



GRAMO

ANNUAL REPORT 2019





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DEAR READER



At the time of writing, Norway has started a cautious reopening after the shutdown of large sections of society on 12 March 2020. The pandemic has affected us all and I will return to the consequences of this for Gramo.

A lot has happened in Gramo in 2019, both regarding business and organisation.

In 2019, Gramo and NRK reached a new agreement. This is the most significant agreement for Gramo's revenue side and we believe the agreement will be good for our rightsholders. This type of negotiation is always demanding, but with a competent and well-prepared negotiating committee, we have had a good process. I would like to thank Øystein Rudjord and Hans Ole Rian for their work.

The agreement with NRK will also include remuneration for the use of audio recordings in radio on-demand and in podcasts. After obtaining mandates, Gramo, after applying to the Ministry of Culture, was approved as a contractual license organization. This is our first agreement based on such a license and hopefully not the last. We are grateful for the trust the rightsholders organizations have shown us by giving us the mandates, and we will do our utmost to ensure that this will be a good solution.

Gramo has used considerable resources in recent years to develop a new core system. In 2019, this development is still in line with established budgets and, among other things, we have developed modules enabling us to perform distribution tasks on behalf of others. We currently have agreements with FONO, GramArt and Creo for supplying such services, and this is done on market terms. This will be a new business area for Gramo, where we get to use our data volumes and systems.

Our members and rightsholders organizations are always Gramo's focus, and we depend on good cooperation. After getting input, we have increasingly involved the members directly through the further development of our self-service solution Min Side during the past year. All members were invited to contribute in various ways in this development process and the response was good. This

has resulted in a so-called a design sprint, where Gramo employees, developers from the supplier Skalar AS and selected members have worked intensively on user testing and analysis. This gives us insight into what changes are needed and wanted, but also what possible changes not to proceed with. We have already launched several changes to Min Side and we hope this will be well received by the users.

A worldwide pandemic has consequences for the entire society. The closure affects almost all industries, but with varying degrees of impact. In Gramo's case, when businesses close, music is not used. This results in reduced remuneration. A decrease in advertising revenue for the commercial radio channels will also have a negative effect on the remuneration revenue. It is hard to estimate the total decline, but our rightsholders will receive lower payments from Gramo in 2021 than in normal years. This is most regrettable, as our rights holders are already greatly affected through a closed cultural life.

At Gramo, we have 27 employees who are doing their utmost in every way to get the rightsholders paid for the music they have created. We have systems and infrastructure that allow a close to normal operation from home offices. In addition to a great deal of commitment, this enabled us to expedite the main settlement for 2019. This was paid out on 23 March 2020, earlier than ever.

As the new managing director of Gramo, I want to thank the board for their trust and cooperation. I also appreciate conversations and meetings with the leaders of similar organizations, both in Norway and the Nordic countries. However, the biggest gratitude goes to my main partners, the employees of Gramo. Together we will continue to do our best for our rightsholders.

A handwritten signature in black ink that reads "Lars Bakketun". The signature is written in a cursive, slightly slanted style.

Lars Bakketun
Managing Director

ANNUAL REPORT 2019



Plus, relevant updates for the first quarter of 2020

GRAMO IN THE CORONA CRISIS

Because of the corona pandemic, all employees were asked to work from home from 11 March 2020. Technically and practically the transition went smoothly, seeing that all employees used laptops and mobile phones as their daily work tools. The employees have been able to receive and answer all enquires as usual. All Gramo's systems are available from home, and the communication platform Teams has already been used by our employees prior to this. Regular video meetings have been held by the management, and they have been in frequent contact with all employees. All things considered, Gramo has tried to run business as usual, an important principle in a crisis.

Due to the financially unstable situation the pandemic has created for artists, musicians, and companies, Gramo chose to expedite the main payment in 2020. On 23 March we paid out NOK 74 million to the members for radio play in 2019. Remuneration for other public performance and radio play abroad were also paid. Back payments for the years 2016 - 2019 will be paid out in mid-May.

On the revenue side, the only remuneration at a "normal" level in 2020 will be from NRK. The revenues for the commercial nationwide channels P4 and Radio Norge are declining. The Gramo remuneration for these stations is based on, among other things, turnover, and we expect a decrease in remuneration because of this. The Norwegian Local Radio Association has informed Gramo about a loss of advertising revenue for their members. They have proposed a limited reduction in the remuneration during the corona period.

The revenue area of "other public performance" is particularly affected. Many of Gramo's tariffs are based on the number of opening days. This makes invoicing difficult as opening days are now a highly uncertain factor. The marketing department is continuously evaluating the possibilities of on-account invoicing of these industries. The marketing department has a great deal of influence from industries that were invoiced in early 2020 and who are now unable to pay the invoice when due. Gramo has expedited the invoicing of less affected areas (municipalities, county municipalities and the like).

Because of the uncertainty regarding the length of this extraordinary situation, and what repercussions we will see, the revenue reduction for 2020 is difficult to estimate. However, the pandemic is certain to significantly reduce the collected remuneration and fees in 2020.

