadata hub is being developed by the world’s largest major and indie record labels as well as a few copyright organisations. The Finnish Gramex is one of them.

The new hub provides copyright organisations with access to up-to-date phonogram and rightsholder information in real time from around the world.

RDx also provides Gramex with a new kind of an operating environment in which phonogram data will be transferred globally as metadata, in the future also abroad from Finland. This will speed up access to accurate phonogram and rightsholder data and increase the amount of phonogram data available.



The numbers of phonogram uses reported to Gramex are growing continuously. One of the biggest practical challenges is to have access to the rightsholder data of precisely those phonograms in the form of metadata. Growing amounts of data cannot be processed by conventional means.

RDx uses the DDEX MLC standard as the reporting and communication format. All parties will thus distribute and receive data using the same, forced format. This is necessary in order for the service to be used in a way which is efficient in terms of both technology and costs.

Data received through RDx contains all the necessary and up-to-date phonogram and rightsholder information required for the distribution of Gramex remunerations.

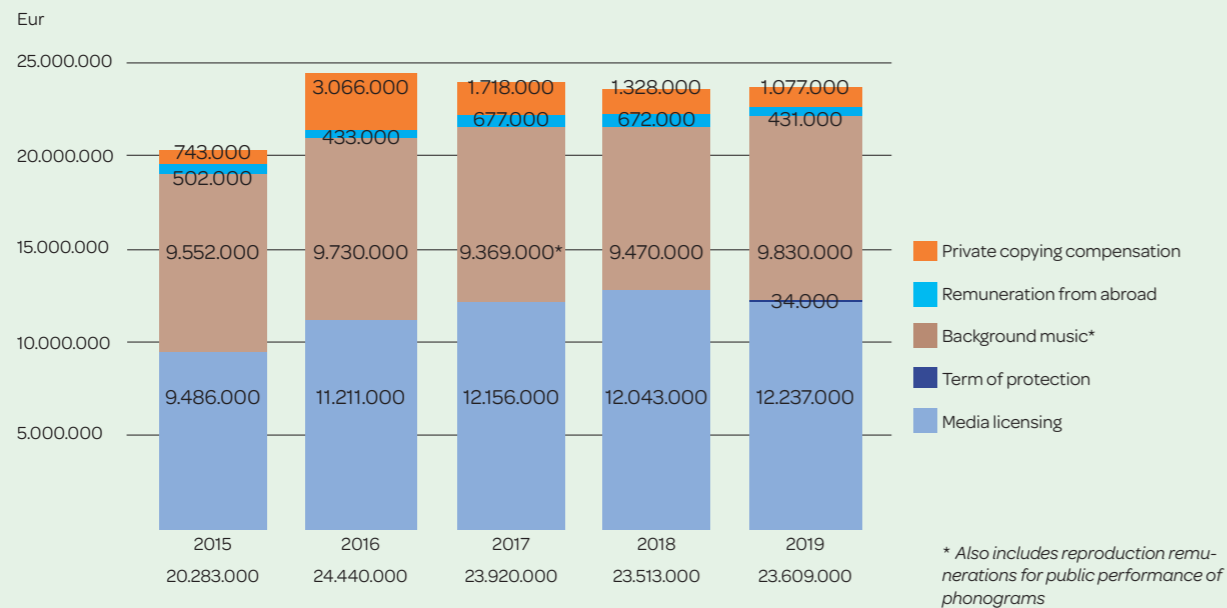
The metadata of a single song contains around one hundred different details, such as detailed information on mandate per type of use and territories as well as the date of commencement and termination of licences. The aim is to also include the musicians’ line-up information in the DDEX messages. •

Globally growing amounts of data cannot be processed by conventional means.



# Gramex's remunerations collected 2015-2019

The amount of remuneration proceeds collected by Gramex has varied over the years. Two years are competing for the position of the year with the most remuneration collected: 2016 and 2017. In 2019, Gramex collected EUR 23.6 million in remunerations. This constituted an increase of approximately EUR 0.1 million compared to year 2018.



