

HDS ZAMP

SUMMARY
ANNUAL
REPORT
2019!



Glas autora!



2019

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141.315.454,62 HRK,
slight but reliable
2,69% growth
in comparison
to 2018



HDS ZAMP IN 2019



Nenad Marčec
HDS ZAMP General Manager:

In a strange year like 2020, the year that will be remembered by the corona virus pandemic and its negative effects on the entire music industry, it is unusual to look back on a successful 2019.

Croatian Composers' Society's ZAMP ensured more than 100 million HRK for domestic and international authors and right holders, more precisely 101.453.523,78 kn. In 2019, we collected 141.315.454,62 HRK – slight, but reliable growth in regard to the previous year. The remainder between these two amounts refers to CCS' social and cultural projects and operating costs. We are proud and happy with our success, but looking back from today's perspective, it's hard to be cheerful when there's no commercial music events for three months already. But we will continue our work in order to repeat the success of 2019 as soon as possible.

The turning point for all creators in 2019 was the adoption of new EU Copyright Directive in March. The document will finally regulate the digital market of creative content ensuring fair conditions for its stakeholders, as well as providing better offer of online creative content for citizens.

In September, we organized another visit of CCS delegation to Croatian MEPs in Brussels. Along with Society's representatives, our famous and noted musicians and authors, Tonči Huljić and Petar Grašo, presented our views on behalf of all our members. Through first hand practices and examples, they gave insight to our MEPs on potentials as well as problems of domestic creative sector – another important step for better understanding between politicians and musicians in the future.

At the same time, we continued with activities that present a healthy collective rights management in Croatia, and also within the International Confederation of societies of authors and composers CISAC. The re-election of our CEO, Nenad Marčec, as a member of Supervisory board of CISAC was another international recognition of our work – it goes to show that, although small, we are effective and competent which encourages all our members.



Crucial event for all creators in 2019: the adoption of the **EU Directive on copyright** (and related rights in the Digital Single Market)

It is our pleasure to say that we are equally efficient at home – the biggest challenge was the transition from the so-called sampled processing of the programs to processing all the data from radio stations in the country. This complex and demanding (both in terms of HR and financials) step was taken due to the insistence of some authors, but our projections and final results showed no significant difference between the payoff based on sampling from the calculation with the complete entry.

In 2019 we introduced our call-center, placed in Osijek, for more efficient communication with business users. Our IT department upgraded its system for data analysis of reports from streaming services. Apart from existing services such as Deezer, Google Play and YouTube, we started processing the reports from Spotify. We also signed the contracts with Netflix, Apple Music and TikTok so we will be processing their data as well. We also made initial steps towards cloud business.

There have been no major changes in the HDS ZAMP Members department other than staff changes: we believe it has remained an equally accommodating and reliable source of information for all our members. Speaking of communications, our PR department was equally active in communicating key messages about the goals and achievements of our establishment. Various projects and activities resulted in positive media image of HDS ZAMP in 2019. According to the analysis of the Press Clipping d.o.o. agency, a total of 679 media texts were recorded, of which 61% were affirmative, 37% neutral and only 2% negatively intoned texts.

Like all other good results, these would not be possible without good cooperation with our members - that is why, towards the end of each year, now for the 7th time in a row, we are glad to meet them, along with important representatives of various industries and institutions related to intellectual property at our MAKK conference in Zagreb. Last year, we had another quality conference, in cooperation with

the Croatian Copyright Society. This time we enriched the second day of the program with extremely well-attended workshops intended for young authors.

The voices of creators and the promotion of their work are still the main focus of our service, and one of the valuable showcases is our partner CMC Television, and in their program scheme we presented a new project last year, "Author!" - a show about female songwriters who wrote some of the most successful songs of our pop music.

The business of HDS ZAMP remained socially responsible: in addition to 290 supported charity concerts and events, we were partners in a series of events that promote local authors and their work. We are also proud of our long-lasting cooperation with partners, caterers and hoteliers, business users of music, and we provided a music soundtrack last year for their events. As one of our slogans, intended for them, is saying: "With music, all the glasses are full!"



A lavish calendar for 2020, tied to the 75th anniversary of Croatian Composers' Society, was introduced as a unique photo collection of instrumental companions of some of our most notable composers and authors. Pianos of Zdenko Runjić and Ivo Tijardović, the guitars of Neno Belan and Hus, the vibraphone of Boško Petrović and other instruments of our distinguished members up close & personal: that was the topic we wanted to open 2020 with, hoping it will be even more successful than the previous one.

