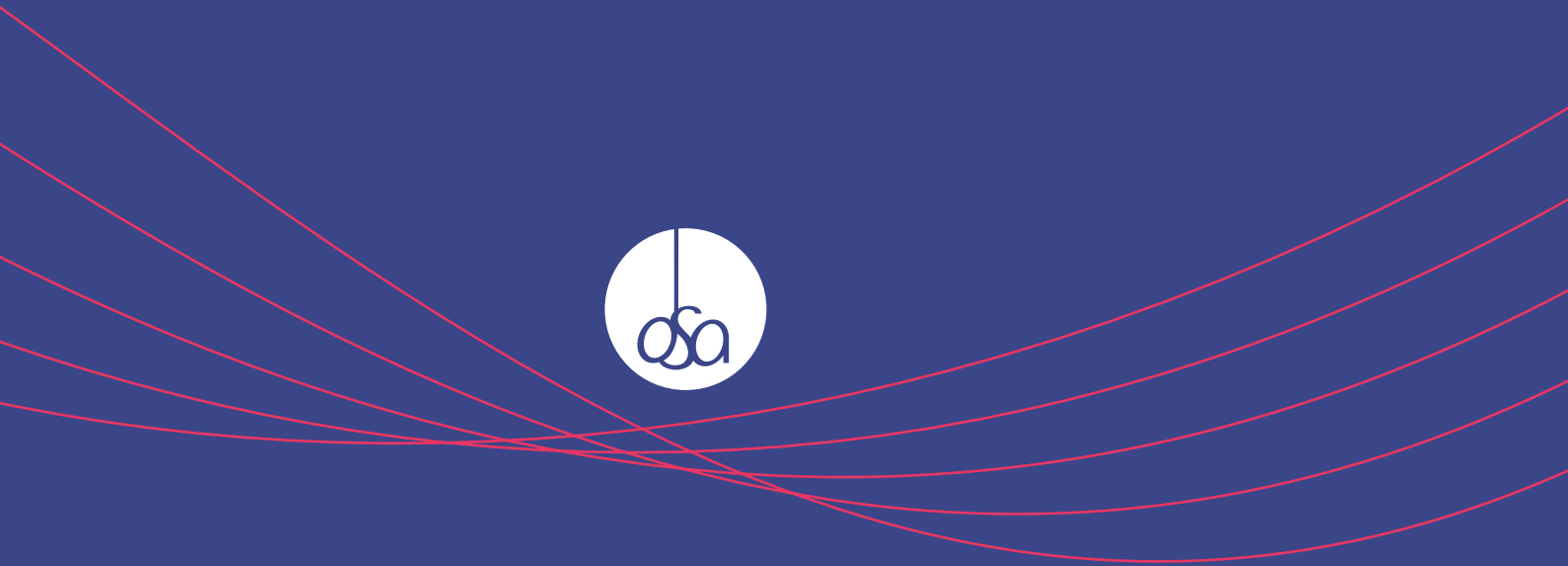




annual report of OSA

on its activities
and economic
results for 2018





annual report of OSA
on its activities
and economic results
for 2018

OSA in numbers of 2018

YEAR-ON-YEAR COMPARISON OF PRINCIPAL ECONOMIC INDICATORS 2018/2017

revenues collected for OSA and foreign rights holders*	979,113 thous. CZK	+13,908 thous. CZK	+1.44 %
* excl. royalties collected for other domestic collective management organizations (collections based on mandates to license their repertoire on their behalf)			
total revenues	1,242,089 thous. CZK	+196,804 thous. CZK	+18.83 %
total costs	147,383 thous. CZK	-4,213 thous. CZK	-2.78 %
average cost deduction	11.87 %		-2.63 %

STRUCTURE OF COLLECTED ROYALTIES BY CATEGORY OF RIGHTS*

	2018	difference 2018/2017	
television broadcasts	217,318 thous. CZK	+7,195 thous. CZK	+3.42 %
background music	211,227 thous. CZK	-22,377 thous. CZK	-9.58 %
live performances	166,768 thous. CZK	+19,115 thous. CZK	+12.95 %
private copying	93,190 thous. CZK	+17,836 thous. CZK	+23.67 %
cable retransmission	89,732 thous. CZK	-7,472 thous. CZK	-7.69 %
radio broadcasts	78,798 thous. CZK	+2,486 thous. CZK	+3.26 %
royalties collected from abroad	57,162 thous. CZK	-6,713 thous. CZK	-10.51 %
internet, mobile and other similar networks	32,058 thous. CZK	+7,026 thous. CZK	+28.07 %
physical media	16,497 thous. CZK	-2,421 thous. CZK	-12.80 %
renting, leasing	5,047 thous. CZK	+440 thous. CZK	+9.55 %
agency activities	5,412 thous. CZK	-1,045 thous. CZK	-16.18 %