BUSINESS

Gramo was founded on 7 June 1989. The purpose of the association is to negotiate, collect, manage, and distribute remuneration to performing artists and producers for broadcasting and other publicly performed audio recordings as determined in section 21 of the Norwegian Copyright Act.

Gramo can also collect, manage, and distribute other types of remuneration that accrues to the same rights-holders. The offices are in Rosenkrantzgate 21, 0160 Oslo.

CONTINUED OPERATING

The annual report is given on the assumption of continued operation.

BOARD

The following board was elected at the general assembly on 3 June 2019:

Chairman:	Knut Ro
First vice chairman:	Marte Thorsby
Second vice chairman:	Harald Sommerstad
Members:	Erling Andersen
	Daniel Nordgård
	Eddie Nygren
	Hans Ole Rian

Deputy board members:	Nils Petter Hansson (for Knut Ro)
	Lena Midtveit (for Marte Thorsby)
	Ivar Peersen (for Harald Sommerstad)
	Erle Strøm (for Erling Andersen)
	Marius Øvrebø-Engemoen (for Daniel Nordgård)
	Øystein Rudjord (for Eddie Nygren)
	Ingvild Andrea Tellmann (for Hans Ole Rian)

At the general assembly in 2018 Knut Ro was elected external chairman for two years. At the constituent board meeting, Marte Thorsby and Harald Sommerstad were elected as first and second vice-chairman. The three constituted the executive committee with the managing director until the end of 2019. From 1 January 2020 Daniel Nordgård replaced Sommerstad as second vice chairman on the board and as member of AU.

SECTOR COMMITTEES

Board members and deputies have organized themselves in sector committees for the transaction of business relating to performers or producers, respectively. The managing director has attended the meetings.



Sector for producers

Sector for producers consisted of Andersen, Midtveit, Nygren, Rudjord, Strøm and Thorsby.

Sector for performers

The sector for performers consisted of Nordgård, Peersen, Rian, Sommerstad, Tellmann and Øvrebø-Engemoen.

RIGHTSHOLDERS ORGANIZATIONS

Organizations representing Norwegian performers or producers may apply to Gramo's board to be admitted as a rightsholders organization in Gramo. The organization needs a reasonable number of paying, eligible members, and the board emphasizes the organization's purpose and function. Rights holders organizations for performers are GramArt, Creo, Norsk Artistforbund, Norsk Tonekunstnersamfund, Folkorg, Norsk Skuespillerforbund, Norsk Lektorlag and Norsk Viseforum. IFPI, FONONO and NORA are rightsholders organizations for producers. The rightsholders organizations may represent proxy eligible members at Gramo's general meeting. There is a tradition of awarding rightsholders organizations organizational and project support from collective funds in Gramo (see page 14).

THE ADMINISTRATION

Staff and organization

By the end of 2019 Gramo had 27 employees. The number of man-years in 2019 was 25,2. Lars Bakketun is managing director. The association has an operations / maintenance and IT department, a marketing department, a finance department, a communications department, and staff.

Resignation of former managing director

In June 2019, the Board stated that they had reached an agreement with managing director Martin Grøndahl for his resignation after several violations of the regulations. For several years Grøndahl had engaged close associates on behalf of Gramo without authorization from the board in accordance with the rules of the organization. The assignments given by Grøndahl to close associates accrued to more than NOK 1 million from 2009 to 2019. Some of these assignments were not known to the Board, other management or Gramo employees. Based on the breaches, the Board of Directors concluded that Martin Grøndahl no longer had the Board's confidence. It was agreed that Grøndahl should resign.

Gender Equality

Gramo has 14 male and 13 female employees. Three out of four heads of departments are women.

Workplace Environment

Sick leave was 4,2 % in 2019 (vs 5,93 % in 2018). There were no cases of long-term absence in 2019, meaning absence of more than 8 weeks.

No workplace accidents have caused personal injury or material damage.

Morten Møller is Gramo's safety delegate.

Gramo conducts an annual work environment survey performed by Great Place To Work. Based on the results, and with assistance from Great Place To Work, specific measures have been implemented to improve the working environment. The survey from November 2019 showed a far better result than last year's survey. Further advancements are desirable in some areas, and this is a work in progress.

Environmental reporting

Gramo does its utmost to preserve the environment. However, some travel will be necessary in our operations.

COLLECTION OF REMUNERATION

NRK

In the fall of 2019, Gramo signed a new agreement with NRK. The new agreement is effective from 1 January 2018 and regulates both the level of remuneration and the model for future adjustment of the remuneration. Future adjustments will depend on changes in the consumer price index, music use and listening numbers.

An agreement was also made on NRK's use of audio recordings in radio on-demand and in podcasts. These are exclusive rights that Gramo does not manage, so mandates have been obtained from the relevant rightsholders organizations. Based on the agreement, and obtained mandates, Gramo applied for a license agreement for this area from The Ministry of Culture. The Ministry granted the application in March 2020.

P4

The agreement signed with P4 in 2011 was continued without changes in 2018. Calculation of remuneration is made in accordance with the calculation model issued by the board, and considers both music use, revenue, and coverage. In 2020, negotiations will be conducted on a new agreement, effective from 1 January 2020.

