



ANNUAL REPORT 2021



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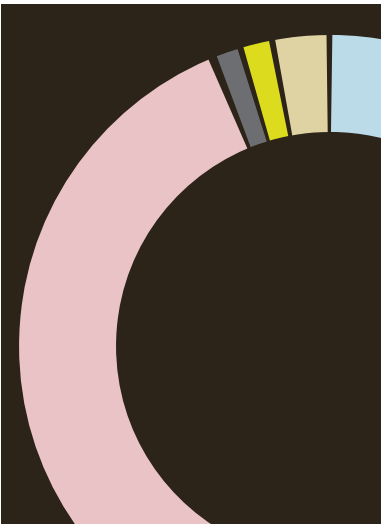


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This is Gramex' board in 2021

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A GOOD YEAR FOR GRAMEX

SARA INDRIO. PHOTO: ISAK HOFFMEYER

THE CHAIRMAN OF THE BOARD OF DIRECTORS' WRITTEN REPORT TO THE ANNUAL GENERAL MEETING

It is my first year as Chairman of the Board of Gramex and my first annual report. Fortunately, I can start by saying that despite all odds it has been a good year for Gramex. Although corona still had a major impact on Gramex, we come out with a small increase in revenue for 2021.

The board, together with Fie and the administration, have also been able to initiate the implementation of a new IT system. We have high expectations for the new system, which in particular shall help give you, the members, much better insights and more details about your played recordings and payments, than what is possible today.

There is also reason to celebrate that P6 Beat and P8 Jazz survived once again. The industry proactively made an effort to prevent them from being shut down. The data Gramex provided to support this effort helped create a solid foundation for the debate and focus on why the two channels are essential to ensure the diversity and breadth of especially Danish music played in Denmark. The industry succeeded, and the Ministry of Culture obtained extra funds for DR, to continue the radio channels through 2024.

2021 was also the year in which Gramex for the first time during the past 10 years we have kept statistics on the number of male and female artists, saw a woman in the Top 10 of most played Danish musicians on the radio!

Right now, we are all hoping the best for Ukraine. Gramex shows solidarity by withholding remuneration for our Russian sister organisation, similar to what we see a number of other organisations do. The global economy is affected, but what the war will mean for Denmark, for the music industry and for Gramex and you, our members, is too early to say. In any case, it affects us all, and at Gramex we send, in particular, our sympathy to civilians, including artists on both sides of the conflict.

THE RESULT OF THE YEAR ENDS 12 MILLION KRONER HIGHER THAN THE YEAR BEFORE

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s mentioned initially, in 2021 Gramex' revenue was higher than in 2020. In round numbers we end up at 213 million kroner, which is 12 million kroner more than the year before.

That we end up with such a decent result in an otherwise hard Covid-19 year is due to the fact that in 2021 we received an extraordinarily large income from the artists' group for distribution for the use of music videos on TV. The income which is the result of an agreement concluded between producers and artists, covers one multi-year period and adds up to approximately 25 million, which will be distributed to the artists in 2022. It is a revenue Gramex also in the coming years will benefit from on behalf of the artists. However, the amount going forward will be lower because the money will be distributed on an ongoing basis each year.

In return, Covid-19 particularly affected Gramex' revenue from shops, restaurants, gyms, bars, etc. The revenue in this area thus fell further by approx. 9.5 million kroner, corresponding to 13 percent compared to 2020. A decrease in this area hits Gramex particularly hard since it accounts for approx. 40 percent of Gramex' total revenue.

The revenue from the radio market bounced back and ended about 3.3 million kroner higher than the year before. However, in 2021 we experienced a slightly delayed consequence of Covid-19 regarding the revenue from abroad, which meant that income from abroad fell by just over 4.6 million kroner from 2020 to 2021. The total radio revenue for Denmark and abroad thus end up 1.3 million kroner below the total revenue in 2020.

The administrative costs for 2021 are also slightly below the cost for 2020, but the total costs for the year nevertheless end up around 1.4 million kroner over last year's total costs as a result of negative interest and capital losses during the past year.

Overall, this means that by 2021 Gramex will be distributing almost 188 million kroner, which is 10 million kroner more than in 2020. We are still far from our result in 2019, but we are bouncing back, and we hope that we will soon reach the same revenue as before Covid-19. However, it is likely that this does not happen until 2023 and maybe even 2024 before the market has fully recovered from the Covid-19 lock-downs. Furthermore, the war in Ukraine may very well to a greater or lesser extent affect the economy in Denmark and thus also Gramex' revenue stream.



NEW IT-SYSTEMS UNDERWAY

Gramex has entered into an agreement with an Austrian IT supplier regarding Apollon, which is an IT-system already used by several sister organisations abroad.

