



GRAMEX'S TRANSPARENCY REPORT 2022

**GRAMEX - THE COLLECTIVE MANAGEMENT
ORGANISATION FOR RECORDED MUSIC IN FINLAND**

INTRODUCTION

The Transparency Report describes Gramex's operations in detail and in accordance with the Directive. This page contains extracts from the Report's text as a summary of the Report. We hope that with the summary it will be easier to understand the comprehensive content of the Transparency Report. If you have any questions, we will be happy to help.

Gramex Communications

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Gramex's mission

Gramex is a non-profit association whose purpose is to administer and promote the rights of performing artists and producers of phonograms prescribed in the Finnish copyright legislation. Gramex's operation involves phonogram licensing and the collection of the remunerations referred to in the Copyright Act and their secure investment and distribution to rightsholders.

Licensing

Gramex grants licences for the use of phonograms and music videos and collects remuneration for their use.

Gramex has 32,885 user customers who use phonograms in their operations. Background music customers receive music use agreements and music licences through GT Musiikkiluvut Oy. Media licensing customer get them directly from Gramex.

Gramex receives licensing income from radio and television use, retransmission, background music, internet and network use, audio and video recording use, private copying compensation and the use of music videos.

Gramex's licensing operations are based partly on law and partly on client agreements. The Ministry of Education and Culture has approved Gramex to collect remunerations for the use of phonograms as referred to in section 47, subsection 1, points 1 and 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, subsection 3 of the Copyright Act and distribute them to the performers of musical works. This approval is valid until the end of the year 2025.

Board of Directors and administration

The Board of Directors of Gramex consists of the Chair and six other members. Three of the members of the Board of Directors are elected from among phonogram producers and three from among performing artists. The Chair of the Board of Directors must be familiar with copyright issues and may not represent either of the rightsholder groups. Gramex's council decides on certain matters specified in the by-laws. The council consists of three representatives of phonogram producers and three representatives of performing artists. The Managing Director is responsible for the management of Gramex's office.

Client authorisation

By a client agreement, the rightsholders represented by Gramex authorise 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. The content of the client agreement has been confirmed in the annual general meeting. Everyone entitled to remunerations collected by Gramex has the right to become a rightsholder client of Gramex.

Rights revenue 2022 (EUR)

Radio and television use	7,848,108
Retransmission	77,027
Background music	9,596,884
Internet and data network	4,628,651
Audio and video recordings	994,775
Private copying levy	1,286,149
Music video	36,887
Term of protection	87,461
Remuneration from abroad	1,866,353
TOTAL	26,422,294

Distribution of remunerations

The funds paid to rightsholders during the financial period amounted to EUR 21.016 million.

Gramex distributes part of the collected remunerations directly to rightsholders and part to foreign copyright organisations representing rightsholders. Performance remunerations collected in July–December 2021 were paid in April 2022, and performance remunerations collected in January–June 2022 were paid in December 2022. Some of the remunerations are thus paid during the year of their collection. Most of the remaining remunerations will reach their destinations within the next three years, which is how long the normal distribution and payment process lasts.

If any deficiencies preventing the distribution of remunerations occur in the data concerning the played phonograms or recipients of the remuneration, they will be investigated as required under the Act on Collective Management of Copyright, for several years if necessary. If the investigations are inconclusive, the general meeting of Gramex will decide on how these funds (statute-barred remunerations) will be used to promote music in accordance with Gramex's by-laws.

Investment income of 1.0% will be allocated to the copyright income collected in 2022

Operating costs

The costs of Gramex's operations amounted to EUR 3.763 (3.531) million in 2022. On 31 December 2022, Gramex employed 21 (20) people.

The administration expenses deduction for the year 2022 is an amount corresponding to the costs arising from Gramex's administration, EUR 3.763 (3.531) million.

On 22 May 2023, the Annual General Meeting of Gramex approved the Transparency Report.

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.

Layout Lauri Kaira. Photos: Pond 5 and Unsplash.



TABLE OF CONTENTS

1. Balance sheet
2. Profit and loss statement and cash flow statement
3. Annual Report
 - 3.1. Licensing and refusal to grant license
 - 3.2. Legal and governance structure
 - 3.3. Information on entities owned or controlled by Gramex
 - 3.4. Remuneration and benefits of Board members and Managing Director
 - 3.5. Deductions for the purposes of social, cultural and educational services
 - 3.6. Financial information
 1. Rights revenue
 2. Investment income
 3. Administration expenses
 4. Resources used to cover costs
 - 3.7. Funds due to rightsholders
4. Tables and other text of the transparency report
 - 4.1. Collected funds
 - 4.2. Funds attributed to phonograms (placeholders)
 - 4.3. Funds attributed to rightsholders (awaiting payment)
 - 4.4. Funds paid to rightsholders
 - 4.5. Distribution schedule
 - 4.6. Undistributed funds
 - 4.7. Information on amounts received from and paid to other collective management organisations
 - 4.8. Management fees and other deductions from rights revenue due to other collective management organisations
 - 4.9. Management fees from the amounts paid by other collective management organisations
5. Auditor's report

1 BALANCE SHEET

(Annex to the Directive, point 1. a)

	BALANCE SHEET 31 December 2022 EUR	BALANCE SHEET 31 December 2021 EUR
ASSETS		
FIXED ASSETS		
Intangible assets		
IT systems	126,015.80	145,576.85
Major improvements	0.00	0.00
Intangible assets total	126,015.80	145,576.85
Tangible assets		
Machinery and equipment	193,699.27	226,236.96
Other tangible assets	550.00	550.00
Tangible assets total	194,249.27	226,786.96
Investments		
Shares and similar rights of ownership	1,433,100.03	483,100.03
Investment portfolios	23,898,057.49	25,717,778.50
Reserves	102,668.22	109,017.81
Total investments	25,433,825.74	26,309,896.34
TOTAL FIXED ASSETS	25,754,090.81	26,682,260.15
CURRENT ASSETS		
Non-current receivables		
Loan receivables	0.00	950,000.00
Other receivables	79,126.00	79,126.00
Total non-current receivables	79,126.00	1,029,126.00
Short-term receivables		
Accounts receivable	1,705,149.23	1,609,646.77
Accrued income	1,890,244.61	1,657,097.66
Total short-term receivables	3,595,393.84	3,266,744.43
Financial securities		
Other securities	106,699.01	0.00
Total financial securities	106,699.01	0.00
Cash in hand and at bank		
Total cash in hand and at bank	2,722,514.86	1,818,705.81
TOTAL CURRENT ASSETS	6,503,733.71	6,114,576.24
TOTAL ASSETS	32,257,824.52	32,796,836.39

EQUITY AND LIABILITIES

	BALANCE SHEET 31 December 2022 EUR	BALANCE SHEET 31 December 2021 EUR
EQUITY		
Promotion activities reserves		
Promotion activities reserves	525,102.04	367,525.36
Total promotion activities reserves	525,102.04	367,525.36
TOTAL EQUITY	525,102.04	367,525.36
LIABILITIES		
Current liabilities		
Remuneration liability (invoiced, investment income)	14,667,382.63	16,458,975.79
Remuneration liability in payment process	15,342,444.69	14,129,153.07
Accounts payable	148,367.74	159,306.14
Other liabilities	780,015.04	758,045.87
Accrued expenses and liabilities	794,512.38	923,830.16
Total short-term liabilities	31,732,722.48	32,429,311.03
TOTAL LIABILITIES	31,732,722.48	32,429,311.03
TOTAL EQUITY AND LIABILITIES	32,257,824.52	32,796,836.39

2 PROFIT AND LOSS STATEMENT AND CASH FLOW STATEMENT

(Annex to the Directive, point 1. a)