Radio Norge

The agreement signed with Radio Norge in 2009 has been continued without changes in 2018. Calculation of remuneration is made according to the calculation model issued by the board, and considers both music usage, revenue, and coverage. In 2019 negotiations have started on a new agreement valid from 1 January 2019.



Local radios

After a new negotiated local radio agreement was broadcast in the spring of 2018, 182 local radios have signed the new agreement. The new agreement is based on the previous one and has considered the local radio's desire for a simplified remuneration model and the rightsholders claim for a reasonable remuneration.

Webcasters

Gramo has an agreement with 23 webcasters. Webcasters broadcasts only via the internet.

Other public performance

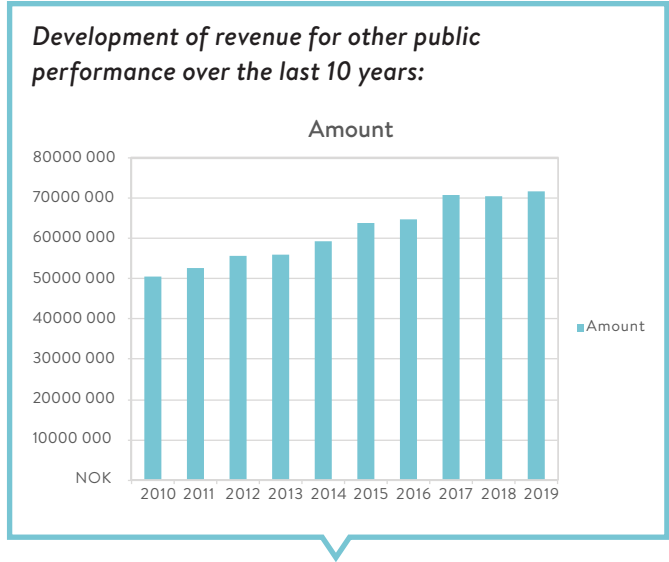
Gramo has an agreement with 16,550 music users such as food and drink establishments, hotels, gyms, customer premises etc. In addition to contacting start-ups with information on remuneration, we carry out extensive checks for both Gramo and TONO. Control work is important both regarding new agreements and information work. Over half of the new remuneration agreements in 2019 came after controls.

A new copyright law came into force on 1 July 2018, and after this point Gramo has not claimed for remuneration from customers asserting to play music where artists have waived the remuneration and sold or transferred their rights to producer companies. There are several providers of alleged "royalty free music", both Norwegian and foreign companies. For now, mainly larger retail chains and airlines have stopped using what they define as music bound by remuneration, but by looking to other countries, we would expect a decline in other industries as well. Gramo has had to spend some time on considerations after the new law came into force, including doing external consultations, to decide what Gramo sees as the correct interpretation of the current law on this matter. A separate committee was appointed on this issue to ensure that Gramos' status remains a legal monopoly as required by law.

As of 1 March 2020, a total of 656 user sites have terminated their agreement with Gramo. The cancelled contracts amount to a total of NOK 10.3 million for the period 1 January 2018 to 1 March 2020.

Increased competition between stores, as well as e-commerce, leads to a decline in traditional retail trade, especially for shops selling clothes and shoes. With the added possibility of a cheaper alternative to remunerable music, the situation for remuneration agencies becomes increasingly hard.

In December 2019, Gramo and TONO jointly launched a communication concept called "The Value of Music". The objective is to strengthen our relationship with music users and increase understanding of remuneration. Another part of the communication concept is to make music users aware of the potential value in a deliberate music strategy. Along with a joint website and portal where music users can register an agreement with both organizations in one registration, we believe this will increase the revenue potential for both organizations. Gramo and TONO also send out joint letters to all new establishments in relevant industries and guide them on to www.verdienavmusikk.no.

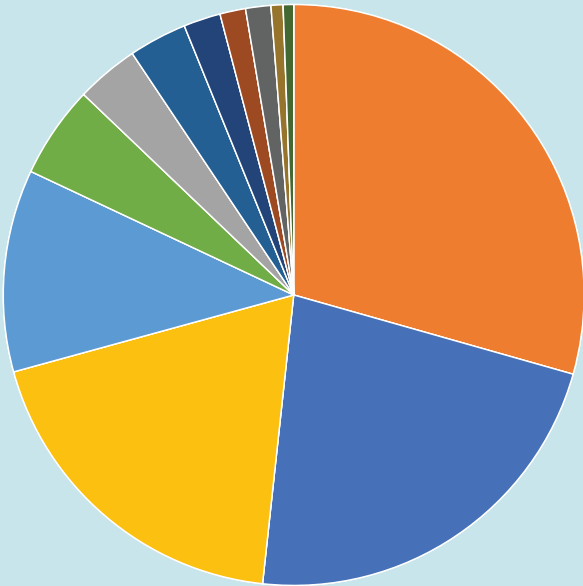


VAT on remuneration

In 2015, the Directorate of Taxes claimed in a decision against one of Gramo's producer members that VAT should be calculated on received remuneration. Based on the information provided by Gramo, the Directorate of Taxes has carried out a new assessment and determined that remuneration pursuant to section 21 of the Intellectual Property Act (compulsory license), should not be regarded as turnover in the taxable sense. This means that no VAT will be calculated for this type of remuneration.