In 2021 Gramex has spent – and continues to spend – significant resources on the replacement of virtually all the organisation's IT-systems.

Everything from registration of data to matching played recordings with the different tracks for distribution and payment will no later than during 2023 be performed in our new systems.

Gramex has entered into an agreement with an Austrian IT-provider about the system Apollon, which is a system already used by several sister organisations abroad.

It's not just because of higher, justified expectations to insights and details regarding our payments that we replace our systems.

For many years Gramex has based its operation on older systems, which have been continuously maintained the best we can.

But the systems no longer meet our basic requirements and therefore a replacement is necessary to be able to maintain our core business going forward – especially at a time when the incoming data only continues to increase.

Again in 2021 new music is released like never before, and in a single year we have thus welcomed about 1,000 new members, just as we have received almost 6,000 new studio registration forms, where approximately every third is registered as a played recording.

We expect that the trend of increasing data volumes continues, and therefore, it is good news that in 2021 we have ensured that we can accommodate our members' activity by investing in new IT-systems.



Last year, we announced that during 2021 a bill would probably be put forward in the Danish parliament which would impose VAT on activities of management organisations such as Gramex. The proposal was submitted just before Christmas with the prospect of 2nd and 3rd reading during spring of 2022.

In 2021, Gramex also held discussions with the Danish Ministry of Culture on the consequences of the EU ruling handed down in 2020, which should lead to an expansion of Gramex' repertoire. This entails that Gramex must also represent e.g. US repertoire, which is a significant part of the music played in radio, television, etc. The Danish Ministry of Culture still has not initiated a change of the regulation which is responsible for the use of e.g. US repertoire not being paid for. This means that Gramex still cannot charge in for this use in accordance with the EU ruling.

Gramex has also negotiated new agreements in 2021. In particular, I want to highlight that after a lengthy negotiation process, Gramex could begin 2022 by having a new agreement with TV2 in place; a four-year agreement which continues the previous level of payment, unless conditions change significantly underway. Gramex expects to finalize a few more major agreements during 2022.

In 2021, we have also paid out 8.4 million kroner to the artists in areas where Gramex has undertaken the distribution task on behalf of the artists' organisations and Performex. This has entailed spending time getting the basis of the distributions in place. This means that we in 2021, for example, have paid for DR's use of published audio recordings in archive productions for 2018 and 2019. These pay outs will continue going forward as fixed annual payments.

In the artist's group, we have also initiated discussions on a revision of the current points system with the ambition to ensure a more transparent and easy-to-understand model. This work will also continue in 2022.

Finally, in 2021, Gramex has contributed data to a new major study of why there aren't more women in Danish music, and what the barriers and limitations are that the creative and performing artists of all genders experience. Almost 6,000 members of Koda and / or Gramex have answered the questionnaire sent by Analyze & Tal / KVINFO in the autumn, and many have chosen to elaborate on the answers with free text: All precious insights and data that help educating all of us in the industry on these matters.



2021 WAS SIMILAR TO 2020 A CHALLENGING YEAR FOR GRAMEX

BOUNCING BACK

2021 was similar to 2020 a challenging year for Gramex. But it was also a year with 12 million more in revenue, a year with lots of new Danish music and almost 6,000 studio recording forms from all you diligent members, a year of new important agreements and a new IT system under way.

We're bouncing back. Yes, it takes time - and it probably takes longer than expected after Covid-19 - but our products are fortunately completely unique; music possesses a unique power, and we are many who are now looking forward to a summer where we can enjoy music together again, just like before Covid-19.

I'm happy to be at the head of Gramex which continuously has its focus on optimization in - at times - a difficult market.

A Gramex that is both revenue- and cost-conscious, and which has its noblest task at the forefront: To distribute as much remuneration as possible to both producers and performing artists - that is, to all of you members.

Many thanks to Gramex' employees who work every day for the members. And a very special thank you to the management for working tirelessly to improve Gramex and secure earnings to rightsholders. Not least thanks to Laura and the rest of the board for their support of me and my board leadership.

Take good care of yourself, each other, and the music.