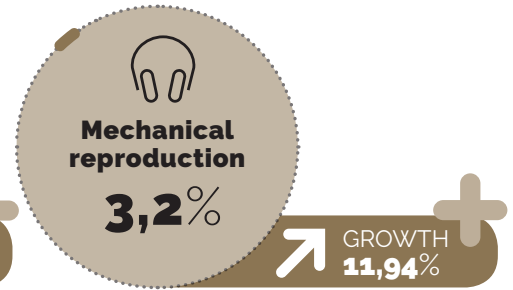
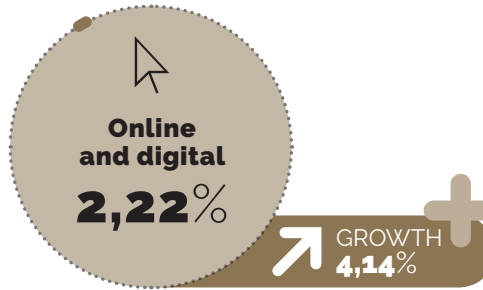
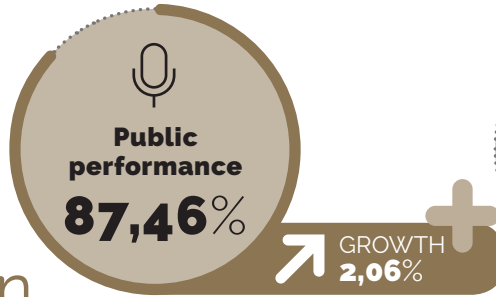
Sadly, after few excellent initial months, the pandemic has thrown the whole world, including us in Croatia, into an uncertain state. It is still difficult to predict what and how will happen to fees, remuneration and revenues this year - but rest assured that we are doing everything we can to make the consequences of the COVID-19 crisis felt less in our business, as well as in members' royalties.



FINANCIAL RESULTS

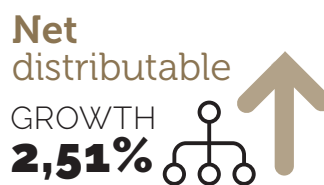
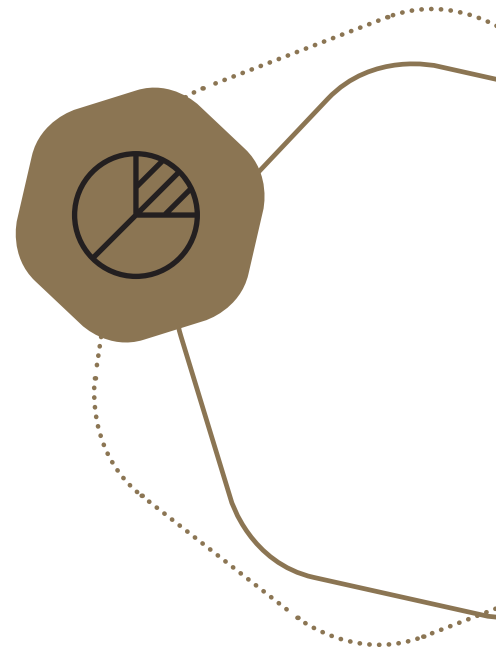
| | A | B | C | D | E | F | G | H |
|--|----------------------------|-----------------------|------------------------|------------------------------|--|-------------------|-------------------------|---------------|
| | COLLECTED IN 2019 - HRK | COLLECTED IN TOTAL | EXPENSES EXPENSES % | FOR DISTRIBUTION (A-B) | DEDUCTIONS FOR SOCIAL AND CULTURAL PURPOSES | DEDUC- TIONS % | NET FOR DISTRIBUTION | % |
| PUBLIC PERFORMANCE RIGHTS | | | | | | | | |
| RADIO STATIONS | 19.306.961,91 | 4.523.939,30 | 23,43% | 14.783.022,61 | 1.478.302,26 | 10,00% | 13.304.720,35 | 68,91% |
| TELEVISION STATIONS | 25.575.768,33 | 5.872.694,12 | 22,96% | 19.703.074,21 | 1.970.307,42 | 10,00% | 17.732.766,79 | 69,33% |
| CABLE RETRANSMISSION | 14.668.622,78 | 2.722.117,47 | 18,56% | 11.946.505,31 | 1.194.650,53 | 10,00% | 10.751.854,78 | 73,30% |
| CONCERTS | 15.027.869,58 | 2.705.016,52 | 18,00% | 12.322.853,06 | 0,00 | 0,00% | 12.322.853,06 | 82,00% |
| HOTELS, CLUBS, CATERERS, TRANSPORTERS, ETC... | 42.592.474,01 | 10.799.627,68 | 25,36% | 31.792.846,33 | 3.118.070,79 | 9,81% | 28.674.775,54 | 67,32% |
| LIVE MUSIC | 6.426.434,70 | 1.625.245,63 | 25,29% | 4.801.189,07 | 480.118,91 | 10,00% | 4.321.070,16 | 67,24% |
| TOTAL | 123.598.131,31 | 28.248.640,72 | 22,86% | 95.349.490,59 | 8.241.449,91 | 8,64% | 87.108.040,68 | 70,48% |
| MECHANICAL REPRODUCTION RIGHTS | | | | | | | | |
| DISCOGRAPHY | 800.520,21 | 144.093,64 | 18,00% | 656.426,57 | 0,00 | 0,00% | 656.426,57 | 82,00% |
| PRIVATE COPYING | 3.736.856,97 | 635.265,68 | 17,00% | 3.101.591,29 | 930.477,39 | 30,00% | 2.171.113,90 | 58,10% |
| TOTAL | 4.537.377,18 | 779.359,32 | 17,18% | 3.758.017,86 | 930.477,39 | 24,76% | 2.827.540,47 | 62,32% |
| ONLINE AND DIGITAL | | | | | | | | |
| DSPs | 2.190.749,79 | 438.149,96 | 20,00% | 1.752.599,83 | 0,00 | 0,00% | 1.752.599,83 | 80,00% |
| DJs | 385.499,25 | 77.099,85 | 20,00% | 308.399,40 | 30.839,94 | 10,00% | 277.559,46 | 72,00% |
| MP3 JUKE-BOXES | 262.071,94 | 52.414,39 | 20,00% | 209.657,55 | 0,00 | 0,00% | 209.657,55 | 80,00% |
| OTHER (DIG.ARCHIVES, RECORDERS, PORTALS, ETC.) | 294.117,62 | 58.745,61 | 19,97% | 235.372,01 | 0,00 | 0,00% | 235.372,01 | 80,03% |
| TOTAL | 3.132.438,60 | 626.409,81 | 20,00% | 2.506.028,79 | 30.839,94 | 1,23% | 2.475.188,85 | 79,02% |
| INTERNATIONAL | | | | | | | | |
| REVENUE FROM ABROAD | 10.047.507,53 | 1.004.750,75 | 10,00% | 9.042.756,78 | 0,00 | 0,00% | 9.042.756,78 | 90,00% |
| TOTAL (1+2+3+4) | 141.315.454,62 | 30.659.160,60 | 21,70% | 110.656.294,02 | 9.202.767,24 | 8,32% | 101.453.526,78 | 71,79% |