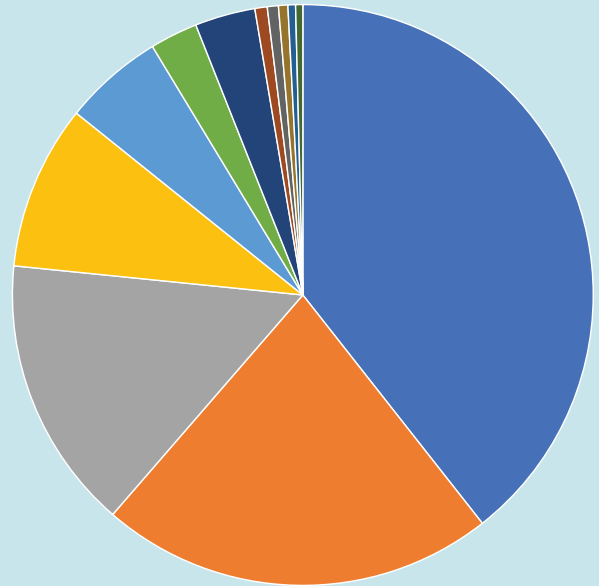
INCOME BY INDUSTRY



Industry	Remuneration and fees
Licensed trade (29,4 %)	kr 25 691 606
Customer premises (22,3 %)	kr 19 498 850
Accommodation (19,0 %)	kr 16 623 257
Gyms + NIF (11,3 %)	kr 9 837 699
Municipalities/ county municipalities (5,1 %)	kr 4 489 941
Hair dressers/tanning salons (3,5 %)	kr 3 051 887
Transport (3,2 %)	kr 2 826 130
Other *) (2,1 %)	kr 1 801 239
Shopping centres (1,4 %)	kr 1 248 276
Theater (1,4 %)	kr 1 227 044
Dance schools/clubs (0,7 %)	kr 584 152
Play centre, amusement parks, ski resorts (0,6 %)	kr 508 431
Sum	kr 87 388 512

*) cinema, museums, galleries, festivals, events,
The Military, waiting music for telephone,
horse racing arenas

AGREEMENTS BY INDUSTRY



Industry	Number of agreements
Customer premises (39,4 %)	6521
Licensed trade (22,0 %)	3636
Hair dressers/tanning salons (15,2 %)	2523
Accommodation (9,2 %)	1517
Gyms + NIF (5,6 %)	922
Municipalities/county municipalities (2,7 %)	440
Other *) (3,4 %)	370
Shopping centres (0,7 %)	114
Theater (0,6 %)	102
Dance schools/clubs (0,5%)	86
Transport (0,4%)	70
Play centre, amusement parks, ski resorts (0,6 %)	66
Sum	16553

*) cinema, museums, galleries, festivals, events,
The Military, waiting music for telephone,
horse racing arenas



SETTLEMENT

In 2019, Gramo had three settlements: The main settlement for 2018, post-settlement for 2015 - 2018 and final settlement for 2015 at the end of the year. The payments were distributed as follows:

Performers

Paid directly to performers	NOK 24,3 million
Paid via agents	NOK 13,6 million
Paid via foreign remuneration agencies	NOK 17 million
Totalt utbetalt til utøvere	NOK 55,9 million

Record companies/master owners

Paid directly to companies/master owners	NOK 8,5 million
Paid via rightsholders agencies	NOK 48,2 million
Paid via agent/foreign rightsholders agencies	NOK 2,4 million
Total paid to record companies/master owners	NOK 59,1 million

In addition, we also made weekly payments totalling NOK 1.2 million. The total amount paid in 2019 will be NOK 115.2 million.

Before payment, all received money is put in one pot and distributed equally, one half to artists and musicians, the other to record labels and master owners.

However, not everything is paid out at the same time. Gramo is constantly working on finding all participants on songs played on the radio who are entitled to payment. It takes more time to find all the rights holders among performers, but we make payments up to four years after the recording has been played on radio.

Administration fees on individual remuneration of previous members was removed in the sector for producers from the 2015 pay-out and in the sector for performers from the 2017 pay-out.

Because of the state of emergency at the end of February 2020, Gramo decided to expedite the main settlement for 2019. The remuneration was paid to members on 23 March 2020.

Settlement of other types of remuneration

In 2019, Gramo has developed modules associated with our core system that enable us to make individual settlements on behalf of other organizations. Gramo provides this type of service on market terms.

Foreign remuneration

Gramo settles remuneration to its members for music use in the countries Gramo has agreements with. For foreign

settlements, Gramo receives data from the various foreign remuneration agencies, reporting radio play per year. Gramo identifies Norwegian recordings and receives remuneration that Norwegian rights holders are entitled to. The remuneration is paid in full to the members.