"We were practically joined at the hip when we grew up."

Matti and Teppo  
Gramexpress 4/2019





## FINANCE, HR, IT AND LEGAL OPERATIONS

In 2019, Gramex's effective expense percentage fell from 16.7 to 15.9 per cent.

# Efficiency and well-being at work

**Investments in personnel.** Gramex's office employed 20 employees in the end of the year 2019, half of them men and half women. The average age of employees was 45.5 years.

During the period, significant investments were made in the personnel by, among others, strengthening communication skills in joint training and by developing HR processes. In addition to the annual employee wellness survey, an equality survey was conducted and campaigns run to encourage people to actively take micro breaks to exercise.

**Teleworking developed.** Gramex's IT unit developed the opportunities for teleworking, and the remote use of programmes was enhanced by deploying RDS servers enabling remote access to the services. The Teams collaboration tool was taken into use and the staff trained in its use, and significant data security improvements were introduced.

**The expense percentage continued to fall.** Gramex's finances grew even more efficient. The expense percentage of the 2019 distribution was 16.2%, while it was 17.2% in 2018. Gramex's effective expense percentage also fell. It now was 15.9%, while it was 16.7% in 2018. Financial reporting and analytics were developed significantly during the year. Investment activities were profitable, yielding EUR 1.115 million.

**Transparency report and implementation of the DSM Directive.** The legal department prepared, inter alia, statements on the DSM Directive to the Finnish Parliament's Education and Culture Committee and Commerce Committee. Gramex also took part in workshops related to the implementation of the DSM Directive and discussions on the implementation of the Online Transmissions Directive. A transparency report was drawn up in co-operation between different departments and dialogue was continued on the development of the content of the transparency report with the Patent and Registration Office.

"The gig is about here and now, nothing else matters."

Lauri Tähkä  
Gramexpress 1/2019





With a regular circulation of over 48 000, Gramex's customer magazine is one of the widest circulated music magazines in Finland.



## Active transparency and advocacy of music

**Active transparency.** During the year, Gramex invested in increasing openness and the number of client meetings and the development of the whole personnel's communication skills. Gramex's communications distributed information on the music business and its needs both in the magazine and in its advocacy. Gramex's everyday operations were introduced in various social media channels in much more detail than before.

**Taking part in events.** Gramex partnered with, among others, the Emma Gala, Musiikki & Media and Radio Gala events. In the public debate forum SuomiAreena in Pori, Gramex organised a panel discussion on the topic "Music is good for you" together with the Musicians' Union and RadioMedia.

**Skills were developed.** Active transparency concerns the whole personnel. This is why three training days on communication were organised for the whole staff. They focused on, among others, the development of customer communications and the challenges of modern-day social media communication.

**For music.** The business year required active supervision of interests. It coincided with the parliamentary elections and the approval of the new government programme. Gramex contributed significantly to the operation of the Lyhty co-operation network of the cultural sector. For example the cultural sector's own candidate selection engine was created. Important themes in lobbying work were, among others, private copying levies, the DSM Directive and the development of the Creative Business Finland network.

**Miscellaneous.** Gramex's customer magazine Gramexpress ranks among the largest music magazines in the country with its circulation of 48 500 copies. The magazine's content, advertising sales and digital version were developed. Gramex's communications also supported the communications of other units and co-operated with cultural sector organisations on e.g. the development of the copyright-themed @ DAY.

### COMMUNICATIONS AND STAKEHOLDER RELATIONS

The business year required active supervision of interests. It saw e.g. the approval of the new government programme.



# New distribution rules describe how Gramex works

Gramex gathered the established practices, principles and terms of remuneration distributions into the new distribution rules. They are now among the most detailed and transparent in the Gramex world.

Gramex's Rightsholders Unit commenced the renewal of the distribution rules about a year ago.