PROFIT AND LOSS STATEMENT

	2022 EUR	2021 EUR
Revenue		
Other revenue	262,040.68	150,868.58
Total revenue	262,040.68	150,868.58
Expenses		
Personnel expenses	-1,777,397.86	-1,636,235.73
Depreciation	-135,999.07	-179,628.12
Other expenses	-2,112,074.16	-1,866,446.26
Total expenses	-4,025,471.09	-3,682,310.11
Administration expenses deduction	3,763,430.41	3,531,441.53
Promotion activities		
Transfer from investments and financing activities	-10,874.53	4,630.22
Statute-barred remuneration liabilities	3,767,591.74	5,426,633.37
Other expenses related to promotion activities	-3,599,140.53	-5,331,626.73
Total expenses for promotion activities	157,576.68	99,636.86
Covered by promotion activities reserve	-157,576.68	-99,636.86
SURPLUS/DEFICIT	0.00	0.00
Investment and financing activities		
Revenue/Expenses	-977,670.65	549,969.44
Transfer to remuneration payments	591,109.43	-331,881.97
Transfer to later conclusion	375,686.69	-213,457.25
Transfer to the promotion activities reserve	10,874.53	-4,630.22
	0.00	0.00
SURPLUS (DEFICIT) FOR THE FINANCIAL PERIOD	0.00	0.00

3 ANNUAL REPORT

(Annex to the Directive, point 1. a)

CASH FLOW STATEMENT

	2022 EUR	2021 EUR
Cash flows from operating activities		
Payments received from copyright royalties		
Payments for operating expenses (including withholding of tax)	27,145,423.03	23,705,297.39
Cash flows from operating activities	-5,777,551.37	-4,724,671.60
	21,367,871.66	18,980,625.79
Cash flows from investments		
Investments in tangible and intangible assets		
Investments in other investments	-111,910.48	-196,470.43
Payments received from investments	-4,000,000.00	-12,500,000.00
Cash flows from investments	4,780,527.25	12,240,510.66
	668,616.77	-455,959.77
Cash flows from operations and investments	22,036,488.43	18,524,666.02
Cash flow from distributions and promotion activities:		
Distribution to domestic and foreign rightsholders (net)		
Promotion activities	-20,049,594.59	-20,133,244.55
	-1,083,084.79	-1,910,993.56
Change in cash and cash equivalents	903,809.05	-3,519,572.09
Cash and cash equivalents at the beginning of the financial period	1,818,705.81	5,338,277.90
Cash and cash equivalents at the end of the financial period	2,722,514.86	1,818,705.81
	903,809.05	-3,519,572.09

Following the COVID-19 pandemic, we were able to return to a fairly normal activity and operating environment after the beginning of the year. The year was successful, and we set several records. The total accrual of remuneration was higher than ever, as was the accrual from abroad and the background music remunerations collected by GT Musiikkiluvat Oy. In turn, the effective administrative expenditure percentage was lower than ever. Returning to work in the office environment has been smooth and there is a good balance between working in the office and elsewhere, which promotes work performance and well-being at work.

Remunerations collected in the early part of 2022, as allowed by the Apollo rights management system, were distributed in December. Remunerations amounted to a total of EUR 21.0 million (21.1 million in 2021). Of this sum, EUR 9.3 million was paid to performer customers and EUR 11.7 million to producer customers. Gramex's remuneration accrual totalled EUR 26.422 million (23.791 million in 2021).

At the end of the financial period, Gramex had 62,230 rightsholder customers. Gramex collected remunerations from approximately 32,900 music users. Media customers are mainly served directly by Gramex, and background music customers are mainly served by GT Musiikkiluvat Oy.

Despite the challenges posed by the COVID-19 period, Gramex was able to promote the development of its operations. For example, the deployment of RDx continued.

The implementation of the EU Copyright Directive into national legislation was at the heart of the year's impact agenda. The Government's draft proposal for a copyright law was worrying for rightsholders. As a result, Gramex participated actively in strong campaigning with other rightsholders' organisations.

No significant operational risks are foreseeable in the coming year. Inflation poses challenges to the accrual of remuneration and costs, and the continuity of the level of foreign income is uncertain. Direct risks arising from the legislation have decreased. In the longer term, risks may be related to technical development, legislation, and consumption habits as well as changes in the level of YLE's funding and the resulting changes of operating levels, but these are not currently foreseeable.

3.1. LICENSING AND POSSIBLE REFUSAL TO LICENSE

(Annex to the Directive, point 1. c)

Gramex grants licences for the use of phonograms and music videos and collects remuneration for their use.

Gramex has 32,885 user customers who use phonograms in their operations. Background music customers receive music use agreements and music licences through GT Musiikkiluvat Oy. Media licensing customer get them directly from Gramex.

Gramex receives licensing income from radio and television use, retransmission,

background music, internet and network use, audio and video recording use, private copying compensation and the use of music videos.

Gramex operates within the mandate under the Finnish Copyright Act and the mandate it has received from its rightsholders by agreement. During the business year, Gramex has not refused to grant licences to uses covered by its mandate.

3.2. GRAMEXS' LEGAL AND GOVERNANCE STRUCTURE

(Annex to the Directive, point 1. d)

Gramex is a non-profit association whose purpose is to administer and promote the rights of performing artists and producers of phonograms prescribed in the Finnish copyright legislation. Gramex's operation involves phonogram licensing and the collection of the remunerations referred to in the Copyright Act and their secure investment and distribution to rightsholders.

The Board of Directors of Gramex consists of the Chair and six other members. Three of the members of the Board of Directors are elected from among phonogram producers and three from among performing artists. The Chair of the Board of Directors must be familiar with copyright issues and may not represent either of the rightsholder groups. Gramex's council decides on certain matters specified in the by-laws. The council consists of three representatives of phonogram producers and three representatives of performing artists. The Managing Director is responsible for the management of Gramex's office.

Gramex's licensing operations are based partly on law and partly on client agreements. The Ministry of Education and Culture has approved Gramex to collect remunerations for the use of phonograms as referred to in section 47, subsection 1, points 1 and 2 of the Copyright Act and distribute them to performing artists and phonogram producers, and to collect remuneration for their use.

Gramex customers by role (rightsholders)	
Performer	41,402
Producer	3,692
Music video producer	212
Performer and producer	16,235
Performer and music video producer	44
Producer and music video producer	376
Performer & producer & music video producer	69
Total	62,230

nerations for the use of music recordings containing images as referred to in section 47, subsection 3 of the Copyright Act and distribute them to the performers of musical works. This approval is valid until the end of the year 2025.

By a client agreement, the rightsholders represented by Gramex authorise 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. The content of the client agreement has been confirmed in the annual general meeting. Everyone entitled to remunerations collected by Gramex has the right to become a rightsholder client of Gramex.

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

- Use of phonograms in educational activities (Copyright Act, section 14). This approval is valid until the end of the year 2026.
- Ephemeral recording (Copyright Act, section 25 f). This approval is valid until the end of the year 2023.
- Online storage service for television programmes (Copyright Act, section 25 l). This approval is valid until the end of the year 2024.

Gramex is involved in arrangements of international co-operation bodies of performing artists and phonogram producers concerning international 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 Representa-



tion 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.

3.3. INFORMATION ON ENTITIES OWNED OR CONTROLLED BY GRAMEX (Annex to the Directive, point 1. e)

Gramex has a joint venture GT Musiikkiluvut Oy (2647504-7) with Teosto for the purpose of the sale and customer service of background music licences. Gramex owns 50% of it. The joint venture collected approximately EUR 9.5 million for the rightsholders of Gramex in 2022.