Gramo follows the guidelines of The Societies Council for the Administration of Performers Rights (SCAPR), as should countries with exchange agreements with Gramo do. Consequently, Gramo implemented a payment suspension for members where conflicts of jurisdiction have arisen between Gramo and other remuneration agencies.

A-agreements

With an A-agreement, remuneration to another country's rightsholders is transferred collectively to this country's remuneration agency and paid individually through this agency. Gramo currently has the following A-agreements:

- Belgium - PlayRight, performer sector
- Brazil - Abramus, performer sector
- Canada - Actra / Artisti, performer sector
- Canada - ReSound, producer sector
- Denmark - GRAMEX, both sectors
- Finland - GRAMEX, both sectors
- France - ADAMI, performer sector
- Georgia - GCA, performer sector
- Ireland - RAAP, performer sector
- Iceland - SFH, performer sector
- Italy - NUOVO IMAIE, performer sector
- Kroatia - HUZIP, performer sector
- Netherlands - Sena, both sectors
- Poland - SAWP, performer sector
- Spain - AIE, performer sector
- UK - PPL, performer sector
- Sweden - IFPI, producer sector
- Sweden - SAMI, performer sector
- Germany - GVL, performer sector

During the first half of 2020 Gramo will establish an A-agreement with Portugal in the performer sector.

TECHNOLOGICAL DEVELOPMENT

Developing a new core system - Echo and Min Side

Since 2015, Gramo's administration and the Norwegian contractor Skalar have cooperated on the development of the new core system Echo and a new self service solution - Min Side. The delivery project was completed in December 2018. For 2019, an ongoing cooperation agreement for the further development and operation of Echo and Min Side was signed for NOK 10.5 million.

Development of Echo and Min Side uses an agile framework for development, where the systems are developed in parallel by one development team according



to Gramo's priorities. The development capacity in 2019 was mainly used for commission settlement for performers, copying settlement for producers, and to improve existing functions / interfaces in Min Side. Measures have also been taken to improve system stability, performance, and security.

Min Side

Should give our members access to managing their discography / directory and keep track of settlements and remuneration paid. In 2019, our members created over 3,600 releases and 11,000 recordings - more than a doubling from 2018. We encourage our members to use Min Side and check information on registered address, email, bank account number, discography, and membership in rightsholders organizations.

Gramo conducted several user tests in 2019 and will in 2020 have an increased focus on user involvement in the development of Min Side among performer members, companies, and managers. We sent out newsletters in February 2020 inviting members to participate in the user involvement. Approx. 100 members signed up, a positive number. Feedback from users of Min Side will be crucial in further development.

International Standard Recording Code (ISRC)

Based on guidelines from the IFPI Secretariat, Gramo is responsible for distribution, administration, and control of the code in Norway. The code identifies the original registrant, country, and year of recording, and should follow the entire life of the recording. Each new recording should have a code. Gramo wishes to be contacted before companies carry out any follow-up work.

International Performers Database (IPD)

IPD is the performer database for the remuneration agencies and contains over 1 million performers from more than 50 countries. IPD, now in version 4, was created 25 years ago. IPD assists agencies in the exchange of performer information and remuneration. IPD is well established with all agencies within SCAPR.

Virtual Recording Database (VRDB)

VRDB is a database for recognizing recordings and playlists between the remuneration agencies. The 45 agencies that are members of VRDB have uploaded more than 5,000,000 recordings. Recordings are matched against each other to find duplicates, and against more than 6,000,000 playlist lines to recognize play in their own country and abroad. VRDB is in continuous development and Gramo is actively involved in the development.

STATISTICS AND ENQUIRIES IN THE FIELD OF MUSIC

Kunst i tall

Gramo has been in the reference group and has supplied figures for the industry statistics Kunst i tall (The Arts in Numbers) developed by Ramboll Management Consulting on behalf of the Culture Council. Kunst i tall is the Culture Council's annual assessment of revenues in music, literature, visual arts and performing arts. Kunst i tall 2018 was launched in December 2019 and was the seventh report in a row. The report shows that revenue in these four branches of the arts in 2018 amounts to NOK 14.2 billion. The music industry alone accounts for NOK 5 billion, an increase of 2.8% from 2017.

The Gramo statistics

The Gramo statistics present various top lists and summaries of radio play and remuneration payments, such as which artists and songs gets the most radio play, share of Norwegian music and distribution of remuneration between rightsholders groups and gender.

The Gramo statistics for 2016 - 2018 has not been made because other member-related functions have been prioritized in the further development of Gramo's core system. Older statistics can be ordered on paper or downloaded at www.gramo.no.

COLLECTION OF FEES FOR THE FUND FOR PERFORMING ARTISTS (FFUK)

On behalf of the Fund for Performing Artists, Gramo is responsible for the invoicing and collection of fees for non-protected music from broadcasting and other public performances. In total, for broadcasting and other public performances in 2019, NOK 30 439 was invoiced to the Fund for Performing Artists. The fund receives status reports and fees from Gramo monthly. The fund receives settlement quarterly and the parties meet twice a year..