"The main aim of the project was to display all of the most important details and principles of the practical operations in the distribution rules. What affects the outcome of the distributions and is taken into account in the distribution process," says Tuomas Talonpoika, Director of Gramex's Rightsholders Unit.

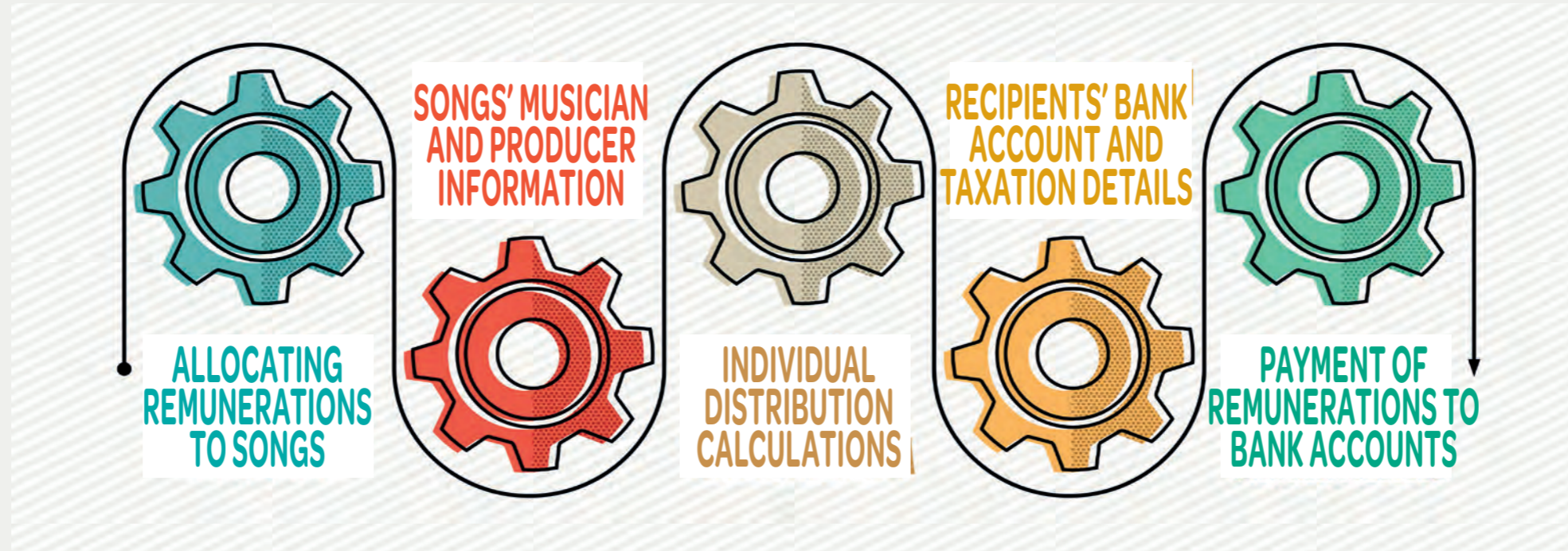
"We want to make the measures and processes related to the distribution and payment of the remunerations as transparent as possible, and readily understandable."

## Allocation, calculation and payment

The renewed distribution rules transparently describe and guide how the collected remunerations in the distribution process are allocated to individual phonograms, calculated in the distribution calculations and paid to rightsholders.

"The rules likewise go into more detail on how the remunerations allocated to distributions are determined and the decisions involved in them made within Gramex's internal processes."

The rules incorporate the additional elements brought into the distribution processes by Gramex's current distribution and account management system.



After the remunerations have been collected and radio play information received, much remains to be done before the money can be transferred to bank accounts

"A detailed bank statement of the payments made to rightsholders, for instance."

## Operations will not change

The new distribution rules were made in order to increase transparency. Established practices were written down, not changed.

"The distribution rules do not bring changes to, for example, the actual rules of division of the remunerations. In other words, for example the rules of division among performers on the basis of various

roles and performances have remained the same."