Total remuneration
BY RIGHTS
collected in
2019
compared to **2018**



REMUNERATION PAYMENTS in 2019

| | |
|-----------------------------------|--------------------------|
| NET DISTRIBUTABLE PAID OUT | 102.476.413,36 HRK |
| TO OUR MEMBERS | 84.440.427,48 HRK |
| TO SISTER SOCIETIES | 71.928.623,91 HRK |
| NOT ALLOCATED | 12.511.803,57 HRK |
| BALANCE | 3.020.915,64 HRK |
| | 18.035.985,88 HRK |



Payments to HDS ZAMP's members include payments to our **members from abroad** who have conferred the management of their rights to HDS ZAMP for the territory of Croatia, as well as payments to **sub-publishers** of major foreign publishers (EMI, BMG, SONY, UNIVERSAL, etc).

In 2019, there remains the amount of **3.020.915,64 HRK** that has not been allocated. This amount refers to the remuneration collected from concerts and live music events of popular music (2.922.115,00 HRK) and of serious music (98.800,64 HRK). The organizers and/or promoters of these events have not fulfilled their legal obligation of delivering programmes and setlists for these events, necessary for distribution of royalties to shareholders.

The payment frequency prescribed by the Art.168d, 3. ff the CRRL, is detailed in HDS' **Art.83 of Regulations on the management of economic rights of authors.**