* excl. royalties collected for other domestic collective management organizations (collections based on mandates to license their repertoire on their behalf)

about us

OSA – OCHRANNÝ SVAZ AUTORSKÝ PRO PRÁVA K DÍLŮM HUDEBNÍM, Z. S.

is a professional association of composers, lyricists and musical publishers that follows up the activities of Ochranné sdružení spisovatelů, skladatelů a nakladatelů hudebních děl, zapsané společenstvo s ručením omezeným, which was established in 1919 by **Karel Hašler, Rudolf Piskáček, Arnošt Hermann, Josef Šváb, František Šmíd, Eduard Joudal, Emil Štolc, Otakar Hanuš** and **Karel Barvicius**. One of the first directors was a son of the composer Antonín Dvořák.

OSA is also one of the founding members of the International Confederation of Societies of Authors and Composers CISAC (in 1926) and Bureau International des sociétés gérant les droits des enregistrements et de reproduction mécanique BIEM (in 1929).

The mission of OSA is the management of copyrights of composers, lyricists, the heirs of copyrights and publishers by law or based on an agreement, however, not interprets (singers) of these compositions. For the purpose of as much wide as possible territorial and repertoire coverage, Ochranný svaz autorský concluded contracts with sister societies worldwide, by which it offers a unique opportunity to authors to be paid automatically for music played in most of the territories of the world. At present, OSA manages rights for the territory of the Czech Republic based on a contracting relationship directly with the rights holder or with its foreign sister society and offers repertoire of **three and a half million rights holders** from various parts of the **world**, including **9,338 domestic rights holders** as of 31 December 2018. The rights of **foreign rights holders** are managed by **OSA** by means of reciprocal agreements concluded with **81 authors' societies worldwide**.

Owing to wide international background and almost one hundred years long tradition in enforcing copyrights inland as well as abroad, we try to make such conditions for authors so that they have peace and time for their own production. At the same time, we offer simple and easy access to music of authors from all over the world and across all music styles for the users of musical works. Consequently, OSA creates by its activities an imaginary bridge between authors and the users of their production.

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A pair of yellow over-ear headphones with a yellow cable is shown against a solid yellow background. The headphones are positioned diagonally, with the left earcup in the foreground and the right earcup partially visible behind it. The cable extends from the left earcup towards the bottom left corner of the frame. In the top right corner, there is a white circle containing the number '1'.

1

report of the supervisory board

DEAR COLLEAGUES,

This report on activities of the Supervisory Board refers to the period starting from the last General Assembly held on 28 May 2018, to the General Assembly to be held on 27 May 2019 and it is accompanied by a brief summary of Supervisory Board's activities over the latest three-year term of office of the Supervisory Board.

INTRODUCTORY INFORMATION: The composition of our three-member Board of Trustees is stable and remains unchanged. There have been no changes in the composition of the Supervisory Board either. The Ministry of Culture has accepted our tariff in force since 1 January 2019.

AUDIT: The Board of Trustees of the association is responsible for the compilation of financial statements. The Supervisory Board is responsible for the supervision over the process of financial reporting in the association. The proper audit carried out by APOGEO Audit, s.r.o., did not find any errors in the accounts of OSA for 2018 and information quoted in the annual report of the Board of Trustees of OSA is in all respects in compliance with the financial statements.