Gramex has co-founded the Finnish Music Foundation MES (Musiikin edistämissäätiö sr, 2502897-4) together with Teosto. Gramex appoints half of the members of its

Board and the Chair together with Teosto. Gramex is one of the fifteen member associations of the Copyright Information and Anti-Piracy Centre (Tekijänoikeuden tiedotus- ja valvontakeskus ry, 1926210-7) and has one seat on its Board. Gramex is also one of the thirteen members of Luovan työn tekijät ja yrittäjät ry - Luovat ry (2297190-8) and holds one seat on its Board.

In addition, Gramex owns a share in the Sport Institute in Vierumäki (0861730-4, Vierumäen Loma-aika Oy).

3.4. REMUNERATION AND BENEFITS OF BOARD MEMBERS AND MANAGING DIRECTOR (Annex to the Directive, point 1.f)

During the business year, the Board elected by the organisation's council comprised of the Chair Tuija Brax and the ordinary members Antti Kotilainen, Matti Lappalainen (until 25 May 2022), Mirkka Kivilehto (from 25 May 2022), Mikko Manninen, Pekka Lehti, Kimmo Valtanen and Ahti Vääntinen. 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 240,130.

3.5. DEDUCTIONS FOR THE PURPOSE OF SOCIAL, CULTURAL AND EDUCATIONAL SERVICES (Annex to the Directive, points 1. f and 3. a and b)

During the financial year, no deductions were made from rights revenues for social, cultural or educational purposes. The practice is that no such deductions are made.

3.6. FINANCIAL INFORMATION (Annex to the Directive, point 1. g)

3.6.1. RIGHTS REVENUE (Annex to the Directive, points 2. a, b, i, and vi)

Gramex invoiced a total of EUR 26,422 (23.791) 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. The breakdown of revenue by form of use is presented in the table below. The rights related to each form of use are specified in Gramex's membership agreement.

3.6.2. INVESTMENT INCOME (Annex to the Directive, point 2. a)

The objective of the investment plan approved by the general meeting of Gramex is, in the long term, to ensure appropriate, productive and secure investment while keeping in mind the profit level, the accepted risk level, the accountability of the investment activities and liquidity.

The net book result from investment and financing activities for 2022 was EUR 0.978 (0.550) million. It is still possible to allocate 1.0% of the investment income to the copyright revenue collected in 2022 due

to the provisions of previous years. Investment income will not be subject to any administration expenses deduction. Before the allocation of the investment income, the expenses of investment activities and investment losses will be deducted from them. The expenses of investment activities and investment losses were EUR 2.244 million in 2022.

The result from investment activities was allocated as follows: EUR 0.591 (0.332) million to the investment income of the distribution and EUR 0.376 (0.213) million to funds distributed later, EUR 0.011 (0.005) million to promotion activities.

3.6.3. - 3.6.4. ADMINISTRATION EXPENSES (Annex to the Directive, points 2. b, i, ii, iii and iv)

The costs of Gramex's operations amounted to EUR 3.763 (3.531) million in 2022. On 31 December 2022, Gramex employed 21 (20) people.

The administration expenses deduction for the year 2022 is an amount corresponding

to the costs arising from Gramex's administration, EUR 3.763 (3.531) million.

In 2022, the amount of remuneration subject to the expense deduction was EUR 24.556 (22.606) million. The costs arising from administration totalled EUR 3.763 million in 2022. The percentage of the administration expenses deduction for the remunerations collected in 2022 was thus 15.3%. The correspondingly calculated percentage for remunerations collected in 2021 was 15.6%.

Rights revenues are used to cover the costs of services offered to the rightsholders in relation to the management of rights. No deductions other than the administration expenses deduction as per the administration expenses percentage will be made from rights revenue. Gramex does not allocate the costs arising from the management of rightsholders' rights per category of rights, using instead the annually determined percentage for all categories of managed rights.

The administration expense percentage for 2022 was determined using the following method:

- A: Net expenses of operation for 2022
- B: Amount of remuneration collected in 2022 subject to expenses deduction
- C: Administration expenses percentage = A/B x 100

Gramex only provides services related to rights management, so Gramex does not have any operating and financial costs with regard to services other than the management of rights, as referred to in point 2. b iii of the Annex to the Collective Rights Management Directive.

Rights revenue 2022 (EUR)		Administration expenses
Radio and television use	EUR 7,848,108	EUR -1,202,797
Retransmission	EUR 77,027	EUR -11,805
Background music	EUR 9,596,884	EUR -1,470,813
Internet and data network	EUR 4,628,651	EUR -709,385
Audio fixations and audiovisual programs	EUR 994,775	EUR -152,459
Private copying compensation	EUR 1,286,149	EUR -197,114
Music videos	EUR 36,887	EUR -5,653
Term of protection	EUR 87,461	EUR -13,404
Remuneration from abroad	EUR 1,866,353	
TOTAL	EUR 26,422,294	EUR -3,763,430

3.7. FUNDS DUE TO RIGHTSHOLDERS

(Annex to the Directive, point 2. c)

Gramex distributes part of the collected remunerations directly to rightsholders and part to foreign copyright organisations representing rightsholders. Performance remunerations collected in July–December 2021 were paid in April 2022, and performance remunerations collected in January–June 2022 were paid in December 2022. Some of the remunerations are thus paid during the year of their collection. Most of the remaining remunerations will reach their destinations within the next three years, which is how long the normal distribution and payment process lasts.

If any deficiencies preventing the distribution of remunerations occur in the data concerning the played phonograms or recipients of the remuneration, they will be investigated as required under the Act on Collective Management of Copyright, for several years if necessary. If the investigations are inconclusive, the general meeting of Gramex will decide on how these funds (statute-barred remunerations) will be used to promote music in accordance with Gramex's by-laws.

Below is a breakdown of funds in the various

stages of this process as well as investigations and other measures relating to them, broken down in accordance with the Annex to the Directive 2014/26/EU of the European Parliament and of the Council. It should be noted that some of the categories set out in the Directive partially overlap.

Division in Gramex's operation in accordance with the Directive (some categories overlap)

- 3.7.1. Collected funds: collected remunerations invoiced in 2022 and earlier amounted to EUR 30.009 million in the financial statements of 31 December 2022
- 3.7.2. Funds attributed to phonograms (placeholders): EUR 11,884,033.18 has been attributed to phonograms whose incomplete phonogram or rightsholder information still prevent allocation to rightsholder
- 3.7.3. Funds attributed to rightsholders: EUR 3,390,507.84 has been allocated to rightsholders to wait for distribution but payment has not yet been made
- 3.7.4. Funds paid to rightsholders: EUR 21,015,872.06 was paid out to rightsholders in 2022
- 3.7.6. Undistributed funds: EUR 3.473 million constitute undistributed funds under the Directive, which Gramex has been unable to pay to rightsholders during the usual three-year process

4 TABLES AND OTHER TEXT OF THE TRANSPARENCY REPORT

4.1. COLLECTED FUNDS

(Annex to the Directive, points 2. c, iv)

Collected but as yet undistributed collected remunerations are shown in Gramex's financial statements as undistributed remuneration liabilities. Gramex's financial statements contain EUR 30.01 (30.59) million in undistributed remuneration liabilities:

- Remuneration liability awaiting distribution process amounts to EUR 14.67 million.

- Remuneration liability (placeholders and remunerations waiting for payment) in the distribution system amounts to EUR 15.30 million.
- EUR 0.04 million is in other distribution processes.

Section 4.2. addresses funds allocated to phonograms in greater detail. In Gramex's processes, funds allocated to phonograms together with remuneration liability waiting for the distribution process form the funds referred to in points 2. c and iv of the Annex to the Directive.

