

TRANSPARENCY REPORT 2021



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

MUSIC MAKES GOOD THINGS HAPPEN

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.

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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 copyright legislation. Gramex's operation involves phonogram licensing and the collection of the remunerations referred to in the Copyright Act and their prudent investment and distribution to rightsholders.

Licensing

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

Gramex has approximately 32,000 user customers who use phonograms in their operations. Background music customers receive music use agreements and music licenses through GT Music Licences Ltd. 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 organisation's meeting. Everyone entitled to remunerations collected by Gramex has the right to become a member of Gramex.

Distribution of remunerations

The funds paid to rightsholders during the financial period amounted to EUR 21.1 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 2020 were paid in April 2021, and performance remunerations collected in January–June 2021 were paid in December 2021. 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 2.0% will be allocated to the copyright income collected in 2021

Operating costs

The costs of Gramex's operations amounted to EUR 3.53 (3.51) million in 2021. On 31 December 2021, Gramex employed 20 (21) people.

The administration expenses deduction for the year 2021 is an amount corresponding to the costs arising from Gramex's administration, EUR 3.531 (3.515) million.

Rights revenue 2021 (EUR)

Radio and television use	8,381,861
Retransmission	35,817
Background music	8,179,271
Internet and data network	3,593,075
Audio and video recordings	1,039,690
Private copying levy	1,222,856
Music video	20,087
Term of protection	133,777
Remuneration from abroad	1,184,193
TOTAL	23,790,631



On 25 May 2022, 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.

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1 BALANCE SHEET

(Annex to the Directive, point 1. a)

	BALANCE SHEET 31 December 2021 EUR	BALANCE SHEET 31 December 2020 EUR
ASSETS		
NON-CURRENT ASSETS		
Intangible assets		
IT systems	145,576.85	189,859.12
Major improvements	0.00	5,451.22
Intangible assets total	145,576.85	195,310.34
Tangible assets		
Machinery and equipment	226,236.96	86,226.11
Other tangible assets	550.00	550.00
Tangible assets total	226,786.96	86,776.11
Investments		
Shares and similar rights of ownership	483,100.03	483,100.03
Investment portfolios	25,717,778.50	24,461,020.39
Reserves	109,017.81	0.00
Total investments	26,309,896.34	24,944,120.42
TOTAL NON-CURRENT ASSETS	26,682,260.15	25,226,206.87
CURRENT ASSETS		
Non-current receivables		
Loan receivables	950,000.00	950,000.00
Other receivables	79,126.00	0.00
Total non-current receivables	1,029,126.00	950,000.00
Short-term receivables		
Accounts receivable	1,609,646.77	1,315,537.17
Loan receivables	0.00	300,000.00
Other receivables	0.00	35,164.83
Accrued income	1,657,097.66	1,489,408.15
Total current receivables	3,266,744.43	3,140,110.15
Cash in hand and at bank	1,818,705.81	5,338,277.90
TOTAL CURRENT ASSETS	6,114,576.24	9,428,388.05
TOTAL ASSETS	32,796,836.39	34,654,594.92

EQUITY AND LIABILITIES

	BALANCE SHEET 31 December 2021 EUR	BALANCE SHEET 31 December 2020 EUR
EQUITY		
Promotion activities reserves		
Promotion activities reserves	367,525.36	267,888.51
Total promotion activities reserves	367,525.36	267,888.51
TOTAL EQUITY	367,525.36	267,888.51
LIABILITIES		
Current liabilities		
Remuneration liability (invoiced, investment income)	16,458,975.79	17,844,024.19
Remuneration liability in payment process	14,129,153.07	15,123,237.52
Accounts payable	159,306.14	105,341.62
Other liabilities	758,045.87	824,654.95
Accrued expenses and liabilities	923,830.16	489,448.13
Total current liabilities	32,429,311.03	34,386,706.41
TOTAL LIABILITIES	32,429,311.03	34,386,706.41
TOTAL EQUITY AND LIABILITIES	32,796,836.39	34,654,594.92

2 PROFIT AND LOSS STATEMENT AND CASH FLOW STATEMENT

(Annex to the Directive, point 1. a)