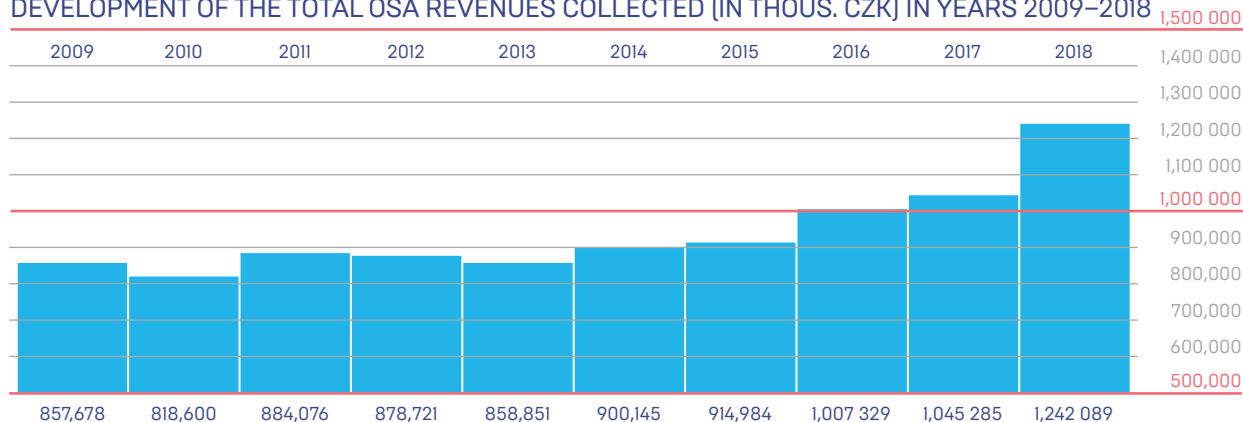
ECONOMIC RESULTS: After exceeding the amount of one billion CZK of revenues collected, OSA did not rest on its laurels and continued its economic growth in 2018. But the last-year's jump was considerably influenced by the fact that since 1 January 2018, OSA has been collecting revenues in the field of public performances for all collective management organizations involved in the area of music. Consequently, the total revenues collected jumped by 18.83 %. Even after netting out the revenues collected on the basis of new agreements entered into with the collective management organization Intergram, OSA increased its revenues collected by 2.99 %. In quantitative terms, it is the amount of CZK 31,170,000.

year	total revenues collected (in thous. CZK excl. VAT)	average cost deduction	
2016	1,007,329	14.14 %	
2017	1,045,285	14.50 %	
2018	1,242 089 <small>(1,076,455 acc. to the original methodology)</small>	11.87 %	

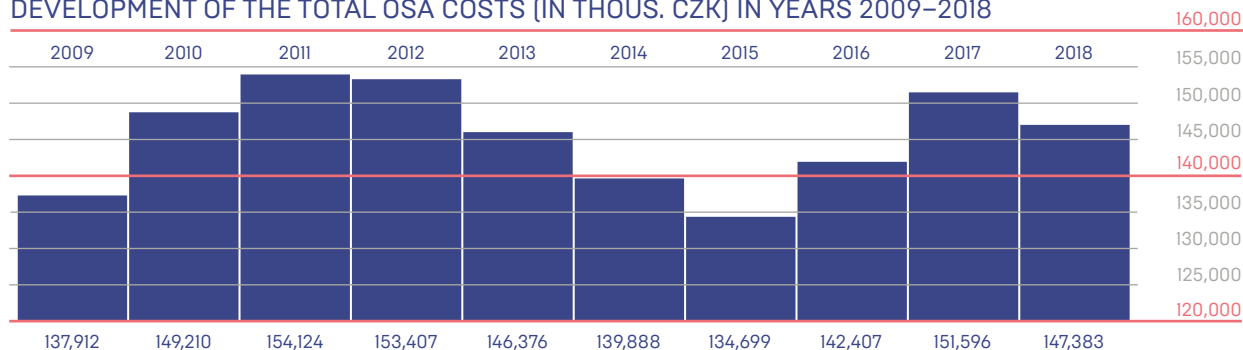
In 2018, OSA achieved again the historically best economic result. In the column of total revenues collected, the figure in brackets should be used for a rolling comparison with 2017. It shows the total revenues collected according to the original methodology, i.e. net of the royalties collected on the

basis of newly concluded agreements with the collective management organization Intergram. As OSA became the sole place of collection for the collective management of public performance of music, we have achieved the lowest cost deduction since the beginning of the nineties. You can consult comparison charts of the development of revenues collected and costs over the past 10 years:

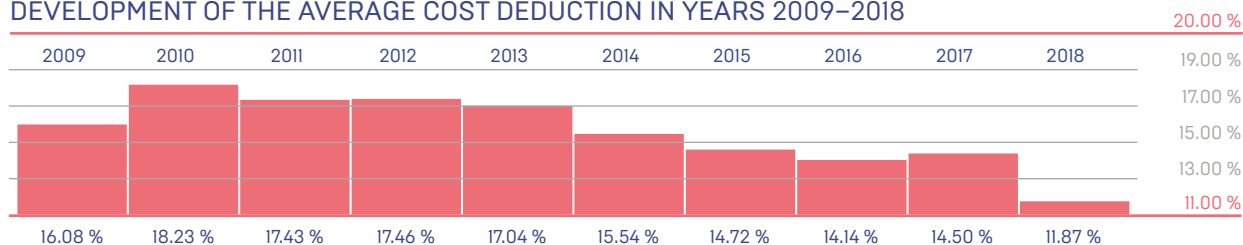
DEVELOPMENT OF THE TOTAL OSA REVENUES COLLECTED (IN THOUS. CZK) IN YEARS 2009–2018