REGULATIONS OF PROTECTION

Gramo collects and distributes remuneration for recordings protected by laws and conventions. For recordings that are not protected, music users must pay a fee to the Fund for Performing Artists (FFUK). Gramo has always considered recordings protected when:

-A Norwegian performer participates on the recording - or is released by a Norwegian company

- An EU / EEA performer participates in the recording - or is released by a company from the EU / EEA area



- The recording was released by a company from a country following the Rome Convention.

Legal expertise has supported this interpretation. The licensing organization NORA and FFUK have challenged Gramo on this interpretation. As a result, Gramo ordered a legal inquiry from Professor Ole Andreas Rognstad and attorney Astri M. Lund. They concluded that Gramo's practice is not wrong, but that the intellectual property law could have been clearer in certain areas. In connection with the processing of a new intellectual property law in the summer of 2018, the Parliament submitted the issue to the Ministry of Culture. The Ministry proposed in the winter of 2019 that the law be amended to provide recordings protection based only on the nationality of the producer (the record label). The deadline for the hearing was 7 February 2020. If the Ministry of Culture's recommendation is adopted, Norwegian performers participation on recordings published by, for example, an American company, will no longer receive remuneration from Gramo. Gramo's remuneration will decrease and the fee to the Fund for Performing Artists will increase.

THE CRM DIRECTIVE

On 26 February 2014, the EU adopted the so-called CRM Directive. The purpose of the directive is to modernize the system of collective management of copyright and related rights. Norway is obliged to comply with this, and the Ministry of Culture submitted proposals for a separate CRM Act at a hearing on 12 December 2019. The CRM Act will mainly set the framework for collective rights management, ensure good governance and transparency in management agencies, and expedite their rights management internationally. The deadline for the hearing was 7 February 2020.

Gramo is in favour of strengthening the rightsholders position by having well functioning and effective administration organizations, with a clear framework for how rights are handled, and guidelines on how fees are collected and distributed through the management systems.

Gramo's practice is in line with the purpose and requirements of organizations that the proposal for directive in Norwegian law sets. The bill also recognizes the collective management practices that already exist in our field, including delegating decision-making competence. Gramo is well prepared to make the necessary CRM customizations required by the new law.

THE GDPR DIRECTIVE

The EU data protection regulation, The General Data Protection Regulation (GDPR), came into force for all Norwegian businesses in 2018. Gramo has implemented the necessary measures in line with the new regulations. Measures include the appointment of a data protection official, the drafting of a privacy statement, contracting data processing agreements with key suppliers and partners, and routine changes in the exchange of information containing personal information.

NORCODE

Norcode (The Norwegian Copyright Development Association) is founded by BONO, Gramo, Kopinor, Norwaco and TONO. Norcode worked to build and strengthen associations and administrative agencies for originators, performers, and producers / publishers in developing countries. In recent years, BONO, Kopinor and Norwaco have resigned, and Norcode works only in the music field. See more at www.norcode.no

INTERNATIONAL RELATIONS

Gramo is a member of the following international forums:

The Societies Council for the Administration of Performers Rights (SCAPR)

The association is responsible for coordinating cross-border remuneration payments and to protect performers rights.

Performance Right Committee (PRC)

The committee protects producers' rights to the secondary use of phonograms.

Association of European Performers (AEPO)

The organization works for strengthening performers rights in relation to the EU / EEA and WIPO (The UN Copyright Organization).

COLLECTIVE MEANS

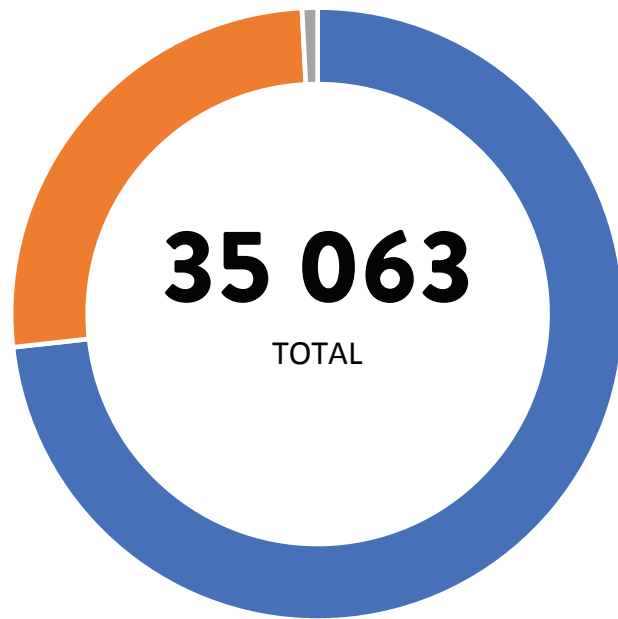
On average, 90% of the remuneration for settlement is paid individually to Gramo's members. Norwegian rightsholders who have earned remuneration but who are not members will be contacted and are paid when they have registered with Gramo. Settled remuneration to unknown rightsholders is paid when Gramo has identified these within the three-year statute of limitations.