ROYALTIES FROM ABROAD

Top 5 societies | countries per total royalties for HDS members in 2019



FINANCIAL DATA on cooperation with foreign CMOs

| Revenue from abroad, received by HDS from foreign CMOs in 2019

| SOCIETY | TERRITORY | MECHANICAL RIGHTS | COSTS | OTHER RIGHTS | COSTS | TOTAL |
|-----------------|-------------------------|-------------------|------------------|---------------------|-------------------|----------------------|
| ACUM | Israel | 219.39 | 21.94 | 3.479.87 | 347.99 | 3.699.26 |
| AKKA LAA | Latvia | 0.00 | 0.00 | 2.470.41 | 247.04 | 2.470.41 |
| AKM | Austria | 0.00 | 0.00 | 440.813.45 | 44.081.35 | 440.813.45 |
| AMCOS | Australia | 15.589.29 | 1.558.93 | 0.00 | 0.00 | 15.589.29 |
| AMUS | Bosnia and Hercegovina | 0.00 | 0.00 | 1.316.897.70 | 131.689.77 | 1.316.897.70 |
| APRA | Australia | 0.00 | 0.00 | 69.447.86 | 6.944.79 | 69.447.86 |
| ARTISJUS | HUNGARY | 81.658.10 | 8.165.81 | 925.070.58 | 92.507.06 | 1.006.728.68 |
| ASCAP | USA | 0.00 | 0.00 | 24.303.98 | 2.430.40 | 24.303.98 |
| AUME | AUSTRIA | 32.829.12 | 3.282.91 | 0.00 | 0.00 | 32.829.12 |
| BMI | USA | 0.00 | 0.00 | 60.556.36 | 6.055.64 | 60.556.36 |
| BUMA | Netherlands | 0.00 | 0.00 | 19.904.71 | 1.990.47 | 19.904.71 |
| EAU | Estonia | 0.00 | 0.00 | 712.02 | 71.20 | 712.02 |
| GEMA | Germany | 90.376.30 | 9.037.63 | 296.144.79 | 29.614.48 | 386.521.09 |
| IMRO | Ireland | 0.00 | 0.00 | 1.179.74 | 117.97 | 1.179.74 |
| JASRAC | Japan | 2.349.10 | 234.91 | 17.781.86 | 1.778.19 | 20.130.96 |
| KODA | Denmark | 0.00 | 0.00 | 8.801.46 | 880.15 | 8.801.46 |
| KOMCA | South Korea | 1.40 | 0.14 | 1.135.24 | 113.52 | 1.136.64 |
| LATGA | Lithuania | 0.00 | 0.00 | 2.017.22 | 201.72 | 2.017.22 |
| MACP | Malasya | 0.00 | 0.00 | 1.510.45 | 151.05 | 1.510.45 |
| MCPS | United Kingdom | 1.666.84 | 166.68 | 0.00 | 0.00 | 1.666.84 |
| MUST | Taiwan | 0.00 | 0.00 | 439.41 | 43.94 | 439.41 |
| NCB | Scandianvian countries* | 5.059.36 | 505.94 | 0.00 | 0.00 | 5.059.36 |
| OSA | Czech Republic | 10.345.41 | 1.034.54 | 20.429.25 | 2.042.93 | 30.774.66 |
| PAM CG | Montenegro | 0.00 | 0.00 | 762.684.45 | 76.268.45 | 762.684.45 |
| PRS | United Kingdom | 0.00 | 0.00 | 1.359.676.97 | 135.967.70 | 1.359.676.97 |
| RAO | Russia | 0.08 | 0.01 | 461.49 | 46.15 | 461.57 |
| SABAM | Belgium | 6.135.98 | 613.60 | 13.414.52 | 1.341.45 | 19.550.50 |
| SACEM | France | 9.104.35 | 910.44 | 25.808.26 | 2.580.83 | 34.912.61 |
| SAZAS | Slovenia | 9.928.64 | 992.86 | 1.540.574.59 | 154.057.46 | 1.550.503.23 |
| SGAE | Spain | 2.798.27 | 279.83 | 19.285.57 | 1.928.56 | 22.083.84 |
| SOCAN | Canada | 0.00 | 0.00 | 11.143.85 | 1.114.39 | 11.143.85 |
| SOKOJ | Serbia | 15.202.67 | 1.520.27 | 1.778.718.83 | 177.871.88 | 1.793.921.50 |
| SOZA | Slovakia | 9.005.93 | 900.59 | 32.283.21 | 3.228.32 | 41.289.14 |
| SPA | Portugal | 740.66 | 74.07 | 4.791.58 | 479.16 | 5.532.24 |
| STEMRA | Netherlands | 3.755.44 | 375.54 | 0.00 | 0.00 | 3.755.44 |
| STIM | Sweden | 0.00 | 0.00 | 71.731.54 | 7.173.15 | 71.731.54 |
| SUISA | Switzerland | 10.781.85 | 1.078.19 | 267.707.29 | 26.770.73 | 278.489.14 |
| TEOSTO | Finland | 0.00 | 0.00 | 6.962.26 | 696.23 | 6.962.26 |
| TONO | Norway | 0.00 | 0.00 | 36.362.60 | 3.636.26 | 36.362.60 |
| UCMR ADA | Romania | 6.380.79 | 638.08 | 77.574.22 | 7.757.42 | 83.955.01 |
| ZAIKS | Poland | 14.491.34 | 1.449.13 | 220.185.47 | 22.018.55 | 234.676.81 |
| ZAMP MAKEDONIJA | North Macedonia | 0.00 | 0.00 | 276.624.16 | 27.662.42 | 276.624.16 |
| TOTAL | | 328.420,31 | 32.842,03 | 9.719.087,22 | 971.908,72 | 10.047.507,53 |

Other reciprocal representation agreements with foreign CMOs: AAS – Azerbaijan, ABRAMUS – Brasil, ALBAUTOR – Albania, AMRA – USA, ANCO – Moldova, AUTODIA – Greece, CASH – Hong Kong, COMPASS – Singapore, GCA – Georgia, HFA – USA, MCSC – China, MUSICAUTOR – Bulgaria, NCIP – Belarus, SCM Cooperativa – Cabo Verde, SESAC – USA, UACRR NGO – Ukraine