DEVELOPMENT OF THE TOTAL OSA COSTS (IN THOUS. CZK) IN YEARS 2009–2018



DEVELOPMENT OF THE AVERAGE COST DEDUCTION IN YEARS 2009–2018



MEMBERSHIP: As of 31 December 2018, OSA represented based on an agreement 9,338 domestic rights holders. The membership slightly changed year-on-year. As of 31 December 2018, the number was 578 members in total compared to 587 in 2017, including 411 composers (338 popular music, 73 classical music), 92 lyricists, 50 heirs and 25 publishers. There have been 18 new members since 1 January 2019 who were accepted by the General Assembly in 2018, and one member changed classification from publisher to author. Two members of OSA died by 18 March 2019. The current number is 594 members, including 352 popular music composers, 72 classical music composers, 93 lyricists, 50 heirs and 27 publishers. In terms of profession groups, the current numbers are the following: 466 composers, 101 lyricists and 27 publishers.

Out of the non-members who have met the requirements for acquisition of members, 15 filed an application for membership this year. They include 10 popular music composers, 2 classical music composers, 2 lyricists and 1 person applying for an exceptional admission as a member in the section of composers. This year's General Assembly of the members of OSA will decide on the applications.

ACTIVITIES OF THE SUPERVISORY BOARD: After one year of validity of the new Distribution Rules for live performances, we analyzed the effects thereof. We compared the new distribution with a simulated distribution for the same period under the old rules. The results of comparing the average royalties paid in individual categories clearly show that the new rules have met our expectations, both in terms of the planned functionality and in terms of the royalties paid. As expected, categories 7 and 8 have benefited from the cancellation of collection coefficients. There has been a decline in categories 3, 5 and 6. Here we propose coefficient corrections. Other categories maintained their average values. We are convinced that in addition to the guarantee of fair distribution, the rules ensure long-term support for classical and non-commercial music. The legislative purity, simplicity and transparency are considerable advantages of the new system.

The legislative process which culminated in 2018/2019, interrupted our upward development by its unpleasant dissonance. Last year, our legislators started discussing a "mini-amendment" to the Copyright Act as a part of the so-called Marrakesh Treaty. It was supposed to concern only relieves for handicapped users. Senator Valenta took the opportunity to prepare an amendment which was a clear attack on private ownership resulting from artistic activities and on the very principle of copyright law. To our surprise, the Senate, which is supposed to be a safeguard of equity and legislative pureness, approved this bad imitation of law even though the draft amendment was clearly contrary to the EU law and international agreements binding on the Czech Republic. Such a change to the Copyright Act would deprive all rights holders – both authors and performers – of considerable sums of money. At a guess, we might lose up to a third of our revenues from public performances, i.e. revenues collected for audio and audiovisual

devices situated in public premises and establishments. Under this threat, individual artists as well as organizations concerned started protesting. The protesters included in particular collective management organizations OSA, Intergram, Dilia, OOA-S, but also the Association of Authors and Performers, including Actors' Association. There would be no point in enumerating the contributions of individual protesters. Everyone tried their best. We were issuing statements, initiated a joint petition, articles, interviews, we held a press conference in presence of the media but we also directly contacted political figures. We were finally united and we were heard. We would like to take this opportunity to express our thanks to all of you who supported the petition or contributed otherwise. When the voting was held in the Parliament at the start of this year, the government proposal was passed without the senate amendment. It was positive but the Pandora's box remained open and two deputies (for SPD and ANO) have already submitted an identical, rejected proposal. Therefore, the voting will be repeated and we should be ready for the possibility that the matter will be finally resolved by court. In such a case, we would have to put up with a temporary loss of a part of revenues collected. On the basis of the existing case law of the Court of Justice of the European Union, we expect a course of events similar to our older dispute concerning devices installed in hotel rooms, which we won.

Together with the Board of Trustees, the Supervisory Board started preparations for the celebration of this year's exceptional anniversary – 100 years of OSA. Given the long deadlines for arrangement of suitable premises and planning of performers, we had to start well in advance. It will be up to the Board of Trustees and the newly elected Supervisory Board to complete the celebrations. For now, we expect the gala evening to be held in Karlín Music Theatre on 9 October [i.e. on the date of establishment of OSA in 1919]. Work is under way on an epic publication under the working title "A hundred hits of OSA", containing one domestic piece for each year. We also plan a travelling exhibition "A hundred years of OSA" composed of the period materials stored in OSA's rich archives.