Remuneration which, for various reasons, cannot be paid individually after three years, as well as remuneration below the minimum limit, becomes collective funds. Provisions on



Members in Gramo by December 12 2019

- Performers
- Record companies/master owners
- Hears



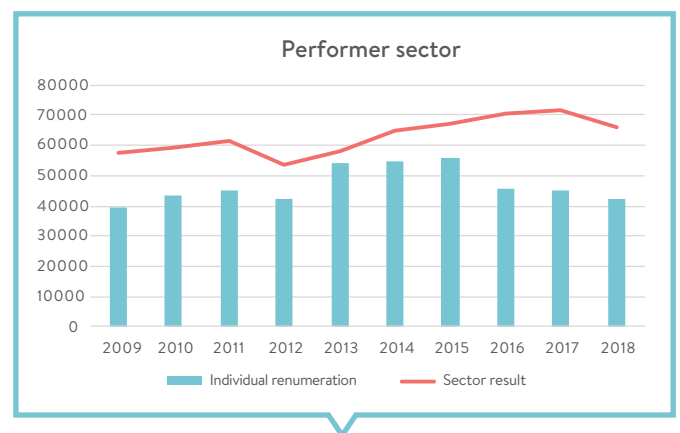
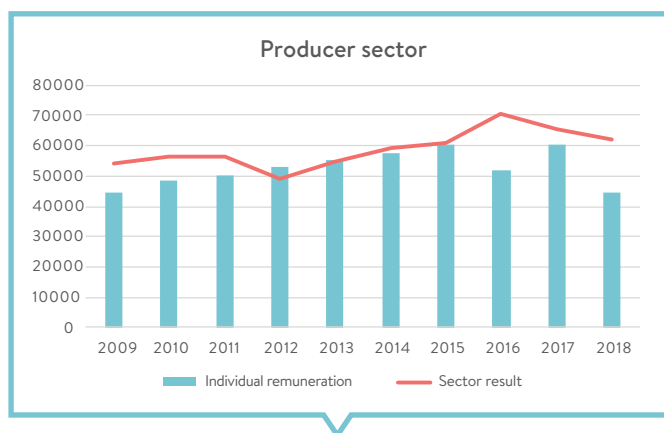
collective funds are laid down in the statutory regulations and the legislative proposals. The regulations state that remuneration below 0.5% of 1 G (the National Insurance Scheme's base rate) per year shall not be paid. In 2019, the minimum amount was NOK 499. Gramo practices the minimum limit rule, meaning we pay out anything that exceeds NOK 300 earned during the three-year limitation period.

The legislative preparations say that collective funds are allocated for organizational support or for the benefit of Norwegian performing arts. Further regulation is stipulated in

Gramo's articles of association and distribution regulations (see gramo.no).

With the exception of remuneration from abroad, the collected remuneration is distributed equally between the performing sector and the producer sector. The sector result thus shows the individual sector's remuneration income with costs deducted. In general, costs are distributed equally and reference is made to the distribution accounts that are part of the annual accounts. The amounts for "individually distributed remuneration" for the years 2016 - 2018 will increase, as Gramo continuously search rights-holders for the music

played throughout the three-year limitation period, as stipulated in the provisions of the Copyright Act. The sum of distributed remuneration for 2018 will increase until 1 January 2023.





The following grants have been made from collective funds in 2019:

Producer sector		Performer sector	
Organizational support		Organizational support	
		GramArt	3 429 509
		CREO (MFO)	833 364
		Norsk Artistforbund	73 055
		Norsk Lektorlag	67 192
		Norsk Tonekunstnersamfund	62 683
		FolkOrg	38 331
		Norsk Skuespillerforbund	5 411
Sum	0	Sum	4 509 545
Project support		Project support	
Spellemann	637 690	GramArt	2 286 340
		CREO (MFO)	555 576
		Norsk Lektorlag	48 703
		Norsk Artistforbund	44 795
		Norsk Tonekunstnersamfund	41 788
		FolkOrg	25 554
		Norsk Skuespillerforbund	3 608
		Gramo synlighetsprosjekt	750 000
		Norcode	500 000
		Spellemann	1 200 000
		Rundbordkonferansen	50 000
Sum	637 690	Sum	5 506 364
Total	637 690	Total	10 015 909

All licensing organizations that have received project support have submitted a budget application and have been granted funding for purposes that are in accordance with the law's preparatory works. For grants exceeding NOK 100,000, approved auditor approved accounts, annual report and minutes of the general meeting have been submitted. The documentation is approved by Gramo's accountant before payment. For grants of less than NOK 100,000, accounts approved by the competent body in accordance with the organization's statutes must be submitted. All recipients of project support must submit implementation report.

GRAMO'S VISIBILITY PROJECT – TO PROMOTE NEW NORWEGIAN MUSIC

Gramo supports projects and events to promote new Norwegian performers through, among other things, grants from collective funds in the performer sector.