Revenue sent abroad to foreign CMOs in 2019

MECHANICAL RIGHTS

| SOCIETY | TERRITORY | NET DISTRIBUTED | COSTS |
|----------|--------------------|-----------------|--------|
| ARTISJUS | Hungary | 97.59 | 17.57 |
| GEMA | Germany | 859.16 | 154.65 |
| JASRAC | Japan | 2.94 | 0.53 |
| MESAM | Turkey | 0.37 | 0.07 |
| MSG | Turkey | 130.06 | 23.41 |
| PAM CG | Montenegro | 233.24 | 41.98 |
| RAO | Russian Federation | 114.42 | 20.6 |
| SABAM | Belgium | 95.94 | 17.27 |
| SACM | Mexico | 26.55 | 4.78 |

| SOCIETY | TERRITORY | NET DISTRIBUTED | COSTS |
|--------------|-----------------|------------------|-----------------|
| SADAIC | Argentina | 121.39 | 21.85 |
| SAZAS | Slovenia | 7.821.44 | 1.407.86 |
| SDRM | France | 6.052.68 | 1.089.48 |
| SOKOJ | Serbia | 25.528.06 | 4.595.05 |
| UCMR ADA | Romania | 208.69 | 37.56 |
| ZAIKS | Poland | 297.1 | 53.48 |
| ZAMP MAC | North Macedonia | 197.24 | 35.5 |
| TOTAL | | 41.786,87 | 7.521,64 |

OTHER RIGHTS

| SOCIETY | TERRITORY | NET DISTRIBUTED | COSTS | CULTURE FUNDS |
|--------------|------------------------|----------------------|---------------------|-------------------|
| AKM | Austria | 34.141.43 | 7.722.47 | 2.408.30 |
| APRA | Australia | 388.160.76 | 87.798.29 | 27.380.47 |
| ARTISJUS | Hungary | 19.072.80 | 4.314.09 | 1.345.38 |
| ASCAP | USA | 1.912.889.14 | 432.677.40 | 134.933.29 |
| BMI | USA | 1.992.360.28 | 450.653.02 | 140.539.10 |
| BUMA | Netherlands | 166.909.14 | 37.753.27 | 11.773.60 |
| GEMA | Germany | 498.896.51 | 112.845.66 | 35.191.66 |
| IMRO | Ireland | 39.520.32 | 8.939.12 | 2.787.72 |
| JASRAC | Japan | 2.101.03 | 475.23 | 148.20 |
| MESAM | Turkey | 57.591.59 | 13.026.67 | 4.062.45 |
| MSG | Turkey | 67.100.31 | 15.177.45 | 4.733.19 |
| PAM CG | Montenegro | 48.116.05 | 10.883.39 | 3.394.06 |
| PRS | United Kingdom | 3.555.789.69 | 804.285.95 | 250.821.85 |
| RAO | Russian Federation | 27.179.73 | 6.147.80 | 1.917.23 |
| SABAM | Belgium | 31.866.83 | 7.207.98 | 2.247.85 |
| SACEM | France | 433.788.43 | 98.118.83 | 30.599.00 |
| SACM | Mexico | 20.377.58 | 4.609.22 | 1.437.41 |
| SADAIC | Argentina | 8.382.39 | 1.896.02 | 591.29 |
| SAMRO | South African Republic | 1.806.43 | 408.60 | 127.42 |
| SAYCO | Columbia | 17.994.63 | 4.070.21 | 1.269.32 |
| SAZAS | Slovenia | 234.285.96 | 52.993.26 | 16.526.30 |
| SIAE | Italy | 682.316.58 | 154.333.55 | 48.129.93 |
| SOCAN | Canada | 237.228.98 | 53.658.95 | 16.733.90 |
| SOKOJ | Serbia | 1.413.116.06 | 319.633.47 | 99.679.80 |
| STEF | Iceland | 7.291.60 | 1.649.29 | 514.34 |
| STIM | Sweden | 246.301.74 | 55.711.12 | 17.373.88 |
| TEOSTO | Finland | 20.529.07 | 4.643.48 | 1.448.10 |
| TONO | Norway | 259.781.94 | 58.760.21 | 18.324.76 |
| UCMR ADA | Romania | 17.923.78 | 4.054.19 | 1.264.33 |
| ZAIKS | Poland | 8.654.24 | 1.957.51 | 610.46 |
| ZAMP MAC | North Macedonia | 18.541.68 | 4.193.95 | 1.307.91 |
| TOTAL | | 12.470.016,70 | 2.820.599,66 | 879.622,53 |

Top 5 societies | countries per total royalties for their members in 2019



Other reciprocal representation agreements with foreign CMOs: AAS – Azerbaijan, ABRAMUS – Brasil, ALBAUTOR – Albania, AMRA – USA, ANCO – Moldova, AUTODIA – Greece, CASH – Hong Kong, COMPASS – Singapore, GCA – Georgia, HFA – USA, MCSC – China, MUSICAUTOR – Bulgaria, NCIP – Belarus, SCM Cooperativa – Cabo Verde, SESAC – USA, UCRRR NGO – Ukraine



Top 10

authors:

(in alphabetical order)