The distribution rules now include, among others, the general principles of distribution, which on a general level guide and describe the decision-making related to the distribution and payments as well as practical processes.

What kind of details do they go into? "For example, all distributions and payments are made, as a rule, per phonogram and rightsholder, unless it is question of a collective, such as a choir."

## Deep dive into the processes

Understanding the distribution rules provides a view into how extensive a project the administration of the collected remunerations is. The rules also explain the key terms related to Gramex distributions.

They show, among others, the determination of the actual distributed amounts and the music usage data utilised in the distributions of individual forms of use.

The distribution and calculation of remunerations is described clearly and illustrated using practical examples.

Even the extremely rare case of recalculation of remunerations is examined. If it came up based on, for example, later completed phonogram data that someone had received too much in remunerations, the rules describe how they can be deducted in the subsequent distributions.

Distribution processes also involve setting funds in reserve. Both these situations and the principles concerning the payment

of remunerations in the event of e.g. assignment of producer rights are transparently described in the rules.

## One of the best in the world

"In international terms, Gramex's renewed distribution rules are now among one of the most precise and extensive distribution rules in the Gramex world," Talonpoika describes.

Antti Kotilainen, Executive Director of IFPI Finland ry, thinks that the renewal of Gramex's distribution rules has been a very relevant and successful project.

"The new distribution rules create credibility and trust towards Gramex's operations as a whole. The distribution rules now act as a tool towards Gramex's rightsholders. They give a transparent description of how Gramex works," Kotilainen says.



"We want to make the measures and processes related to the distribution and payment of the remunerations transparent and readily understandable," says Tuomas Talonpoika, Director of Gramex's Rightsholders Unit.



FINANCIAL STATEMENTS  
1.1. - 31.12.2019

PROFIT AND LOSS STATEMENT  
(EUR)

|  | 2019          | 2018          |
|--|---------------|---------------|
| <b>Revenue</b>                                     |               |               |
| Other revenue                                      | 35 810,93     | 19 597,90     |
| Total revenue                                      | 35 810,93     | 19 597,90     |
| <b>Expenses</b>                                    |               |               |
| Personnel expenses                                 | -1 615 915,19 | -1 818 335,29 |
| Depreciations                                      | -192 462,71   | -204 873,61   |
| Other expenses                                     | -1 980 889,31 | -1 914 683,36 |
| Total expenses                                     | -3 789 267,21 | -3 937 892,26 |
| Administration expenses deduction                  | 3 753 456,28  | 3 918 294,36  |
| <b>Promotion activities</b>                        |               |               |
| Transfer from investments and financing activities | 15 658,80     | -1 762,87     |
| Statute-barred remuneration liabilities            | 2 404 569,00  | 2 019 068,02  |
| Other expenses related to promotion activities     | -2 481 638,02 | -2 072 982,90 |
| Total expenses for promotion activities            | -61 410,22    | -55 677,75    |
| <b>Covered by promotion activities reserve</b>     | 61 410,22     | 55 677,75     |
| <b>SURPLUS/DEFICIT</b>                             | <b>0,00</b>   | <b>0,00</b>   |
| <b>Investment and financing activities</b>         |               |               |
| Income / expenses                                  | 1 115 053,64  | -117 002,08   |
| Transfer to remuneration payments                  | -651 313,73   | 67 644,24     |
| Transfer to later conclusion                       | -448 081,11   | 47 594,97     |
| Transfer to the promotion activities reserve       | -15 658,80    | 1 762,87      |
|  | 0,00          | 0,00          |
| <b>SURPLUS (DEFICIT) FOR THE FINANCIAL PERIOD</b>  | <b>0,00</b>   | <b>0,00</b>   |