PROFIT AND LOSS STATEMENT	2021 EUR	2020 EUR
Revenue		
Other revenue	150,868.58	20,261.20
Total revenue	150,868.58	20,261.20
Expenses		
Personnel expenses	-1,636,235.73	-1,590,806.35
Depreciation	-179,628.12	-175,526.02
Other expenses	-1,866,446.26	-1,768,631.99
Total expenses	-3,682,310.11	-3,534,964.36
Administration expenses deduction	3,531,441.53	3,514,703.16
Promotion activities		
Transfer from investments and financing activities	4,630.22	21,973.23
Statute-barred remuneration liabilities	5,426,633.37	3,547,747.38
Other expenses related to promotion activities	-5,331,626.73	-3,865,450.70
Total expenses for promotion activities	99,636.86	-295,730.09
Covered by promotion activities reserve	-99,636.86	295,730.09
SURPLUS/DEFICIT	0.00	0.00
Investment and financing activities		
Revenue/Expenses	549,969.44	2,042,822.77
Transfer to remuneration payments	-331,881.97	-1,177,199.95
Transfer to later conclusion	-213,457.25	-843,649.59
Transfer to the promotion activities reserve	-4,630.22	-21,973.23
	0.00	0.00
SURPLUS (DEFICIT) FOR THE FINANCIAL PERIOD	0.00	0.00

3 ANNUAL REPORT

(Annex to the Directive, point 1. a)

The COVID-19 pandemic continued to cast a shadow over the activities of 2021, but the impact was lower than in the previous year. Gramex's remuneration accrual returned to almost the same level as in 2019, the year before COVID-19. The customers' business restrictions caused by the pandemic affected in particular the remunerations of background music and commercial radios. This fall was compensated by a strong increase in remunerations from abroad and an increase in remunerations in some other areas. It is still uncertain whether the remunerations from abroad will continue to remain at the same record high level.

Remunerations collected in the early part of 2021, as allowed by the Apollo rights management system, were distributed in December. Remunerations amounted to a total of EUR 21.1 million (19.3 million in 2020). Of this sum, EUR 8.8 million was paid to performer customers and EUR 12.3 million to producer customers. Gramex's remuneration accrual totalled EUR 23.791 million (22.504 million in 2020).

At the end of the financial period, Gramex had 60,466 rightsholder customers. Gramex collected remunerations from approximately 32,000 music users. Media customers are mainly served directly by Gramex and background music customers are mainly served by GT Music Licences Ltd.

In spite of 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. Gramex employees worked remotely for

most of the year. In addition to COVID-19, the year was influenced by the office move, which took place in March 2021.

The transposition 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.

COVID-19 will continue to bring risks to Gramex's operations in the coming year. In the longer term, risks may also be associated with technical development, legislation or consumption patterns, but they cannot be anticipated at this point.

3.1. LICENSING AND POSSIBLE REFUSAL TO LICENSE

(Annex to the Directive, point 1. c)

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

Gramex has approximately 32,000 user customers who use phonograms in their operations. Background music customers receive music use agreements and music licenses through GT Music Licences Ltd. 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. GRAMEX'S 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 copyright legislation. Gramex's operation involves phonogram licensing and the collection of the remunerations referred to in the Copyright Act and their prudent 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.

CASH FLOW STATEMENT

	2021 EUR	2020 EUR
Cash flows from operating activities		
Payments received from sales	23,705,297.39	23,573,811.21
Payments for operating expenses (including withhold-ing of tax)	-4,724,671.60	-4,882,112.37
	18,980,625.79	18,691,698.84
Cash flows from operating activities		
Cash flows from investments		
Investments in tangible and intangible assets	-196,470.43	-50,458.13
Investments in other investments	-12,500,000.00	-15,710,000.00
Payments received from investments	12,240,510.66	21,703,159.49
Cash flows from investments	-455,959.77	5,942,701.36
Cash flows from operations and investments	18,524,666.02	24,634,400.20
Cash flow from distributions and promotion activities:		
Distribution to domestic and foreign rightsholders (net)	-20,133,244.55	-18,072,663.76
Promotion activities	-1,910,993.56	-3,152,864.97
Change in cash and cash equivalents	-3,519,572.09	3,408,871.47
Cash and cash equivalents at the beginning of the financial period	5,338,277.90	1,929,406.43
Cash and cash equivalents at the end of the financial period	1,818,705.81	5,338,277.90
	-3,519,572.09	3,408,871.47

Gramex customers by role (rightsholders)

Performer	40,558
Producer	3,621
Music video producer	215
Performer and producer	15,621
Performer and music video producer	20
Producer and music video producer	257
Performer & producer & music video producer	174
Total	60,466

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 organisation's meeting. Everyone entitled to remunerations collected by Gramex has the right to become a member of Gramex.