CROATIA

- Ante **Pecotić**
- Branimir **Mihaljević**
- Husein **Hasanefendić**
- Miro **Buljan**
- Miroslav **Drljača Rus**
- Neno **Belan**
- Predrag **Martinjak**
- Tonči **Huljić**
- Vjekoslava **Huljić**
- Zlatan **Stipišić**

WORLD

- Bruce **Springsteen**
- Calvin **Harris**
- Dave **Grohl**
- Ed **Sheeran**
- Freddie **Mercury**
- George **Michael**
- Gordon Matthew **Sumner (Sting)**
- Martin Karl **Sandberg (Max Martin)**
- Mark **Knopfler**
- Steve **Mac**

Top 10 domestic works

(according to the number of broadcast in 2019)



| | | |
|------------------------------|--|---|
| Voli me | Tonči Huljić / Vjekoslava Huljić / Tonči Huljić, Leo Škaro, Petar Grašo | Petar Grašo |
| Rekao si | Ante Pecotić / Ante Pecotić / Predrag Martinjak, Bojan Šalomon | Nina Badrić |
| Ovaj grad | Vjekoslav Dimter, Damir Bačić, Mia Dimšić / Vjekoslav Dimter, Damir Bačić, Mia Dimšić / Vjekoslav Dimter, Ivan Pešut | Mia Dimšić |
| U zagrljaju spašeni | Antonela Đinđić, Marko Kutlić / Aleksandar Čubrilo / Igor Ivanović, Marko Vojvodić | Nela i Marko |
| U tebi | Ivana Vrdoljak / Ivana Vrdoljak / Goran Kovačić | Vanna |
| Ako te pitaju | Tonči Huljić / Vjekoslava Huljić / Tonči Huljić, Leo Škaro, Petar Grašo | Petar Grašo |
| Ako voliš ovu ženu | Branimir Mihaljević / Nenad Ninčević, Jadran Ninčević | Željko Bebek & Oliver Dragojević |
| Nama se nikud ne žuri | Ivan Dečak / Ivan Dečak / Ivan Dečak, Mario Robert Kasumović, Robert Kelemen, Tomislav Franjo Šušak | Vatra feat. Massimo |
| Čekam te | Amil Lojo / Amil Lojo / Elvis Stanić | Tony Cetinski |
| Vidi se izdaleka | Ante Pecotić / Ante Pecotić / Bojan Šalomon | Damir Kedžo |

Top 10 foreign works

(according to the number of broadcast in 2019)



| | | |
|------------------------------------|--|---------------------------------------|
| Giant | Rory Charles Graham, Jamie Alexander Hartman, Troy James Miller, Adam Wiles | Calvin Harris, Rag'n'Bone Man |
| Nothing breaks like a heart | Thomas R. Brenneck, Miley Cyrus, Ilsey Anna Juber, Clement Marie Jacques Picard, Maxime Marie Laurent Picard, Mark Ronson, Conor Szymanski | Mark Ronson feat. Miley Cyrus |
| Shallow | Stefani J Germanotta, Mark Ronson, Anthony Rossomando, Andrew Wyatt | Lady Gaga, Bradley Cooper |
| Senorita | Charlotte Emma Aitchison, Karla Camila Cabello, Magnus Hoiberg, Benjamin Joseph Levin, Shawn Mendes, Jack Robert Patterson, Ali Tamposi, Andrew Watt | Shawn Mendes, Camila Cabello |
| Dancing with a stranger | Mikkel Storleer Eriksen, Normani Kordei Hamilton, Tor Erik Hermansen, Jimmy Napes, Samuel Frederick Smith | Sam Smith, Normani |
| Sweet but psycho | Andreas Haukeland, Amanda Koci, Bean William Ernest Lobban, Madison Emiko Love, Henry Russell Walter | Ava Max |
| I don't care | Justin Bieber, Jason P. D. Boyd, Frederick John Philip Gibson, Max Martin, Edward Christopher Sheeran, Shellback | Ed Sheeran & Justin Bieber |
| Promises | Jessica Reyes, Samuel Frederick Smith, Adam Richard Wiles | Calvin Harris, Sam Smith |
| Shape of you | John Mcdaid, Kandi L. Burruss, Edward Christopher Sheeran, Steven McCutcheon, Tameka D Cottle, Kevin Briggs | Ed Sheeran |
| SOS | Tim Bergling, Kevin Briggs, Kandi L Burruss, Tameka D Cottle, Kristopher Jan Patrik Fogelmark, Albin Andreas Nedler | Avicii ft. Aloe Blacc |

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REPORT ON FINDINGS

Representatives of the Croatian Composers' Society (hereinafter: Society):

We have executed the procedures as stipulated in our agreement with you, which are outlined below, concerning the General calculation of collections and distribution of funds to rightsholders (hereinafter: General calculation of collections and distribution) for the period from 1 January to 31 December 2019 prepared by the Croatian Composers' society (hereinafter: Society).

This report was prepared for the purpose of examining and assessing the General calculation of collections and distribution, pursuant to the Act on Copyrights and Other Related Rights (OG 16703, 79/07, 80/11, 141/13, 127/14, 62/17 and 96/18; hereinafter: Act).