Gramex invoiced a total of EUR 26.422 million in remunerations during the financial year 2022. Of the remunerations invoiced in 2022, a total of EUR 13.206 million was waiting to enter the distribution process at the end of the year. Of the remunerations invoiced in 2022, a total of EUR 2.524 million was in placeholder mode at the end of the year. Of the remunerations invoiced during the financial period 2022, a total of EUR 10.692 million was allocated to rightsholders during the year. Of the remunerations invoiced during the financial period 2022, a total of EUR 15.730 million had not yet been allocated to rightsholders by the end of the year.

Funds collected but not yet allocated to rightsholder

	2017	2018	2019	2020	2021	2022	Total
Radio and television use	0.00	0.00	849,656.12	1,026,057.87	1,290,800.60	6,483,962.79	9,650,477.37
Background music	0.00	0.00	738,836.84	775,693.44	1,002,501.05	6,281,511.02	8,798,542.36
Internet and data network	454,230.86	45,650.98	181,911.40	604,075.07	1,214,396.20	1,696,299.92	4,196,564.41
Audio fixations and audiovisual programs	0.00	5,479.94	199,161.68	215,938.48	286,314.79	572,671.39	1,279,566.27
Private copying compensation	0.00	0.00	101,756.84	80,398.87	0.00	338,209.70	520,365.41
Music videos	0.00	0.00	4,208.58	16,574.91	1,783.72	20,397.84	42,965.05
Term of protection	0.00	0.00	34,464.88	46,924.81	133,777.09	87,460.71	302,627.49
Remuneration from abroad	0.00	0.00	0.00	0.00	0.00	246,860.59	246,860.59
Investment income	0.00	0.00	0.00	0.00	0.00	842,586.84	842,586.84
Foreign representation agreements:	524.71	4,117.43	678.80	7,409.04	5,169.26	3,209.99	21,109.23
Back to distribution	0.00	96,128.22	115,465.96	438,156.60	0.00	0.00	649,750.78
Total	454,755.56	151,376.57	2,226,141.09	3,211,229.09	3,934,742.72	16,573,170.78	26,551,415.81

4.2. FUNDS ATTRIBUTED TO PHONOGRAMS (PLACEHOLDERS) (Annex to the Directive, points 2. c and vi)

All uses of phonograms reported during the calendar year are pre-processed at the stage where the phonograms are identified. Protected phonograms for the use of which Gramex has collected remunerations are examined in this stage. Distribution calculations of the collected remunerations will be made for these phonograms insofar as they are included in the distributions of each collection period. The administration expenses deductions and the added investment income distributions of the collection year are taken into consideration.

Once the remunerations of an individual phonogram have thus been calculated, the remuneration amounts accrued on the phonogram will be allocated and paid to their rightsholders.

If Gramex does not have the phonogram identification or rightsholder information of the phonograms, a remuneration that has been through the distribution process and calculated on a phonogram will be left waiting for information on the rightsholder or their representative.

Such a phonogram is said to be in placeholder mode and is considered to constitute an unidentified phonogram. In other words, these are phonograms which have been used in Finland and reported to Gra-

mex and for which the remunerations have already been individually calculated and allocated but which are missing accurate phonogram or rightsholder data in whole or in part. Gramex tries to establish the data of such phonograms as required under the Act on Collective Management of Copyright and the Collective Rights Management Directive.

Funds allocated to such phonograms, i.e. collected remunerations in placeholder mode, amounted to EUR 11.884 million at the end of the financial period on 31 December 2022. A detailed breakdown is provided in the tables below:

Placeholder/producers: Collection period	2017	2018	2019	2020	2021	2022	total	Placeholder/total:	total
Radio and television use			291,623.70	335,427.67	440,037.42	323,466.95	1,390,555.75	Radio and television use	3,696,952.93
Background music			255,343.41	261,505.59	372,071.27	347,917.04	1,236,837.31	Background music	3,369,046.61
Internet and data network	450,017.84	45,170.25	128,094.79	500,833.26	943,803.16	590,105.03	2,658,024.33	Internet and data network	3,097,615.83
Audio fixations and audiovisual programs		4,940.40	194,618.51	211,067.79	259,024.60	113,061.01	782,712.30	Audio fixations and audiovisual programs	801,317.89
Private copying compensation			71,568.91	34,379.60		0.00	105,948.50	Private copying compensation	244,031.32
Music videos			3,219.42				3,219.42	Music videos	4,208.58
Foreign representation agreements	524.71	4,117.43	678.80	7,409.04	5,169.26	3,209.99	21,109.23	Foreign representation agreements	21,109.23
Others							0.00	Others	0.00
Back to distribution		96,128.22	115,465.96	438,156.60			649,750.78	Back to distribution	649,750.78
	450,542.55	150,356.30	1,060,613.50	1,788,779.55	2,020,105.70	1,377,760.02	6,848,157.62		11,884,033.18
Placeholder/performers: Collection period	2017	2018	2019	2020	2021	2022	total		
Radio and television use			558,032.41	597,372.70	722,477.44	428,514.63	2,306,397.18		
Background music			483,493.43	514,187.85	630,429.79	504,098.23	2,132,209.30		
Internet and data network	4,213.01	480.73	53,816.61	103,241.81	127,197.90	150,641.44	439,591.50		
Audio fixations and audiovisual programs		539.54	4,543.16	4,870.69	6,687.17	1,965.03	18,605.59		
Private copying compensation			30,187.93	46,019.27		61,875.61	138,082.82		
Music videos			989.16				989.16		
Foreign representation agreements									
Others									
Back to distribution									
	4,213.01	1,020.27	1,131,062.70	1,265,692.33	1,486,792.28	1,147,094.96	5,035,875.55		

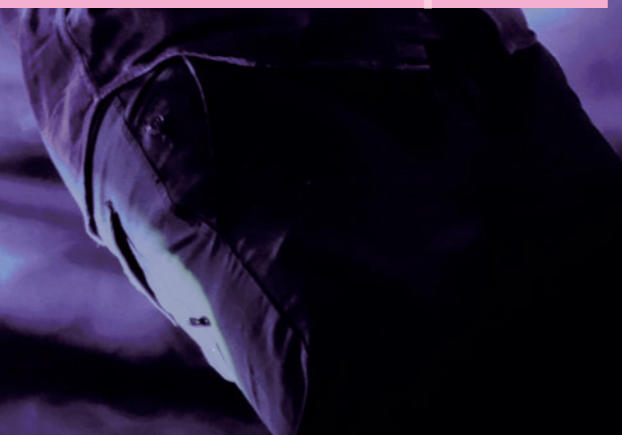
Delays and measures

The placeholder phonograms (unidentified phonograms) mostly consist of foreign phonograms with respect to which Gramex is mainly missing the correct rightsholder information, real-time licence holder information or detailed identification data of the phonograms.

Insofar as placeholder phonograms include Finnish phonograms, it is a question of Gramex not having received the relevant phonogram report indicating the information and rightsholders of the phonogram. As for collected remunerations calculated for phonograms in placeholder mode, the process proceeds as follows:

- The information on performers' placeholder phonograms arising in the distribution during 2022 is delivered to foreign copyright organisations that have concluded a representation agreement with Gramex and represent performers starting from March 2023.

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 such data received, the distribution and payment of the remunerations calculated in the distribution process to the correct rightsholder is carried out next. The exchange of information and payment of remunerations with foreign organisations has mainly been carried out during the year 2022 for the use of phonograms in 2021. The remunerations for the use of phonograms in January–June and July–December/2022 will be mainly paid during the year 2023 if the foreign organisations are able to process the data regarding use in Finland.