BALANCE SHEET  
(EUR)

|                                     | 31.12.19             | 31.12.18             |
|-------------------------------------|----------------------|----------------------|
| <b>ASSETS</b>                       |                      |                      |
| <b>FIXED ASSETS</b>                 |                      |                      |
| Intangible assets                   |                      |                      |
| IT systems                          | 274 563,64           | 354 715,85           |
| Major improvements                  | 19 837,30            | 34 223,33            |
| <b>Intangible assets total</b>      | <b>294 400,94</b>    | <b>388 939,18</b>    |
| Tangible assets                     |                      |                      |
| Machinery and equipment             | 114 968,15           | 153 290,87           |
| Other tangible assets               | 550,00               | 550,00               |
| <b>Tangible assets total</b>        | <b>115 518,15</b>    | <b>153 840,87</b>    |
| Investments                         |                      |                      |
| Shares and equity                   | 483 100,03           | 483 100,03           |
| Investment portfolios               | 25 938 061,94        | 24 694 013,21        |
| Real estate funds                   | 2 142 134,54         | 2 127 635,09         |
| <b>Total investments</b>            | <b>28 563 296,51</b> | <b>27 304 748,33</b> |
| <b>TOTAL FIXED ASSETS</b>           | <b>28 973 215,60</b> | <b>27 847 528,38</b> |
| <b>CURRENT ASSETS</b>               |                      |                      |
| Long-term receivables               |                      |                      |
| Loan receivables                    | 1 250 000,00         | 1 250 000,00         |
| <b>Total long-term receivables</b>  | <b>1 250 000,00</b>  | <b>1 250 000,00</b>  |
| Short-term receivables              |                      |                      |
| Accounts receivable                 | 2 316 782,57         | 2 499 249,97         |
| Short-term investments              | 309 348,00           | 501 336,00           |
| Other receivables                   | 14 527,21            | 20 157,83            |
| Accrued income                      | 1 679 548,16         | 2 032 139,36         |
| <b>Total short-term receivables</b> | <b>4 320 205,94</b>  | <b>5 052 883,16</b>  |
| <b>Bank and cash</b>                | <b>1 929 406,43</b>  | <b>3 039 778,57</b>  |
| <b>TOTAL CURRENT ASSETS</b>         | <b>7 499 612,37</b>  | <b>9 342 661,73</b>  |
| <b>TOTAL ASSETS</b>                 | <b>36 472 827,97</b> | <b>37 190 190,11</b> |

EQUITY AND LIABILITIES

EQUITY

|  | 31.12.19          | 31.12.18          |
|--|-------------------|-------------------|
| Promotion activities reserves              |                   |                   |
| Promotion activities reserves              | 563 618,60        | 566 527,70        |
| <b>Total promotion activities reserves</b> | <b>563 618,60</b> | <b>566 527,70</b> |
| <b>TOTAL EQUITY</b>                        | <b>563 618,60</b> | <b>566 527,70</b> |

LIABILITIES

|  | 31.12.19             | 31.12.18             |
|--|----------------------|----------------------|
| Short-term liabilities                                 |                      |                      |
| Remuneration liabilities (invoiced, investment income) | 18 854 966,94        | 20 010 442,86        |
| Remuneration liabilities in payment process            | 15 634 959,94        | 15 335 955,39        |
| Accounts payable                                       | 120 997,17           | 59 400,67            |
| Other liabilities                                      | 927 304,93           | 938 091,19           |
| Accrued expenses and liabilities                       | 370 980,39           | 279 772,30           |
| <b>Total short-term liabilities</b>                    | <b>35 909 209,37</b> | <b>36 623 662,41</b> |
| <b>TOTAL LIABILITIES</b>                               | <b>35 909 209,37</b> | <b>36 623 662,41</b> |
| <b>TOTAL EQUITY AND LIABILITIES</b>                    | <b>36 472 827,97</b> | <b>37 190 190,11</b> |



## NOTES TO THE FINANCIAL STATEMENTS

### Accounting principles:

The financial statements have been drawn up in accordance with the provisions of Government Decree (1753/2015) on the information presented in the financial statements of a small undertaking and micro-undertaking.