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

- Recording for educational activities (Copyright Act, section 14). This approval was valid until the end of the year 2021 and a new approval decision has been made for 2022–2026.
- 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 Representation to License Certain Webcasting;
- Protocol to Extend the Agreement on Reciprocal Representation to License Certain Webcasts; and
- Agreement on Reciprocal Representation to License certain On-Demand offerings of Audio and Audiovisual Programs.

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

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

Gramex has a joint venture GT Music Licences Ltd (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 8.4 million for the rightsholders of Gramex in 2021.

Gramex has co-founded the Finnish Music Foundation MES (Musiikin edistämissäätiö sr, 2502897-4) together with Teosto. Gra-

mex 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 six members of Tekijänoikeusakatemia 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 general meeting comprised of the Chair Tuija Brax and the ordinary members Antti Kotilainen, Matti Lappalainen, 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 231,840.

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)

Gramex introduced a new client management and distribution system in the spring of 2017. The first distributions made with the new system covered remunerations collected in 2016 for performance and use. Earlier remunerations were distributed and paid using Gramex's old system. As a result, reports still show some distributions and payments made using the old system. In practice, Gramex's system performs distribution calculations and payments of remunerations automatically for three or more previous collection years.

With the new systems, a new categorisation of forms of use was also taken into use, and it applies to remunerations collected in 2016 and thereafter.

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

Gramex invoiced a total of EUR 23.79 (22.5) 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 client 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 2021 was EUR 0.550 (2,043) million. Investment income of 2.0% will be allocated to the copyright income collected in 2021, and the remainder will be transferred to the interest reserves for coming years. Investment income will not be subject to any administration expenses deduction. Before the allocation of the investment income, the expenses of invest-

ment activities and investment losses will be deducted from them. The expenses of investment activities and investment losses were EUR 0.210 million in 2021.

The result from investment activities was allocated as follows: EUR 0.332 (1.177) million to the investment income of the distribution and EUR 0.213 (0.844) million to funds distributed later, EUR 0.005 (0.022) 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 3.53 (3.51) million in 2021. On 31 December 2021, Gramex employed 20 (21) people.

The administration expenses deduction for the year 2021 is an amount corresponding to the costs arising from Gramex's administration, EUR 3.531 (3.515) million.

In 2021, the amount of remuneration subject to the expense deduction was EUR 22.606 (21.685) million. The costs arising from administration totalled EUR 3.531 million in 2021. The percentage of the administration expenses deduction for the remunerations collected in 2021 was thus 15.6%. The correspondingly calculated percentage for remunerations collected in 2020 was 16.2%

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



Rights revenue 2021 (EUR)

		Administration expenses
Radio and television use	8,381,862	-1,309,364
Retransmission	35,818	-5,595
Background music	8,179,271	-1,277,717
Internet and data network	3,593,074	-561,289
Audio and video recordings	1,039,691	-162,414
Private copying levy	1,222,857	-191,027
Music video	20,088	-3,138
Term of protection	133,777	-20,898
Remuneration from abroad	1,184,194	
TOTAL	23,790,632	-3,531,442

of rights, using instead the annually determined percentage for all categories of managed rights.

The administration expense percentage for 2021 was determined using the following method:

- A: Net expenses of operation for 2021
- B: Amount of remuneration collected in 2021 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.