- As of the beginning of 2023, information concerning producers' placeholder phonograms arising in the distributions of the year 2022 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 should present Gramex with claims concerning the phonograms they represent and provide a reply containing up-to-date information on the rightsholder or licenceholder. For Finnish phonograms, the producers will provide phonogram reports also indicating the artists performing on the phonogram. Placeholder phonograms arising from the distributions of 2021 and 2022 (collected mainly in 2020 and 2021) have been published on Gramex's website in December 2022. The data on the website is always updated after the distributions and payments.

- Gramex's distribution process works in real time so that every time the system receives new data on a phonogram or rightsholder either from foreign organisations or from Gramex's direct customers through automated or manual exchange of information, the relevant remuneration sum concerning the phonogram and the rightsholder will transfer from placeholder mode to the phase where it waits for payment, in

Assets allocated to rightsholders transferred between 1 January and 31 December 2022 to wait for payment

Form of use	Producers	Performers	Total
Radio and television use	3,080,896.54	2,885,820.20	5,966,716.74
Background music	3,311,125.45	3,077,830.91	6,388,956.37
Internet and data network	2,298,420.18	1,164,758.02	3,463,178.21
Audio fixations and audiovisual programs	479,031.34	159,314.75	638,346.09
Private copying compensation	470,674.49	576,523.38	1,047,197.86
Music videos	5,953.58	0.00	5,953.58
Foreign representation agreements	42,105.87	1,799,251.33	1,841,357.19
Others	0.00	54,417.44	54,417.44
Back to distribution	2,565,526.68	0.00	2,565,526.68
Total	12,253,734.13	9,717,916.04	21,971,650.17

which the remunerations of an individual rightsholder from various uses and phonograms are combined into a total sum.

4.3. FUNDS ATTRIBUTED TO RIGHTSHOLDERS

(Annex to the Directive, points 2. c, i and iv)

Remunerations collected on the basis of data on the use of identified phonograms will be allocated to artists performing on

the phonogram and to the producers of the phonogram. Once the calculation of remunerations and the combination of remunerations to an individual rightsholder has been carried out, the outstanding remunerations enter a phase where they wait for payment.

In this stage, the amounts due to an individual rightsholder for different phonograms are combined and the remunerations are transferred to a balance payable to the individual rightsholders to wait for the mo-

ment they are paid. The remuneration sums transferred to the rightsholder are simultaneously automatically removed from the balances of individual phonograms (placeholder).

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

On 31 December 2022, Gramex had a total of EUR 3.391 million in collected remunerations which had been individually allocated to rightsholders but were still waiting for payment. In Gramex's operation, no difference is made between amounts attributed to rightsholders and amounts attributed to but not yet distributed to rightsholders as referred to in the Collective Rights Management Directive. They are divided as presented in the tables below:

Waiting for payment/producers:

Collection period	2017	2018	2019	2020	2021	2022	Total
Radio and television use			126,988.25	135,644.47	163,703.96	101,618.07	527,954.75
Background music			122,323.71	136,754.22	158,987.20	113,963.79	532,028.93
Internet and data network	40,900.66	18,600.80	90,015.15	126,781.90	117,568.56	70,504.02	464,371.09
Audio fixations and audiovisual programs		2,510.93	46,556.92	59,622.22	41,989.36	26,018.79	176,698.22
Private copying compensation			36,651.18	34,219.94		6,588.38	77,459.50
Music videos				1.45	40.81	-1.92	40.34
Foreign representation agreements	135.23	35.31	154.11	818.20	107.19	259.13	1,509.16
Others							0.00
Back to distribution		30,002.28	35,965.79	185,102.07		38,609.83	289,679.97
	41,035.89	51,149.32	458,655.12	678,944.47	482,397.07	357,560.08	2,069,741.96



Waiting for payment/performers

Collection period	2017	2018	2019	2020	2021	2022	total
Radio and television use			65,550.58	80,166.92	108,103.85	78,294.87	332,116.22
Background music			86,668.37	102,985.20	129,988.80	94,794.89	414,437.27
Internet and data network	4,022.03	1,306.22	17,835.90	59,257.15	75,830.43	68,062.69	226,314.42
Audio fixations and audiovisual programs		275.41	72,122.39	6,851.11	8,640.09	12,973.29	100,862.28
Private copying compensation			11,657.61	21,062.18		26,986.22	59,706.01
Music videos							0.00
Foreign representation agreements			1,597.51	9,771.98	11,951.37	146,679.69	170,000.55
Others			2,109.08	3,953.74	2,689.48	8,576.84	17,329.14
Back to distribution							
	4,022.03	1,581.62	257,541.44	284,048.29	337,204.01	436,368.49	1,320,765.88

Waiting for payment/total:	total
Radio and television use	860,070.96
Background music	946,466.19
Internet and data network	690,685.52
Audio fixations and audiovisual programs	277,560.50
Private copying compensation	137,165.51
Music videos	40.34
Foreign representation agreements	171,509.71
Others	17,329.14
Back to distribution	289,679.97
	3,390,507.84

4.4. FUNDS PAID TO RIGHTSHOLDERS

(Annex to the Directive, points 2. c and ii)

The funds paid to rightsholders during the financial period amounted to EUR 21.016 million.

In Gramex's distribution and payment process, the remunerations are paid to the rightsholders in what is called the payment phase. During the calendar year 2022, Gramex paid the following collected remunerations classified by form of use and rightsholder group:

Paid/producers:

Collection period	2017	2018	2019	2020	2021	2022	total
Radio and television use		-15,982.09	-38,444.22	-1,572,518.75	-1,305,006.91	-2,931,951.96	
Background music	-8.68	-15,398.04	-36,043.00	-1,659,728.74	-1,438,235.44	-3,149,413.90	
Internet and data network	-11,865.33	-362.59	-3,446.12	-61,574.77	-516,688.55	-1,563,216.48	-2,157,153.84
Audio fixations and audiovisual programs		-345.60	-6,322.97	-8,878.72	-253,184.48	-153,608.04	-422,339.82
Private copying compensation		-2,553.08	-7,445.96		-458,930.88	-468,929.92	
Music videos			-1.44	-2.21	-5,955.50	-5,959.15	
Foreign representation agreements			-0.59	-2.04	-4,175.53	-37,798.03	-41,976.18
Others							
Back to distribution	-1,720.62	-6,279.69	-44,366.33		-2,491,762.63	-2,544,129.28	
	-11,865.33	-2,437.50	-49,982.57	-196,756.48	-4,006,298.25	-7,454,513.91	-11,721,854.05

Paid/performers:

Collection period	2017	2018	2019	2020	2021	2022	total
Radio and television use	-1.61	-3.61	-32,254.91	-76,385.67	-1,496,855.34	-1,223,282.44	-2,828,783.58
Background music	-0.89	-4.49	-30,058.03	-75,824.77	-1,576,801.65	-1,301,223.14	-2,983,912.96
Internet and data network	-809.59	-367.32	-4,637.33	-44,350.34	-250,110.45	-777,657.48	-1,077,932.51
Audio fixations and audiovisual programs	-0.01	-213.64	-4,343.66	-2,214.48	-96,169.71	-40,333.28	-143,274.79
Private copying compensation	-0.05	-0.51	-3,503.13	-13,419.57		-541,199.45	-558,122.71
Music videos							
Foreign representation agreements	-0.25	-0.40	-116.14	-536.21	-1,872.93	-1,652,570.98	-1,655,096.90
Others		-502.86	-196.94	-354.17	-45,840.60	-46,894.57	
Back to distribution							
	-812.39	-589.98	-75,416.06	-212,927.97	-3,422,164.25	-5,582,107.37	-9,294,018.02

Paid/total:

	total
Radio and television use	-5,760,735.55
Background music	-6,133,326.86
Internet and data network	-3,235,086.35
Audio fixations and audiovisual programs	-565,614.60
Private copying compensation	-1,027,052.63
Music videos	-5,959.15
Foreign representation agreements	-1,697,073.09
Others	-46,894.57
Back to distribution	-2,544,129.28
	-21,015,872.06

4.5. DISTRIBUTION SCHEDULE

(Annex to the Directive, points 2. c and iii)

During 2022, Gramex performed the following main distributions and the related payments:

- 26 April 2022 the main distribution and payment of primarily the forms of use radio use, background music, audio and video recordings and internet and data network was made (mainly collected July–December/2021)
- 30 August 2022 an extra distribution mainly to producers. The remunerations consisted of, for example, statute-barred remunerations returned to distribution and private copying compensations to producers.