**1. Valuation of tangible and intangible assets.** Fixed assets are capitalised on balance sheet at direct acquisition cost less planned depreciation. Planned depreciation for tangible assets has been calculated as reducing balance depreciation and depreciation for intellectual property rights has been calculated as straight-line depreciation. Planned depreciation is calculated in accordance with the legislation on taxation of income of business activity.

**2. Reserves.** The promotion activities reserves are made up of statute-barred remuneration liabilities and the proportion of investment income that has been transferred to the reserves. The use of funds in reserves and their realised yield are allocated to the capital of the reserve. Transfers to reserves and the use of reserves are presented in the financial statements as a separate line item before the line item for surplus/deficit for the financial period.

**3. Remuneration liabilities.** The accrued and paid remunerations have been entered directly as an increase or decrease in short term liabilities.

### Notes to the profit and loss statement

#### Revenue and expenses in profit and loss statement and transfer of funds

|  | 2019          | 2018          |
|--|---------------|---------------|
| Total revenue  | 4 904 320,85  | 3 820 890,18  |
| Total expenditure  | -3 850 677,43 | -3 993 570,01 |
| Use of the promotion activities reserve  | 61 410,22     | 55 677,75     |
| Transfers of investment income to remuneration payments, reserves and later closed items | -1 115 053,64 | 117 002,08    |
|  | 0,00          | 0,00          |

#### Remunerations collected

|                                      |                |                |
|--------------------------------------|----------------|----------------|
| Collected remunerations              | 23 609 142,54  | 23 513 012,24  |
| Transfer to remuneration liabilities | -23 609 142,54 | -23 513 012,24 |
|                                      | 0,00           | 0,00           |

#### 1. Personnel expenses

|                                |                     |                     |
|--------------------------------|---------------------|---------------------|
| Wages and salaries             | 1 376 666,27        | 1 547 318,04        |
| Pension expenses               | 218 226,66          | 240 875,28          |
| Other social security expenses | 21 022,26           | 30 141,97           |
| <b>Total</b>                   | <b>1 615 915,19</b> | <b>1 818 335,29</b> |

#### Average number of employees

|                          |           |           |
|--------------------------|-----------|-----------|
| Regional representatives | 0         | 0         |
| Office                   | 21        | 23        |
| <b>Total</b>             | <b>21</b> | <b>23</b> |

#### 2. Material items in other expenses:

|   |                     |                     |
|---|---------------------|---------------------|
| Voluntary social security expenses                  | 108 780,72          | 95 256,11           |
| Professional services and other outsourced services | 1 083 986,95        | 1 157 952,88        |
| Travel costs and car expenses                       | 71 298,82           | 53 171,89           |
| Communication activities                            | 183 971,45          | 198 883,28          |
| ICT expenses  | 234 036,91          | 125 505,46          |
| Rents   | 168 321,14          | 166 660,90          |
| Other expenses                                      | 130 493,32          | 117 252,84          |
| <b>Total</b>  | <b>1 980 889,31</b> | <b>1 914 683,36</b> |

#### 3. Revenue and expenses related to special purpose activities

##### 3.1 Promotion activities

|   |            |            |
|---|------------|------------|
| Other promotion activities total        | -61 410,22 | -55 677,75 |
| Covered by promotion activities reserve | 61 410,22  | 55 677,75  |
|   | 0,00       | 0,00       |