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 2020 were paid in April 2021, and performance remunerations collected in January–June 2021 were paid in December 2021. 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 re-

ipients 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 an itemisation 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 2021 and earlier amounted to EUR 30.59 million in the financial statements of 31 December 2021
- 3.7.2. Funds attributed to phonograms (placeholders): EUR 10,934,111.25 has been attributed to phonograms whose incomplete phonogram or rightsholder information still prevent allocation to rightsholder
- 3.7.3. Funds attributed to rightsholders: EUR 3,101,418.98 has been allocated to rightsholders to wait for distribution but payment has not yet been made
- 3.7.4. Funds paid to rightsholders: EUR 21,102,534.28 was paid out to rightsholders in 2021
- 3.7.6. Undistributed funds: EUR 4.57 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 30.59 (32.97) million in undistributed remuneration liabilities.

- Remuneration liability awaiting distribution process amounts to EUR 16.46 million.

- Remuneration liability (placeholders and remunerations waiting for payment) in the distribution system amounts to EUR 14.05 million.
- EUR 0.08 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 23.791 million in remunerations during the financial year 2021. Of the remunerations invoiced in 2021, a total of EUR 12.365 million was waiting to enter the distribution process at the end of the year. Of the remunerations invoiced in 2021, a total of EUR 1.762 million was in placeholder mode at the end of the year. Of the remunerations invoiced during the financial period 2021, a total of EUR 9.664 million was allocated to rightsholders during the year. Of the remunerations invoiced during the financial period 2021, a total of EUR 14.127 million had not yet been allocated to rightsholders by the end of the year.

Funds collected but not yet allocated to rightsholder	2014	2015	2016	2017	2018	2019	2020	2021	Total
Radio and television use:	3,682.94	0.00	0.00	0.00	917,637.96	1,113,131.88	1,355,594.74	6,262,378.66	9,652,426.17
Background music:	0.00	0.00	0.00	0.00	920,586.03	770,368.69	824,840.03	5,136,555.76	7,652,350.51
Internet and data network:	0.00	0.00	5745	1,092,024.42	1,004,022.17	377,413.29	967,224.98	1,571,780.33	5,012,522.63
Audio or video recordings:	0.00	183.56	88.11	173.28	210,911.97	215,063.59	238,882.29	471,939.91	1,137,242.72
Private copying levies:	0.00	0.00	0.00	0.00	143,845.80	106,952.22	87,340.01	318,102.82	656,240.85
Music videos:	0.00	0.00	0.00	0.00	7,703.58	4,208.58	22,528.50	1,783.72	36,224.38
Term of protection:	0.00	0.00	0.00	0.00	0.00	34,464.88	46,924.81	133,777.09	215,166.78
Remuneration from abroad:	0.00	0.00	0.00	0.00	0.00	0.00	0.00	225,804.22	225,804.22
Investment income:	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,987,345.52	1,987,345.52
Foreign representation agreements:	0.00	0.00	2,306.52	2,082.87	4,226.14	678.80	7,409.04	4,657.94	21,361.31
Back to distribution:	0.00	0.00	0.00	0.00	212,681.69	121,743.09	462,374.07	0.00	796,798.85
Remuneration liabilities in old financial management system:	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	3,682.94	183.56	2,452.08	1,094,280.57	3,421,615.33	2,744,025.04	4,013,118.47	16,114,125.97	27,393,483.94

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 Gramex 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 10.934 million at the end of the financial period on 31 December 2021. A detailed breakdown is provided in the tables below:

Placeholder/producers: Collection period	2014	2015	2016	2017	2018	2019	2020	2021	Total
Radio and television use:	1,281.14				268,107.11	305,764.85	350,004.74	224,945.92	1,150,103.77
Background music:					534,834.23	268,451.48	274,124.69	174,319.18	1,251,729.58
Internet and data network:			43.28	811,817.78	548,751.44	132,313.73	500,655.14	501,811.37	2,495,392.74
Audio or video recordings:		183.56	66.37	86.64	207,358.87	202,377.56	223,769.19	87,970.72	721,812.91
Private copying levies:					39,577.19	74,647.62	36,235.78		150,460.59
Music videos:					5,949.31	3,219.42			9,168.73
Foreign representation agreements: Abroad (organisations) *			100.10	777.33	4,226.14	678.80	7,409.04	4,657.94	17,849.35
Others:									0.00
Back to distribution:					212,681.69	121,743.09	462,374.07		796,798.85
	1,281.14	183.56	209.74	812,681.76	1,821,485.99	1,109,196.56	1,854,572.64	993,705.12	6,593,316.51
Placeholder/performers: Collection period	2014	2015	2016	2017	2018	2019	2020	2021	Total
Radio and television use:	2,401.80				560,094.65	577,668.99	631,629.34	389,482.37	2,161,277.15
Background music:					385,751.79	501,917.21	550,715.34	323,845.71	1,762,230.06
Internet and data network:			14.17	3,466.62	17,964.64	56,090.56	76,909.83	53,206.48	207,652.30
Audio or video recordings:			21.74	86.64	3,553.10	5,225.38	5,218.48	1,597.04	15,702.38
Private copying levies:					104,268.61	32,304.60	51,104.23		187,677.44
Music videos:					1,754.27	989.16			2,743.43
Foreign representation agreements: Abroad (organisations) *			2,206.42	1,305.54					3,511.96
Others:									0.00
Back to distribution:									0.00
	2,401.80	0.00	2,242.33	4,858.80	1,073,387.06	1,174,195.92	1,315,577.23	768,131.60	4,340,794.74

Placeholder/total:	Total
Radio and television use:	3,311,380.92
Background music:	3,013,959.64
Internet and data network:	2,703,045.05
Audio or video recordings:	737,515.29
Private copying levies:	338,138.03
Music videos:	11,912.16
Foreign representation agreements: Abroad (organisations) *	21,361.31
Others:	0.00
Back to distribution:	796,798.85
	10,934,111.25

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 2021 is delivered to foreign copyright organisations that have concluded a representation agreement with Gramex and represent performers starting from March 2022.

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 2021 for the use of phonograms in 2020. The remunerations for the use of phonograms in January–June and July–December/ 2021 will be mainly paid during the year 2022 if the foreign organisations are able to process the data regarding use in Finland.

- As of the beginning of 2022, information concerning producers' placeholder phonograms arising in the distributions of the year 2021 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 2020 and 2021 (collected mainly in 2019 and 2020) have been published on Gramex's website in December 2021. 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 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 moment they are paid. The remuneration sums transferred to the rightsholder are simulta-

Assets allocated to rightsholders transferred between 1 January and 31 December 2021 to wait for payment

Form of use	Producers	Performers	Total
Radio and television use:	3,217,890.04	2,958,814.23	6,176,704.27
Background music:	3,247,784.21	2,984,196.99	6,231,981.20
Internet and data network:	1,808,007.45	1,282,514.52	3,090,521.97
Audio or video recordings:	678,906.89	219,379.09	898,285.98
Private copying levies:	469,079.48	392,249.78	861,329.26
Music videos:	6,421.04	2,259.60	8,680.64
Foreign representation agreements:	76,243.02	1,183,261.49	1,259,504.51
Abroad (organisations):	0.00	5,000.00	5,000.00
Others:	0.00	37,426.58	37,426.58
Back to distribution:	3,609,534.26	0.00	3,609,534.26
Transferred from old system:	0.00	0.00	0.00
Total	13,113,866.38	9,065,102.28	22,178,968.66

neously automatically removed from the balances of individual phonograms (placeholders).

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 2021, Gramex had a total of EUR 3.101 million in collected remunerations which had been individually allocated to rightsholders but were still waiting for payment. In Gramex's operation, no differ-

ence 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	2014	2015	2016	2017	2018	2019	2020	2021	Total
Radio and television use:	370.36				101,057.47	125,991.69	157,618.72	95,727.59	480,765.83
Background music:					117,400.68	121,282.09	158,176.19	90,859.09	487,718.06
Internet and data network:				70,231.04	156,027.52	89,789.94	119,519.14	55,053.40	490,621.05
Audio or video recordings:			187.72		34,795.65	46,118.02	57,425.34	13,931.18	152,457.91
Private copying levies:					32,828.86	36,431.81	39,283.13		108,543.80
Music videos:					991.55	0.00	2.89	43.01	1,037.46
Foreign representation agreements:			129.37	271.24	-157.21	154.70	820.23	234.00	1,452.33
Abroad (organisations)*									0.00
Others:									0.00
Back to distribution:					65,069.88	35,030.98	203,485.28		303,586.15
	370.36	0.00	317.10	70,502.27	508,014.42	454,799.22	736,330.93	255,848.27	2,026,182.58