- 13 December 2022 the main distribution and payment of primarily the forms of use radio use, background music, audio and video recordings and internet and data network was made (mainly collected January–June/2022)

In connection with all payments, remunerations received from abroad were also forwarded.

4.6. UNDISTRIBUTED FUNDS

(Annex to the Directive, points 2. c and vii)

Funds which have remained undistributed at the end of the financial period as referred to in section 27 of the Act on Collective Management of Copyright amounted to EUR 3.473 million from 2019. The performers' share was EUR 1.422 million and the producers' share EUR 2.051 million. The general meeting of spring 2023 decides on the use of the funds which have become statute-barred by the turn of the year 2022/2021.

Gramex's council meeting decides annually on the use of statute-barred and undistributed funds. Gramex has published a list of unidentified phonogram tracks

(placeholders) on its website with the aim of identifying unknown rightsholders.

The annual general meeting of 25 May 2022 decided on the use of funds which remained undistributed on and had become statute-barred on 31 December 2021. It was determined that EUR 0.71 million of the undistributed funds constitute remunerations whose rightsholders could still be identified, and a reservation was made for them. The performers' share of the statute-barred funds, EUR 1.26 million, was transferred to the promotion activities reserve and the producers' share, 2.51 million, was returned to the distributed funds.

During the business year, Gramex supported the operation of Esittävän säveltaiteen edistämissäätiö sr (ESES) with the funds from the promotion activities reserve with a total of EUR 1.00 million.

4.7. - 4.10. OTHER COLLECTIVE MANAGEMENT ORGANISATIONS

(Annex to the Directive, points 2. d, i, ii and iv)

Kopioisto provides licences to retransmit and use certain audio fixations and audio-visual programs on behalf of rightsholders represented by Gramex on the basis of an extended collective licence. Kopioisto forwards the rights revenue from licensing to Gramex.

Gramex provides licences for online storage services for television programmes. Kopioisto invoices the remunerations related to online storage services on behalf of Gramex and passes them on to Gramex.

Gramex provides licences for the use of background music at events. Authorised by Gramex, Teosto takes care of the customer service and invoicing of the remunerations for background music licences for events. Teosto pays the rights revenue from licensing to Gramex.

Gramex conveyed EUR 2.349 million to foreign sister organisations under representation agreements. Gramex received

Funds collected for Gramex by Finnish collective management organisations

Funds licensed on the basis of an extended collective licence		
	KOPIOSTO	Administration expenses
Retransmission	EUR 32,632.49	EUR -5,001.24
Audio and video recordings	EUR 14,430.96	EUR -2,211.68
Total	EUR 47,063.45	EUR -7,212.92

Funds licensed by Gramex but invoiced by other collective management organisations			
	TEOSTO	KOPIOSTO	Administration expenses
Background music	EUR 166,919.84		EUR -25,582.05
Internet and data network (online storage service for television programmes)		EUR 1,315,447.27	EUR -201,604.75
Total	EUR 166,919.84	EUR 1,315,447.27	EUR -227,186.79

EUR 1.866 million from foreign sister organisations. The remunerations transferred between foreign organisations and Gramex are itemised in the following tables. The first one shows how much Gramex paid to different organisations in remuneration collected in Finland. The second one shows how much Gramex received in remunerations from foreign organisations and how much of these remunerations were allocated to Finnish rightsholders.

Gramex distributes all amounts from foreign collective management organisations directly to rightsholders. Amounts from Teosto and Kopioisto deducted by the administration expenses deduction are distributed directly to rightsholders. To the best knowledge of Gramex, foreign collective management organisations mainly distribute any amounts collected and paid to such organisations by Gramex directly to rightsholders.

PAID BY GRAMEX TO DIFFERENT ORGANISATIONS
1 January–31 December 2022

		PERFORMERS						PRODUCERS						
ORGANISATION	COUNTRY	Radio and television use	Internet and data network		Private copying compensation	Background music	Audio-fixations and audiovisual programmes	Radio and television use	Internet and data network		Private copying compensation	Background music	Audio-fixations and audiovisual programmes	TOTAL
ACTRA	CAN	12,815.09	1,062.19	3.04	1,910.27	13,400.86	3.04							29,194.49
ADAMI	FRA	8,044.00	1,315.88	89.20	550.95	6,294.63	1.78							16,296.44
AFM SAG-AFTRA	USA	2,870.90	225.92		558.36	758.84								4,414.02
AGATA	LTU	236.38	35.05			151.31								422.74
AGEDI	ESP							132.15	21.34		36.05	120.32	1.56	311.42
AIE SOCIEDAD DE ARTISTAS DE	ESP	10,573.16	1,120.48	22.23	1,066.38	9,878.01	0.79							22,661.05
ARTISTI CANADA	CAN	429.51	33.96		59.69	468.96								992.12
CREDIDAM ROMANIA	ROU	278.83	31.21		35.84	273.42								619.30
EEL	EST	569.28	171.28	3.11	11.83	373.25	93.06							1,221.81
EFU ESTONIA	EST							1,772.73	53.07		258.10	158.01	5.28	2,247.19
GDA	PRT	442.67	91.85	17.95	6.08	75.92								634.47
GEIDANKYO	JPN	4,141.83	49.15		54.40	205.92								4,451.30
GESELLSCHAFT ZUR VERWERTUNG	DEU	31,730.32	622.85	410.96	6,825.14	31,769.07	159.43							71,517.77
GRAMEX DENMARK	DEN	13,239.76	856.45		1,257.22	12,158.33	5.24	3,336.78	115.59	602.93	301.76	1,391.11	76.16	33,341.33
GRAMO NORWAY	NOR	3,587.87				6,208.50		17,436.29	1,042.25	784.22	2,244.02	15,693.22	2,481.46	49,477.83
HUZIP	CRO	98.38	13.10		1.16	61.64								174.28
INTERGRAM	CZE	1,760.25	340.05	25.46	16.83	1,042.71	0.81	3,811.62	384.15		365.63	939.17		8,686.68
IPF	SVN	28.28	4.00		0.15	17.15								49.58
LAIPA	LAT	24.96	3.73		0.55	14.86								44.10
LSG INTERPRETEN GMBH	AUT	3,383.33	464.43		245.16	3,715.58								7,808.50
MROC	CAN	3,215.54	271.76		361.06	2,911.40								6,759.76
NORMA	NLD				1,782.43									1,782.43
NUOVO IMAIE	ITA	2,998.28	119.28	4.39	456.75	2,773.83								6,352.53
PLAYRIGHT C.V.B.A.	BEL	2,017.95	189.14		419.23	2,269.05	1.06							4,896.43
PPL	GBR	354,898.84	37,267.98	20,502.72	58,222.92	410,138.36	13,190.80	90,014.89	4,051.85	6,378.96	10,506.29	26,982.23	3,175.69	1,035,331.53
R.A.A.P LIMITED	IRL	9,654.13	877.35	1,184.61	1,990.08	13,738.45								27,444.62
SAMI - SVENSKA ARTISTERS OCH SCF S.R.L.	SWE	111,277.39	10,339.26	2,406.51	15,787.96	125,659.48	1,347.61							266,818.21
SENA NETHERLANDS	NLD	37,620.20	2,303.54		0.15	38,685.00		719.89			91.80	150.90	1.35	963.94
SLOVGRAM	SLO	203.32	28.47		1.67	124.86		7,400.45	655.27	127.11	576.75	3,778.33	526.40	91,673.20
SOUND EXCHANGE INC	USA	14,052.89	138,906.63	3.92	183,139.29	709.92	12.28	29,370.29	43,381.13	188,343.09	45,534.83	1,200.72	118.23	644,773.22
SPEDIDAM	FRA	2,923.24	267.77	1.06	568.51	2,930.52								6,691.10
STOART - ZWIAZEK ARTYSTOW	POL	122.23	18.37		2.46	78.74								221.80
SWISSPERFORM	SWI	26.95	9.01		0.80	15.86								52.62
TOTAL		633,265.76	197,040.14	24,675.16	275,333.32	686,904.43	14,815.90	153,995.09	49,704.65	196,236.31	59,915.23	50,414.01	6,386.13	2,348,686.13