|  | 2019              | 2018              | 2019                                | 2018                                |
|--|-------------------|-------------------|-------------------------------------|-------------------------------------|
| <b>4. Investment and financing activities</b>                            |                   |                   |                                     |                                     |
| Income/expenses  | 598 785,55        | 224 085,18        |                                     |                                     |
| Increase/decrease in value   | 516 268,09        | -341 087,26       |                                     |                                     |
| Transfer to remuneration payments  | -651 313,73       | 67 644,24         |                                     |                                     |
| Transfer to later conclusion   | -448 081,11       | 47 594,97         |                                     |                                     |
| Transfer to the promotion activities reserve                             | -15 658,80        | 1 762,87          |                                     |                                     |
|  | 0,00              | 0,00              |                                     |                                     |
| <b>Notes on balance sheet items</b>                                      |                   |                   |                                     |                                     |
| <b>5. Intangible and tangible assets</b>                                 |                   |                   |                                     |                                     |
| <b>5.1. Long-term IT expenses</b>  |                   |                   |                                     |                                     |
| Straight-line depreciation   |                   |                   |                                     |                                     |
| Acquisition cost 1 January   | 2 367 133,60      | 2 188 900,60      |                                     |                                     |
| increase   | 59 601,75         | 178 233,00        |                                     |                                     |
| Acquisition cost 31 December   | 2 426 735,35      | 2 367 133,60      |                                     |                                     |
| Accumulated depreciation   | -2 012 417,75     | -1 873 027,13     |                                     |                                     |
|  | 414 317,60        | 494 106,47        |                                     |                                     |
| Depreciation 31 December   | -139 753,96       | -139 390,62       |                                     |                                     |
| <b>Balance sheet value 31 December</b>                                   | <b>274 563,64</b> | <b>354 715,85</b> |                                     |                                     |
| <b>5.2. Major improvements</b>   |                   |                   |                                     |                                     |
| Straight-line depreciation (5 years)                                     |                   |                   |                                     |                                     |
| Acquisition cost 1 January   | 149 777,29        | 149 777,29        |                                     |                                     |
| increase   | 0,00              | 0,00              |                                     |                                     |
| Acquisition cost 31 December   | 149 777,29        | 149 777,29        |                                     |                                     |
| Accumulated depreciation   | -115 553,96       | -101 167,93       |                                     |                                     |
|  | 34 223,33         | 48 609,36         |                                     |                                     |
| Depreciation 31 December   | -14 386,03        | -14 386,03        |                                     |                                     |
| <b>Balance sheet value 31 December</b>                                   | <b>19 837,30</b>  | <b>34 223,33</b>  |                                     |                                     |
| <b>5.3. Machinery and equipment</b>                                      |                   |                   |                                     |                                     |
| Reducing balance depreciation 25%  |                   |                   |                                     |                                     |
| Acquisition cost 1 January   | 1 130 939,64      | 1 125 827,64      |                                     |                                     |
| increase   | 0,00              | 5 112,00          |                                     |                                     |
| Acquisition cost 31 December   | 1 130 939,64      | 1 130 939,64      |                                     |                                     |
| Accumulated depreciation   | -977 648,77       | -926 551,81       |                                     |                                     |
|  | 153 290,87        | 204 387,83        |                                     |                                     |
| Depreciation 31 December   | -38 322,72        | -51 096,96        |                                     |                                     |
| <b>Balance sheet value 31 December</b>                                   | <b>114 968,15</b> | <b>153 290,87</b> |                                     |                                     |
| <b>5.4. Other tangible assets</b>  |                   |                   |                                     |                                     |
| No depreciation  |                   |                   |                                     |                                     |
| Acquisition cost 1 January   | 550,00            | 0,00              |                                     |                                     |
| increase   | 0,00              | 550,00            |                                     |                                     |
| Acquisition cost 31 December   | 550,00            | 550,00            |                                     |                                     |
| <b>5.5 Depreciation for the financial period</b>                         |                   |                   |                                     |                                     |
| Equipment  | -38 322,72        | -51 096,96        |                                     |                                     |
| Major improvements and long-term expenditure                             | -154 139,99       | -153 776,65       |                                     |                                     |