Waiting for payment/performers:

Collection period	2014	2015	2016	2017	2018	2019	2020	2021	Total
Radio and television use:	210.94				63,582.01	73,995.32	119,644.48	82,367.63	339,800.38
Background music:					72,587.67	92,992.39	139,734.92	87,765.58	393,080.55
Internet and data network:			26.56	4,936.24	8,295.49	19,063.16	55,709.77	59,296.25	147,327.47
Audio or video recordings:					4,138.78	74,889.68	7,171.85	2,272.39	88,472.69
Private copying levies:					14,933.42	11,944.65	29,359.80		56,237.87
Music videos:					250.61				250.61
Foreign representation agreements:			574.74	715.06	10,856.81	1,713.65	10,308.18	13,824.30	37,992.74
Abroad (organisations) *									0.00
Others:					2,267.81	2,611.94	4,150.67	3,043.65	12,074.08
Back to distribution:									0.00
	210.94	0.00	601.30	5,651.30	176,912.60	277,210.79	366,079.67	248,569.79	1,075,236.40

Waiting for payment/total:

	Total
Radio and television use:	820,566.21
Background music:	880,798.61
Internet and data network:	637,948.52
Audio or video recordings:	240,930.60
Private copying levies:	164,781.66
Music videos:	1,288.07
Foreign representation agreements:	39,445.08
Abroad (organisations) *	0.00
Others:	12,074.08
Back to distribution:	303,586.15
	3,101,418.98



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 21.1 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 2021, Gramex paid the following collected remunerations classified by form of use and rightsholder group:

Paid/producers:

Collection period	2014	2015	2016	2017	2018	2019	2020	2021	Total
Radio and television use:	-158.91		-0.36	-129.49	-30,364.49	-55,349.78	-1,535,806.39	-1,418,533.12	-3,040,342.54
Background music:				-153.95	-50,124.85	-55,810.06	-1,594,123.03	-1,376,280.31	-3,076,492.19
Internet and data network:			-53.12	-169,484.48	-137,049.31	-101,562.06	-746,323.29	-514,179.93	-1,668,652.18
Audio or video recordings:			-111.87	-21.62	-38,207.56	-26,140.27	-409,389.45	-147,114.23	-620,985.00
Private copying levies:				-2.63	-5,215.53	-6,444.40	-432,893.24		-444,555.80
Music videos:								-6,378.02	-6,378.02
Foreign representation agreements:			-11.54	-61.64	-24.46	-39.84	-36,057.08	-39,089.72	-75,284.28
Abroad (organisations) *									0.00
Others:									0.00
Back to distribution:					-20,249.48	-24,586.18	-3,366,698.47		-3,411,534.13
	-158.91	0.00	-176.88	-169,853.81	-281,235.68	-269,932.58	-8,121,290.94	-3,501,575.33	-12,344,224.14

Paid/total:	Total
Radio and television use:	-5,905,188.79
Background music:	-5,944,321.24
Internet and data network:	-2,884,691.98
Audio or video recordings:	-835,416.23
Private copying levies:	-823,588.14
Music videos:	-9,195.96
Foreign representation agreements:	-1,248,478.58
Abroad (organisations) *	-5,000.00
Others:	-3,5119.24
Back to distribution:	-3,411,534.13
	-21,102,534.28

Paid/performers:

Collection period	2014	2015	2016	2017	2018	2019	2020	2021	Total
Radio and television use:	-187.40		-4.17	-44.04	-49,626.14	-89,405.52	-1,458,222.36	-1,267,356.63	-2,864,846.25
Background music:			-1.84	-37.30	-40,153.46	-83,596.13	-1,514,93.03	-1,229,847.28	-2,867,829.05
Internet and data network:			-28.68	-113,700.26	-125,454.41	-119,304.56	-386,501.63	-471,050.26	-1,216,039.79
Audio or video recordings:		-0.01	-0.09	-1.05	-10,535.51	-5,613.85	-145,485.32	-52,795.41	-214,431.24
Private copying levies:			-894.43	-2,522.68	-16,810.76	-12,671.47	-346,133.01		-379,032.34
Music videos:					-146.19	-412.15	-2,259.60		-2,817.94
Foreign representation agreements:			-465.42	-15.45	-769.95	-732.75		-1,171,210.73	-1,173,194.30
Abroad (organisations) *								-5,000.00	-5,000.00
Others:					-358.98		-377.33	-34,382.93	-35,119.24
Back to distribution:									0.00
	-187.40	-0.01	-1,394.63	-116,320.77	-243,855.40	-311,736.42	-3,853,172.28	-4,231,643.23	-8,758,310.14

*Breakdown of remunerations paid abroad (organisations) in 2021 (from old system):

	Producer	Performer	Total
INTERGRAM 2015-2016	0.00	5,000.00	5,000.00
	0.00	5,000.00	5,000.00

4.5. DISTRIBUTION

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

During 2021, Gramex performed the following main distributions and the related payments:

- 27 April 2021 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/2020)

- 31 August 2021 an extra distribution mainly to producers. The remunerations consisted of, for example, statute-barred remunerations returned to distribution and private copying levies to producers.

- 10 December 2021 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/2021)

In connection with all distributions, 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 4.57 million, EUR 0.28 million of which were from 2017 and EUR 4.29 million from 2018. The performers' share was EUR 1.66 million and the producers' share EUR 2.91 million. The general meeting of spring 2022 decides on the use of the funds which have become statute-barred by the turn of the year 2021/2022.

Gramex's statutory general meeting decides annually on the use of statute-barred and undistributed funds. Gramex has pub-

lished a list of unidentified phonogram tracks (placeholders) on its website with the aim of identifying unknown rightsholders.

The annual general meeting of 7 June 2021 decided on the use of funds which remained undistributed on and had become statute-barred on 31 December 2020. It was determined that EUR 0.85 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 1.69 million, was transferred to the promotion activities reserve and the producers' share, 3.74 million, was returned to the distributed funds.

During the business year, Gramex supported the operation of Esittäjän säveltaiteen edistämissäätiö sr (ESES) with the funds from the promotion activities reserve with a total of EUR 1.60 million.

4.7. - 4.10. OTHER COLLECTIVE MANAGEMENT ORGANISATIONS (Annex to the Directive, points 2. d, i, ii and iv)

Kopioisto provides licenses to retransmit and use certain audio fixations and audiovisual 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 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.

Funds collected for Gramex by Finnish collective management organisations

Funds licensed on the basis of an extended collective licence

	KOPIOSTO	Administration expenses
Retransmission	EUR 35,817.60	EUR -5,595.21
Audio and video recordings	EUR 26,219.25	EUR -4,095.81
Total	EUR 62,036.85	EUR -9,691.02

Funds licensed by Gramex but invoiced by other collective management organisations

	TEOSTO	KOPIOSTO	Administration expenses
Background music	EUR 68,521.74		EUR -10,704.05
Internet and data network (online storage service for television programmes)		EUR 1,425,433.49	EUR -222,672.63
Total	EUR 68,521.74	EUR 1,425,433.49	EUR -233,376.68

Gramex conveyed EUR 2.251 million to foreign sister organisations under representation agreements. Gramex received EUR 1.184 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 administrative expense 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.