REMUNERATIONS FROM FOREIGN ORGANISATIONS AND THEIR ALLOCATION TO RIGHTSHOLDERS 2022

(table contains both "amounts attributed to but not yet paid to rightsholders" and "amounts paid to rightsholders")

ORGANISATION	COUNTRY	RECEIVED ORGANISATIONS 1 Jan.–31 Dec. 2022		FROM TO RIGHTSHOLDERS 1 Jan.–31 Dec. 2022	
		PERFORMER	PRODUCER	PERFORMER	PRODUCER
ACTRA	CAN	1,038.04		1,659.15	
ADAMI	FRA	50,511.24		50,511.24	
AGATA	LTU	1,251.53		483.90	
AGEDI	ESP	22.59			74.88
AIE	ESP	7,396.93		6,180.20	
CREDIDAM	ROU	2,784.16		2,784.16	
EEL	EST	708.08		469.30	
EFU	EST		1,517.61		1,517.61
EJI	EST	0.67			
GDA	PRT	1,698.57		629.53	
GEIDANKYO	JPN	8,929.53		7,972.35	
GRAMEX DK	DEN	59,087.56	4,530.59	59,087.56	4,016.01
GRAMO	NOR	12,085.01	3,611.10	15,705.86	4,048.65
GVL	DEU	1,244,854.99		1,232,650.37	
HUZIP	CRO	1,478.79			
IFPI SE	SWE		34,541.52		34,103.45
INTERGRAM	CZE		541.82		529.60
IPF	SVN	1,257.84		1,194.95	
LSG	AUT	26,864.92		26,864.92	
NORMA	NLD	5,529.60		8,668.95	
NORWACO	NOR	3,779.60			
NUOVO IMAIE	ITA	33,394.69		33,394.69	
PLAYRIGHT C.V.B.A.	BEL	7,872.26		7,987.25	
PPL	GBR	45,807.73	4,413.28	37,570.08	6,366.82
RAAP	IRL	408.18		306.15	
SAMI	SWE	204,222.63		217,475.11	
SCF ITALIA	ITA		152.76		
SENA	NLD	7,320.64	1,170.70	8,454.69	1,122.48
SLOVGRAM	SLO			298.17	
SOUNDEXCHANGE	USA	59,523.94		58,689.48	8.15
SPEDIDAM	FRA	12,781.22			
STOART	POL	6,374.31		9,910.50	
SWISSPERFORM	SWI	8,888.43		10,514.07	
TOTAL		1,815,873.68	50,479.38	1,799,462.63	51,787.65

In international co-operation of collective management organisations, the principle is that the organisation collecting the remunerations deducts the administration expenses while the distributing organisation makes no such deductions.

No deductions other than Gramex's administration expenses deductions have been made from the amounts paid to foreign collective management organisations. The sums presented in the table are net sums after the administrative expense deduction. The paid amounts include remunerations collected over several years, deducted by the administration expense deduction of the respective year (table below). The amounts paid to foreign collective management organisations in 2022 were mainly collected in 2021. In the 2022 Christmas distribution, remunerations collected in January–June 2022 were also paid.

Gramex is unable to provide a breakdown of the allocations of amounts received from foreign organisations per category of right or per type of use since the collective management organisations paying the remunerations do not provide such information. Distribution agreements concluded with foreign collective management organisations concern radio and television use, background music use and private copying compensation. The received remunerations concern these types of use as a total amount of remuneration attributed to particular rightsholders. No administration expenses are deducted from amounts received from foreign collective management organisations.

General administration expenses concerning Gramex's distributions made between 2017 and 2022 have been deducted from and the investment income of these years has been correspondingly added to remunerations collected for phonograms used during the calendar years 2017–2022 in Finland and paid to rightsholders represented by foreign organisations under representation agreements during 2022.



Collection year -distribution	2017 2018:	2018 2018:	2019 2019:	2020 2020:	2021 2021:	2022 2022:
Administration expenses percentage	16.7 %	17.2 %	16.2 %	16.2 %	15.6 %	15.3 %
Investment income	5.4 %	0.0 %	0.0 %	1.5 %	2.0 %	1.02 %

Gramex does not deduct any management fees from remunerations paid to Gramex by foreign organisations on the basis of representation agreements during the year 2022.

The following table shows what kinds of representation agreements Gramex has with different organisations. “A” agreements mean an arrangement where the remunerations are distributed from the collecting organisation to another contracting party. “A” agreements usually follow a ‘bilateral model’, meaning that remunerations are transferred to and from both contracting parties. In a unilateral version of an “A” agreement, remunerations are transferred to only one contracting party. “B” agreements refer to an arrangement whereby collected remunerations remain with the collecting organisation.

GRAMEX’S REPRESENTATION AGREEMENTS WITH FOREIGN ORGANISATIONS 31 December 2021

Country	Producers Organisation	Type of agreement	Performers Organisation	Type of agreement
Argentina			CADIF	B
Belgium			PlayRight	A
Spain	Agedi	A	AIE	A
The Netherlands	SENA	A	SENA	A
Ireland			RAAP	A
Iceland			SFH	A
Great Britain	PPL	A	PPL	A
Italy	SCF	A	Nuovo IMAE	A
Austria			LSG	A
Japan			Geidankyo	A
Canada	Re:Sound	A	ACTRA	A
Canada			ARTISTI	A Unilateral model from Finland
Canada			MROC	A
Greece	Grammo	A		
Croatia			Huzip	A
Latvia	LaiPa	A	LaiPa	A
Lithuania	AGATA	agreement negotiations ongoing	AGATA	A
Malaysia			PRISM	B
Norway	Gramo	A	Gramo	A
Norway			Norwaco	A (private copying compensation)
Portugal			GDA	A
Poland			SAWP/STOART	A
France			Adami	A
France	SCPP	A	SPEDIDAM	A
Romania			Credidam	A
Sweden	IFPI Sverige	A	SAMI	A
Germany	GVL	agreement negotiations ongoing	GVL	A
Slovakia			Slovgram	A
Slovenia			Zavod IPF	A
Switzerland			Swissperform	A
Denmark	Gramex	A	Gramex	A
The Czech Republic	Integram	A	Integram	A
Ukraine	UMA	A	UMA	A
Ukraine	UMRL	A	UMRL	A
Hungary			EJI	A
Estonia	EFU	A	EEL	A
The United States			AFM & SAG -AFTRAA	A
The United States	SoundExchange	A	SoundExchange	A
Brazil	Abramus	A	Abramus	A