These procedures were executed pursuant to the International Standard on Related Services 4400, which is applicable to agreed-upon procedures engagements. The responsibility for the sufficiency of the said procedures lies exclusively with the Society. Accordingly, we hereby give no statements as to the sufficiency of the procedures outlined below for the purpose for which this report was requested, or for any other purpose.

The procedures applied include the following:

- 1) We examined the standards documents of the Society pursuant to which the Society performs the tasks of copyright protection, the collection and distribution of fees, in order to assess whether the provisions of the documentation are aligned with the requirements of the Act. The documentation reviewed within the scope of our procedures includes the Society Statute (adopted 27 February 2018), Ordinance on copyright entitlement (of 8 March 2018, 19 June 2018, 13 February 2019 and 4 November 2019), Price list and Ordinance on fees for public performances and public display of a musical work, and the Decision on protection costs (of 10 September 2013). We considered the provisions listed in the above documents in order to understand the rules of calculation and distribution, and the percentages used in the calculation of the legally stipulated allocation from the distribution mass within the General calculation of collection and distribution from Appendix 1.
- 2) Since the Society system automatically calculates the amount of debt for those required to pay (the calculation rules are defined within the Ordinance on fees for public performances and public displays of musical works), we used a selected sample to test whether the amount owed is properly calculated and whether the correct invoice is issued in accordance with that debt. We also examined whether the debt is properly shown in the Society information system.
- 3) On the basis of the selected sample, we examined the accounting records and bookkeeping documents that represent the basis for the calculation of rights for the distribution of funds to authors, in order to check the credibility of the same and their applicability in developing the General calculation of collections and distribution.

- 4) Since the distribution of collected fees for the revenues of the Society and transitory items intended for payout to authors is automatic within the information system, based on the percentages stipulated in the normative documents listed under point 1, we requested an overview of claims as of 31 December 2019, and selected a representative sample upon which we conducted a verification of data of the issued invoices with the data entered into the system, based on which the invoices are automatically issued periodically. During testing and comparison of data entered into the system and those on the invoice, we recalculated and checked the amounts pertaining to author fees, performer fees and recording fees.
- 5) Since the Society information system consists of the key applications Apress and WinPerce, which mutually exchange data thereby affecting the entire operations of the Society, the information system audit department was included (Deloitte ERS, Enterprise Risk Services). During the verification of communications between the applications, we checked whether the data entered into the Apress application system were the same as the data in the WinPerce system, based on which the fees are calculated in accordance with the normative documents from point 1 and the provisions of the Act.
- 6) Since the Society information system automatically issues invoices based on the entered data (value of points and number of points), and each paid invoice is distributed into the Fund for the promotion of copyrights and combatting piracy, costs of protection, Fund for culture, Fund for complaints and ultimately the obligations towards authors, the information system audit department (Deloitte ERS, *Enterprise Risk Services*) was engaged in testing the automatic booking system. In the recalculations, we examined whether the Society applies the defined parameters for drawing up and distributing the paid invoices, and whether the Society applies the defined percentages (allocation from the distribution mass) in the manner defined by the normative documents from point 1 and the provisions of the Act.

Our findings were as follows:

- a) With regard to point 1, we established that the determinants of the Society's normative documents pursuant to which the tasks of copyright protection, collection and distribution of fees are performed, and which directly concern the General calculation of collection and distribution, are in accordance with the requirements of the Act.
- b) With regard to point 2, we observed no irregularities or errors in the process of calculating debts of those required to pay or in the invoice issuing process.
- c) With regard to point 3, based on the selected sample, we established that the accounting records and bookkeeping documents that form the basis for the calculation of rights for distribution of funds to authors is regular and credible, and that as such it can serve to develop the General calculation of collections and distributions from Appendix 1.
- d) With regard to point 4, based on the selected sample, we did not establish any differences between the amounts obtained from the Society calculation and the amounts obtained by manual recalculations.
- e) With regard to point 5, we confirmed that the Society performs allocation from the distribution mass in the manner established in the normative documents from point 1 and the provisions of the Act. We did not establish any differences between the collected amounts, as listed in the bank statements, the amounts used in the General calculation for collection and distribution, and the amounts listed in the Society accounting records. We observed no irregularities or errors in the automatic process of calculating fees (within the information system) to be paid out to authors.
- f) With regard to point 6, we confirm that the Society conducts allocation from the distribution mass in the manner established by the normative documents from point 1 and the provisions of the Act. We did not establish any differences between collected amounts, as listed in the bank statements, the amounts used in the General calculation of collection and distribution, and the amounts listed in the Society accounting records. We observed no irregularities or errors in the automatic process of calculating fees (within the information system) to be paid out to authors.

Pursuant to the performed procedures on the selected samples and the established findings, we hereby assess that the General calculation for collection and distribution is performed in compliance with the Act on Copyrights and Other Real Rights, and other normative documents as listed in point 1.