REMUNERATIONS FROM FOREIGN ORGANISATIONS AND THEIR ALLOCATION TO RIGHTSHOLDERS 2021

(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. 2021		FROM TO RIGHTSHOLDERS 1 Jan.–31 Dec. 2021	
		PERFORMER	PRODUCER	PERFORMER	PRODUCER
ABRAMUS	BRA	2,869.41		2,869.41	
ACTRA	CAN	891.66		1,072.79	
ADAMI	FRA	27,556.70		98,172.56	
AFM	USA	14.94		14.94	
AGATA	LTU	1,568.78		1,568.47	
AIE	ESP	6,180.20	52.29	11,295.09	
EEL	EST	469.30			
EJI	HUN	3,047.43		3,047.43	
GDA	PRT	19.63		19.63	
GEIDANKYO	JPN	7,972.35		8,677.33	
GRAMEX DK	DNK	23,553.16	2,673.68	28,647.84	2,668.89
GRAMO	NOR	13,953.08	4,187.29	10,697.84	4,455.40
GVL	DEU	585,392.78		585,392.78	
IFPI	SWE		39,454.33		78,506.47
IMAIE	ITA	12,025.58		12,025.58	
LAIPA	LVA	1,010.55		477.06	
LSG	AUT	7,142.72		7,142.72	
MTU Eesti Fonogrammitootjate	EST		4,184.60		852.84
NORMA	NLD	3,660.37		521.02	
Norwaco	NOR	1,465.49			
PLAYRIGHT C.V.B.A.	BEL	10,191.02		10,076.03	
PPL	GBR	36,268.97	832.70	43,616.99	1,063.67
RAAP	IRL	306.15		857.66	
SAMI	SWE	304,160.16		271,468.06	
SENA	NLD	10,085.27	858.49	9,133.89	38.21
SLOVGRAM	SVK	298.17			
SOUNDEXCHANGE	USA	47,645.69	7.40	48,910.08	7.37
SPEDIDAM	FRA	408.63		12,060.06	
STOART	POL	9,910.50		8,076.91	
SWISSPERFORM	CHE	13,874.04		11,592.12	
TOTAL		1,131,942.73	52,250.78	1,187,434.29	87,592.85

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

No deductions other than Gramex’s administrative expense 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 2021 were mainly collected in 2020. In the 2021 Christmas distribution, remunerations collected in January–June 2021 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 levies. 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 2014 and 2021 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 2014–2021 in Finland and paid to rightsholders represented by foreign organisations under representation agreements during 2021.

Collection year -distribution	2014 2015:	2015 2016:	2016 2017:	2017 2018:	2018 2018:	2019 2019:	2020 2020:	2021 2021:
Administration expenses percentage	16.1 %	16.6 %	15.6 %	16.7 %	17.2 %	16.2 %	16.2 %	15.6 %
Investment income	6.5 %	9.3 %	3.0 %	5.4 %	0.0 %	0.0 %	1.5 %	2.0 %

Gramex does not deduct any management fees from remunerations paid to Gramex by foreign organisations on the basis of representation agreements during the year 2021.

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 levies)
Portugal			GDA	A
Poland			SAWP/STOART	A
France			Adami	A
France	SCPP	agreement negotiations ongoing	SPEEDIDAM	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
Hungary			EJI	A
Russia	RPA	A		
Estonia	EFU	A	EEL	A
The United States			AFM & SAG -AFTRA	A
The United States	SoundExchange	A	SoundExchange	A
Brazil	Abramus	A	Abramus	A

5 AUDITOR'S REPORT AND OPINION ON THE TRANSPARENCY 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 financial statements of Gramex – The Collective Management Organisation for Recorded Music in Finland (Business ID 0201196-9), for the financial period 1 January–31 December 2021. The financial statements include the balance sheet, income statement, cash flow statement and notes.

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

Basis for opinion

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

ficient and appropriate to provide a basis for our 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 organisation or to cease operations, or there is no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable as-

surance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organisation's internal control.
- Evaluate the appropriateness of accounting policies used and the reason-

ableness 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 we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the organisation to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including all of the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

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

Other reporting requirements

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, our responsibility is to read the other information and, in doing so, consider whether the other information is materially

inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. It is also our responsibility to consider whether the 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 Annual Report, we are required to report that fact. We have nothing to report in this regard.

Helsinki, 21 March 2022

Deloitte Oy
Audit firm

Ari Hakkola, APA Antti Rönkkö, APA

AUDITOR'S REPORT

Agreed-upon procedures

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

We have performed the agreed-upon procedures listed below relating to the 2021 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 2021 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 2021 financial statements required under law.

4) We established 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 the remunerations can be reconciled with the accounts and internal calculations from the Apollo system.

5) We established 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 2021 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 2021 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, the financial statements of the previous year and the 2021 transparency report.

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 the total sums of the account of the transparency report on:

- 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, 7 April 2022

Deloitte Oy,
Audit firm
Ari Hakkola, APA