SARA INDRIØ
Chairman of Gramex' Board of Directors

GRAMEX' BOARD OF DIRECTORS

During the reporting period, the Board of Directors has, in addition to Morten Rosenmeier, who is elected as seventh member with special knowledge of copyright law, consisted of:



PERFORMERS RIGHTS GROUP:

Sara Indrio (chairman)
Jens Skov Thomsen
Nanna Klingsholm
Jesper Løvdal (deputy)

PRODUCERS RIGHTS GROUP:

Laura Littauer (deputy chairman)
Jakob Plesner Mathiasen
Søren Krogh Thompson
Morten Ingholt (deputy)

2021 IN STATS

36.466

performers in total

1.247

new performers in 2021

4.643

producers in total

132

new producers i 2021

27%

of the new members are women

73%

of the new members are men

1.641.680

tracks registered in total

28.503

tracks registered in 2021

5.831

studio recording forms in 2021

465

more than in 2020

45

international agreements

34

different countries

631

new ISRC codes in 2021

47

more than in 2020

9.030

user profiles on My Gramex

2.636

new profiles in 2021

213

million in turnover

12

million more than 2020

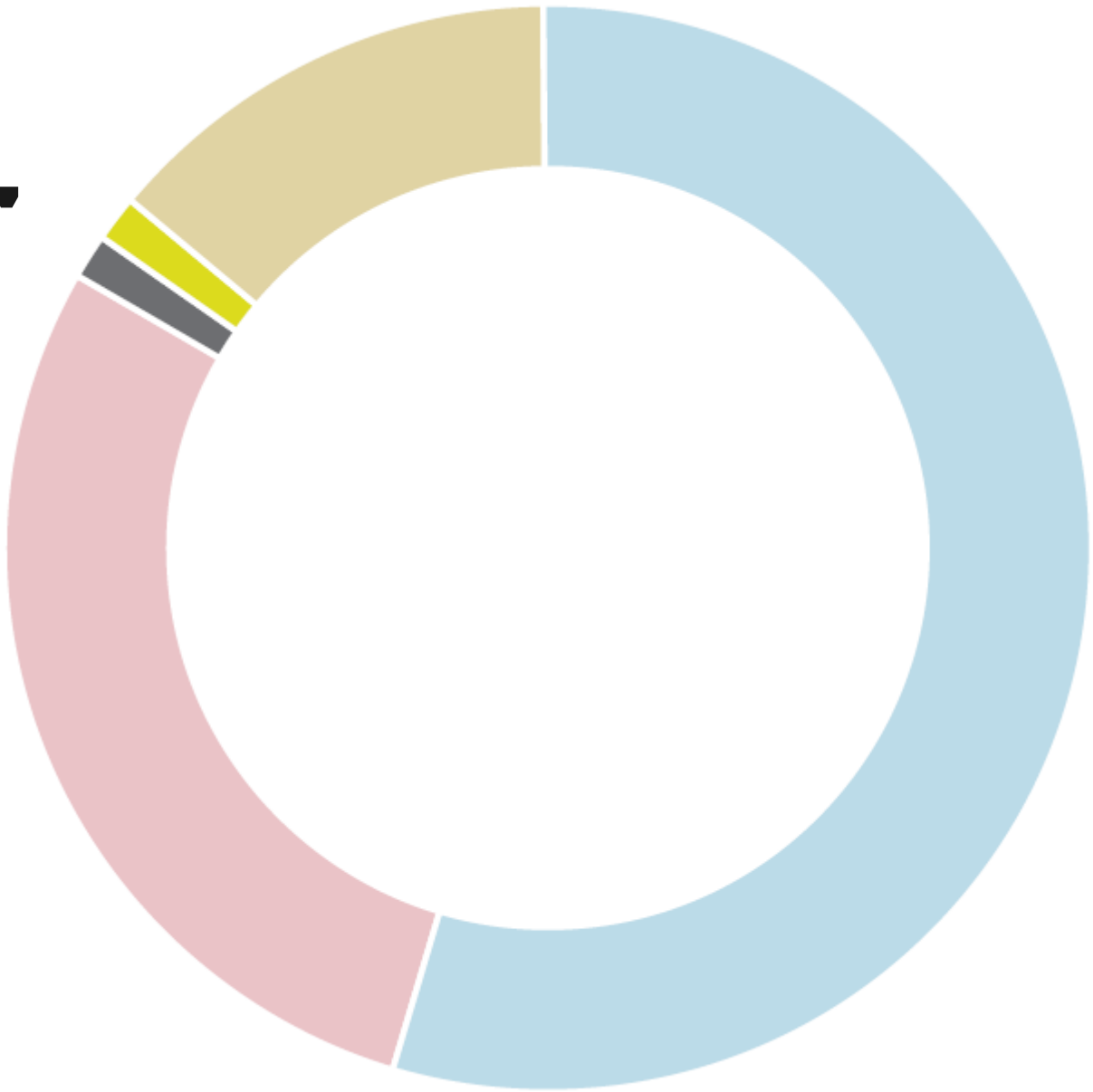
2.954

kroner paid out in average
to performers in 2021

16.268

kroner paid out in average
to producers in 2021

GRAMEX' INCOME IN 2021



Radio/tv Shops, cafes, restaurants etc. (via Koda) Other agreements \$68 Copying (producers) Distribution (performers)