|  | -192 462,71       | -204 873,61       |                                     |                                     |
| <b>6. Investments</b>  |                   |                   |                                     |                                     |
| <b>6.1. Investments in fixed assets</b>                                  |                   |                   |                                     |                                     |
| Shares in real estate companies  |                   |                   | 433 100,03                          | 433 100,03                          |
| Shares in holdings   |                   |                   | 50 000,00                           | 50 000,00                           |
| Equity funds   |                   |                   | 4 670 365,10                        | 5 592 217,96                        |
| Bond funds   |                   |                   | 16 627 610,02                       | 15 156 362,40                       |
| Bonds  |                   |                   | 4 640 086,82                        | 3 945 432,85                        |
| Real estate funds  |                   |                   | 2 142 134,54                        | 2 127 635,09                        |
|  |                   |                   | <b>28 563 296,51</b>                | <b>27 304 748,33</b>                |
| <b>6.2. Short-term investments</b>                                       |                   |                   |                                     |                                     |
| Short-term investments   |                   |                   | 309 348,00                          | 501 336,00                          |
|  |                   |                   | <b>309 348,00</b>                   | <b>501 336,00</b>                   |
| <b>6.3. Total investment securities</b>                                  |                   |                   |                                     |                                     |
| Replacement cost   |                   |                   |                                     |                                     |
| Book value   |                   |                   | 30 651 057,55                       | 27 877 999,57                       |
| Difference   |                   |                   | 28 389 544,48                       | 27 322 984,30                       |
|  |                   |                   | <b>2 261 513,07</b>                 | <b>555 015,27</b>                   |
| <b>6.4. Other holdings</b>   |                   |                   |                                     |                                     |
| GT Music Licences Ltd, Helsinki  |                   |                   | Shareholding in the company<br>50 % | Shareholding in the company<br>50 % |
| <b>7. Loan receivables</b>   |                   |                   |                                     |                                     |
| Partnership loan receivable  |                   |                   | 1 250 000,00                        | 1 250 000,00                        |
| <b>8. Material items in accrued incomet</b>                              |                   |                   |                                     |                                     |
| Interest receivables   |                   |                   | 7 975,18                            | 19 941,40                           |
| Administration expenses deduction  |                   |                   | 1 591 932,55                        | 1 955 838,38                        |
| Other accrued income   |                   |                   | 79 640,43                           | 56 359,58                           |
|  |                   |                   | <b>1 679 548,16</b>                 | <b>2 032 139,36</b>                 |
| <b>9. Promotion activities reserves</b>                                  |                   |                   |                                     |                                     |
| Balance 1 January  |                   |                   | 566 527,70                          | 622 205,44                          |
| Statute-barred remuneration liabilities                                  |                   |                   | 2 404 569,00                        | 2 019 068,02                        |
| Transfer from investment income  |                   |                   | 0,00                                | 684 217,97                          |
| levies for provisions  |                   |                   |                                     |                                     |
| Transfer to remuneration payments  |                   |                   | -810 098,00                         | -955 585,90                         |
| Transfer from investment income  |                   |                   | 15 658,80                           | -1 762,86                           |
| Donations to music promotion activities                                  |                   |                   | -1 487 818,17                       | -1 726 809,46                       |
| Other promotion activities   |                   |                   |                                     |                                     |
|  |                   |                   | -125 220,73                         | -74 805,51                          |
|  |                   |                   | <b>563 618,60</b>                   | <b>566 527,70</b>                   |
| <b>10. Material items in accrued charges and deferred credits</b>        |                   |                   |                                     |                                     |
| Holiday pay liabilities  |                   |                   | 195 876,50                          | 194 913,16                          |
| Other accrued charges and deferred credits                               |                   |                   | 175 103,89                          | 84 859,14                           |
|  |                   |                   | <b>370 980,39</b>                   | <b>279 772,30</b>                   |
| <b>11. Liabilities (voucher 1 for notes to the financial statements)</b> |                   |                   |                                     |                                     |
| Rent liabilities   |                   |                   |                                     |                                     |
| Payments to be made in the next financial period                         |                   |                   | 169 959,36                          | 168 839,52                          |
| To be paid later   |                   |                   | 0,00                                | 168 839,52                          |
| <b>Total</b>   |                   |                   | <b>169 959,36</b>                   | <b>337 679,04</b>                   |





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