Limitations

- Since the said procedures are not an audit nor a review pursuant to the International Audit Standards and International Business Review Standards, we do not express our conclusions in light of the applied procedures.
- Had we applied additional procedures pursuant to the International Review Standards or International Business Review Standards, or other relevant national standards or practices, we might have observed other issues, of which you would have been notified.
- This report is intended exclusively for the purpose listed in the first paragraph of the report, and for your information. The report pertains only to the above listed items, and not to any financial reports of the Society in their entirety.
- During the execution of our procedures, we were limited to the data provided by the Society.
- During the planning and execution of our procedures, we relied, among other things, upon the statements of the responsible persons of the Society.
- In the event of additional information or data which were not provided to us, or in the case of misleading verbal or written statements or explanations, our findings, interpretations and conclusions in our report with our independently expressed beliefs, may be incomplete or may result in the need for additional procedures which were not included within the scope of this engagement.

/signature/

Marina Tonzetic

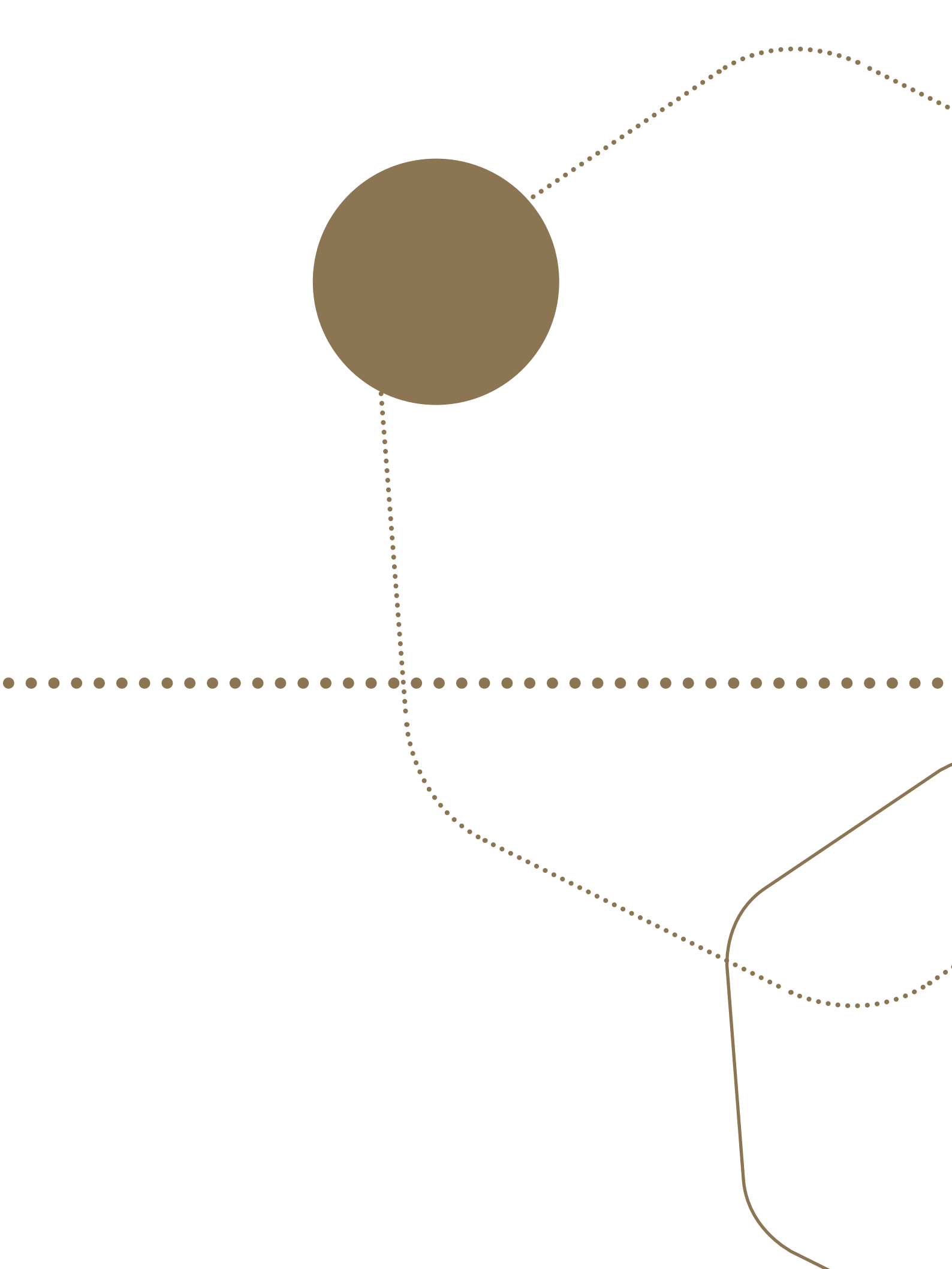
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