5 AUDITOR’S REPORT

To the members of Gramex – The Collective Management Organisation for Recorded Music in Finland

Audit of the financial statements

Opinion

We have audited the accounts, financial statements and administration of Gramex – The Collective Management Organisation for Recorded Music in Finland (Business ID 0201196-9), for the financial period 1 January–31 December 2022. The financial statements include the balance sheet, profit and loss statement, cash flow 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

The audit must be conducted in accordance with good auditing practice followed in Finland. The responsibilities under good auditing practice are further described in the Auditor’s responsibilities section of our report. The auditor must be independent of the society in accordance with the ethical requirements that are applicable in Finland and are relevant to the performed audit and must fulfill other ethical responsibilities in accordance with these requirements. We believe that we have acted in the aforementioned manner and that the audit evidence we have obtained is sufficient and appropriate to provide a basis for the audit opinion.

Responsibilities of the Board of Directors for the financial statements

The Board of Directors is 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 is also responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the organisation’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

The objectives of the auditor 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 the 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, the auditor must exercise professional judgment and maintain professional skepticism throughout the audit. In addition, the auditor must:

- 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 its 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' 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 organisation's ability to continue as a going concern. If it is concluded that a material uncertainty exists, the auditor draws attention in its auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, modifies its opinion. The 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.

The auditor communicates 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 the auditor identifies during the audit.

Other reporting requirements

Other information

The Board of Directors is responsible for the other information. The other information comprises the Annual Report.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, the auditor's responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to the Annual Report, it is also the auditor's responsibility to consider whether the Annual Report has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the Annual Report and financial statements is consistent with the information in the financial statements and that the Annual Report has 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 other information, we are required to report that fact. We have nothing to report in this regard.

Helsinki, 8 March 2023

AuditPlan Oy
Audit firm

Janne Immonen
AUTHORISED PUBLIC ACCOUNTANT

Auditor's report on separately agreed measures

To Gramex – The Collective Management Organisation for Recorded Music in Finland

We have performed the agreed-upon procedures listed below relating to the 2022 Transparency Report of Gramex – The Collective Management Organisation for Recorded Music in Finland.

The engagement has been carried out in accordance with the International Standard On Related Services (ISRS) 4400 "Engagements to Perform Agreed-upon Procedures regarding Financial Information".

The management and the Board of Directors of Gramex – The Collective Management Organisation for Recorded Music in Finland are responsible for the transparency report and for ensuring that the information provided are in accordance with the Finnish Act on Collective Management of Copyright. As the procedures listed below do not constitute either an audit in accordance with auditing standards or a review made in accordance with standards on review engagements, we do not express any assurance as the aforementioned standards would require. Had we performed additional procedures related to the transparency report or an audit in accordance with auditing standards or a review in accordance with standards on review engagements, other matters might have come to our attention that would have been reported to you.

The following agreed-upon procedures were performed for the sole purpose of allowing the organisation to assess whether the data presented in the transparency report are in accordance with the Act on Collective Management of Copyright and can be reconciled with the organisation's accounts, internal calculations and data in the Apollo system:

- 1) We established that the organisation's transparency reporting contains the information referred to in Article 22, section 2 of the Directive 2014/26/EU.
- 2) We established that the rights revenue for the year 2022 in the transparency reporting

are presented as per the nine defined form of use categories and can be reconciled with the accounts or internal calculations.

3) We established that the transparency report contains the 2022 financial statements required under law.

4) We established that the royalties paid to foreign organisations in the transparency reporting are presented as required under the provisions of the Act on Collective Management of Copyright on transparency reporting and the remunerations can be reconciled with the accounts and internal calculations from the Apollo system.

5) We found that the collected funds presented in the transparency reporting are presented in accordance with the provisions of the Act on Collective Management of Copyright on transparency reporting and the collected funds can be reconciled with the accounts and internal calculations.

6) We established that the copyright remunerations received from foreign copyright organisations presented in the transparency reporting and their allocation to rightsholders are presented as required under the provisions of the Act on Collective Management of Copyright on transparency reporting and the remunerations can be reconciled with the accounts and internal calculations from the Apollo system.

7) We established that the administration expenses percentages and the investment income percentages presented in the transparency report are based on the figures of the accounts.

8) We established that the funds collected by other Finnish collective management organisations for Gramex presented in the transparency reporting can be reconciled with the accounts and internal calculations.

9) We established that the total sums of the account of the transparency reporting on:

- a) placeholder funds attributed to phonograms;
- b) funds attributed to rightsholders and waiting for payment;
- c) funds paid to rightsholders; and
- d) funds remaining undistributed are balanced with the accounts and we reconciled, by way of spot checks,

form of use-specific information with the calculations of the Apollo system and the accounts.

With respect to the aforementioned procedures, we have found the following:

1) On the basis of procedures under item 1, we found that the organisation's transparency reporting contains the information referred to in Article 22(2) of the Directive.

2) On the basis of procedures under item 2, we found that the rights revenue for the year 2022 in the transparency reporting are presented as per the nine defined form of use categories and that the total sums match the accounts and internal calculations.

3) On the basis of procedures under item 3, we found that the transparency report contains the 2022 financial statements required under law and that a standard auditor's report has been given thereof.

4) On the basis of procedures under item 4, we found that the copyright remunerations paid to foreign copyright organisations presented in the transparency reporting are presented as required under the provisions of the Act on Collective Management of Copyright on transparency reporting and, on the basis of spot checks, the remunerations match the accounts and internal calculations from the Apollo system.

5) On the basis of procedures under item 5, we found that the collected funds presented in the transparency reporting are presented in accordance with the provisions of the Act on Collective Management of Copyright on transparency reporting and the collected funds can be reconciled with the accounts and internal calculations.

6) On the basis of procedures under item 6, we found that the copyright remunerations received from foreign copyright organisations presented in the transparency reporting and their allocation to rightsholders are presented as required under the provisions of the Act on Collective Management of Copyright on transparency reporting and, on the basis of spot checks, the remunerations match the accounts or internal calculations from the Apollo system.

7) On the basis of procedures under item 7, we found that the administration expenses

percentages and the investment income percentages presented in the transparency report are based on the figures of the accounts and information from the financial statements and the Transparency Report for the financial period and the previous year.

8) On the basis of procedures under item 8, we found that the funds collected by other Finnish collective management organisations for Gramex presented in the transparency reporting match the accounts and, on the basis of spot checks, internal calculations.

9) On the basis of procedures under item 9, we found that:

- a) placeholder funds attributed to phonograms matched the accounts and, on the basis of spot checks, form of use-specific information in the Apollo system and the calculations of the accounts
- b) funds attributed to rightsholders and waiting for payment matched the accounts and, on the basis of spot checks, form of use-specific information in the Apollo system and the calculations of the accounts
- c) funds paid to rightsholders matched the accounts and, on the basis of spot checks, form of use-specific information in the Apollo system and the calculations of the accounts
- d) funds remaining undistributed matched the accounts.

Our report is intended solely for the purpose set forth in this report and is not to be used for any other purpose. This report relates only to the transparency report specified above and does not extend to the financial statements of Gramex – The Collective Management Organisation for Recorded Music in Finland as a whole.

Helsinki, 14 April 2023

AuditPlan Oy
Audit firm

Janne Immonen
AUTHORISED PUBLIC ACCOUNTANT