Through these projects Gramo has wished to establish performers with a springboard for further careers, while also making Gramo's activities more visible. In 2019, Gramo was involved in the following projects:

Spellemannprisen

Gramo entered a sponsorship agreement with Spellemannprisen for the 2019 awards ceremony. The agreement would involve marketing of Gramo and a work grant of NOK 250,000 to the winner of the "Breakthrough of the Year and Gramo scholarship". The award ceremony for 2019, planned to be held in March 2020, was cancelled due to the corona situation. Spellemannprisen is working on alternative awards, and it is currently uncertain how Gramo's agreement will be implemented.



Accelerator – Trondheim Calling

In 2019 Gramo collaborated with Trondheim Calling on Accelerator - a demo competition for new Norwegian-musicians. The project is supported by Kreativt Norge. A jury selects 20 artists / bands who is followed up with joint professional programs throughout the year as well as with personal mentors. Each year ends with a workshop where all bands / artists create a one-year strategy for further work on their music. All bands / artists get to play at Trondheim Calling. Gramo was promoted as the main partner at Trondheim Calling.

Vill Vill Vest

Gramo was a sponsor of Vill Vill Vest - the music and industry festival held yearly in Bergen in September. The festival highlights new artists for both the public, national and international music industry. In addition to over 90 concerts on 12 stages over three days, Vill Vill Vest will host a music conference where several lectures and meeting places will be arranged at Litteraturhuset in Bergen. Gramo arranged “guitar fix” for the musicians and was promoted as the main partner in 2019.

CONTROL COMMITTEE

The general meeting elected the following control committee: Ivar Noer with substitute representative Håkon Gjesvik (producer sector) and Jan Lothe Eriksen with substitute representative Åse Karin Hjelen (performer sector). The committee has received minutes from the board and committee meetings, as well as reviewed the financial statements for 2019. Upon request after Martin Grøndahl’s resignation, the control committee received a fact report and statement from an external attorney.

Oslo, 21. april 2020

Knut Ro
(Chairman)

Marte Thorsby
(1. Vice chairman)

Daniel Nordgård
(2. Vice chairman)

Erling Andersen

Eddie Nygren

Hans Ole Rian

Harald Sommerstad

Lars Bakketun
(Managing director)

PROFIT AND LOSS ACCOUNT



OPERATING INCOME	2019	2018
Remuneration income broadcast	95 007 461	102 783 566
Remuneration income public performance	71 699 359	70 442 749
Collected fees	30 439 639	26 165 882
Other income	258 490	128 508
Sum income	197 404 949	199 520 706
OPERATING COSTS		
Staff costs	25 864 339	23 289 387
Staff costs board/sectors	926 903	695 668
Write-offs/ write-down	5 882 254	4 316 632
Administration costs	10 878 406	12 350 186
Administration fees	-387 362	-870 540
Costs sectors	360 507	187 496
Loss on claims	6 589 690	927 330
Sum operating costs	50 114 737	40 896 158
OPERATING RESULT	147 290 212	158 624 546
FINANCIAL ITEMS		
Financial revenue	3 579 449	2 456 041
Financial expenses	66 737	62 637
Change in value on market based current assets	0	0
Sum financial items	3 512 712	2 393 403
ORDINARY RESULT	150 802 924	161 017 950
TRANSACTIONS		
Remuneration and fees transferred to settlement	150 802 924	161 017 950
Sum transactions	150 802 924	161 017 950
RESULT AFTER TRANSACTIONS	0	0

BALANCE



ASSETS

FIXED ASSETS

2019

2018

Fixed assets

Cars	1 369 393	1 224 044
IT equipment	324 480	185 642
Software	42 086 530	36 747 421
Inventory	509 814	540 543
Sum	44 290 217	38 697 650

Financial fixed assets

Net pension funds	0	0
Sum	0	0

SUM FIXED ASSETS

44 290 217

38 697 650

CURRENT ASSETS

Short term claims

Accounts receivable	7 828 493	32 409 307
Acquired, non-invoiced income	22 825 070	31 705 415
Other claims	1 107 885	1 016 340
Sum	31 761 447	65 131 062

FINANCIAL INVESTMENTS

Funds investments	115 709 567	108 338 390
Sum	115 709 567	108 338 390

BANK DEPOSITS, CASH

Treasury, bank	54 716 978	34 374 535
Sum	54 716 978	34 374 535

SUM CURRENT ASSETS

202 187 992

207 843 987

SUM ASSETS

246 478 208

246 541 636



EQUITY AND DEBT

EQUITY

2019

2018

EQUITY	0	0
Sum	0	0

LONG TERM DEBT

Provision for liabilities

Net pension liability	0	0
Sum	0	0

SUM LONG TERM DEBT

0

0

SHORT TERM DEBT

Remuneration

Remuneration and fees for settlement	233 029 750	236 972 536
Sum	233 029 750	236 972 536

OTHER SHORT-TERM DEBT

Supplier debt	1 388 097	3 353 377
Public debt	1 818 507	2 074 399
Other short-term debt	10 241 855	4 141 322
Sum	13 448 459	9 569 099

SUM SHORT TERM DEBT

246 478 208

246 541 635

SUM EQUITY AND DEBT

246 478 208

246 541 635



Oslo, 21. april 2020

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A RICH LIFE IN MUSIC*