This year, we have launched a new, improved OSA website; we were working on it for almost the entire last year. The new website contains an e-shop which makes it possible to enter into license agreements electronically, including a payment gate for copyrighted work users. Once the applicant enters parameters, the rate is calculated and the license agreement is sent automatically to the user's e-mail address. Once the payment is made, inter alia directly via the payment gate, the user receives an invoice. New parties interested in concluding an agreement with OSA may use the website to apply for conclusion of an agreement with OSA. We hope that the website is not only of much better graphic quality but also more transparent, extensive and user-friendly.

BRIEF SUMMARY OF OSA MANAGEMENT'S ACTIVITIES OVER THE LATEST THREE-YEAR TERM OF OFFICE

In 2016, we spent most of our time on the amendment to the Copyright Act and on preparation of amendments to the fundamental documents of OSA. At the 2017 General Assembly, we had to adapt our internal rules to the requirements of the new Copyright Act. We successfully changed our Statutes and the Code of Procedure of the General Assembly but we also fundamentally changed the Distribution Rules and the Statutes of the Cultural and Social Fund. New rules for the holding and conduct of the General Assembly of OSA members were put in place at the 2018 General Assembly. It was mainly the option of remote electronic voting, the right to authorize other persons to attend the General Assembly on the members' behalf, and we also introduced voting by voting machine in order to save time of General Assembly participants.

We had great satisfaction with respect to the stayed proceedings in one case and the approval of our tariff, reviewed by the Office for the Protection of Competition (OPC), in the other. The first case was about an increase in the area of live music (2016) where the OPC had received hundreds of submissions. In the other case, it was a reaction to our "notorious price increase of 50 %" (2017). We had to ask the Office for a review ourselves in order to comply with a retroactive provision of the amended law. We succeeded in both cases. Our arguments and results of comparison with the rates applicable in other EU member states clearly weighed in our favor. We coped with all changes to the tariff over the last three years. Also the Ministry of Culture of the Czech Republic – according to the wording of the new Copyright Act – considers our complete tariff issued in August 2018 to be approved.

Since 1 January 2017, OSA has been a member of the Economic Chamber of the Czech Republic. We believed it was right to joint this organization in order to declare our affiliation with the private business community. Some sub-questions which concern us really are discussed at the Economic Chamber of the Czech Republic and hence our membership was definitely not a merely formal step.

On 1 January 2018, OSA became the sole place of collection for all collective management organizations involved in the area of music. OSA collects simultaneously for Intergram, DILIA, OOA-S and OAZA. It is a significant progress which reduces the costs of all collective management organizations and increases the effectiveness of collection by OSA. At the same time, the principle of a single place of collection is convenient also for users. They can see their liabilities at once and choose the payment method.

As mentioned above, having exceeded the amount of one billion Czech crowns of revenues collected, OSA does not rest on its laurels and it relentlessly continues to grow economically year after year. This has been taking place since 2013 and over the last five years, OSA increased its total revenues collected by CZK 383 million.

CONCLUSION: The results of the last year confirm the upward trend of OSA's economic results. We have a stable and qualified Board of Trustees. Following the amendment to the Copyright Act, we managed to adapt and clarify our fundamental documents which are not in conflict with the laws of the Czech Republic in any respects. Virtually all royalty collection and distribution processes are carried out electronically. We have an excellent magazine "Autor in" (Author in) and a great social event OSA Awards. We communicate with those represented by OSA based on an agreement, with users and the public and we are absolutely transparent. In all good conscience, we can say that we have cleared the decks. But we still have sleepless nights about some things – the attempts to damage the management of copyrights through internal legislation. This is where we least expected it. At a time when the EU is trying to correct an error of many years and introduce copyright protection in the cyberspace, the Czech legislators have been racking their brains on how to deprive rights holders of their traditional earnings at home. Contrary to the proposer of the bill, i.e. the Ministry of Culture of the Czech Republic, some deputies and senators demonstrate their inadequate insight into the area of intellectual property and use it only as a political issue. Fortunately, we are not completely powerless. We can once again pull together and rely on the laws of the European Union. And we will definitely do so.

Let me to express my particular thanks on behalf of the Supervisory Board to the Board of Trustees and the employees of OSA for their year-round efforts and I thank you all for your trust.

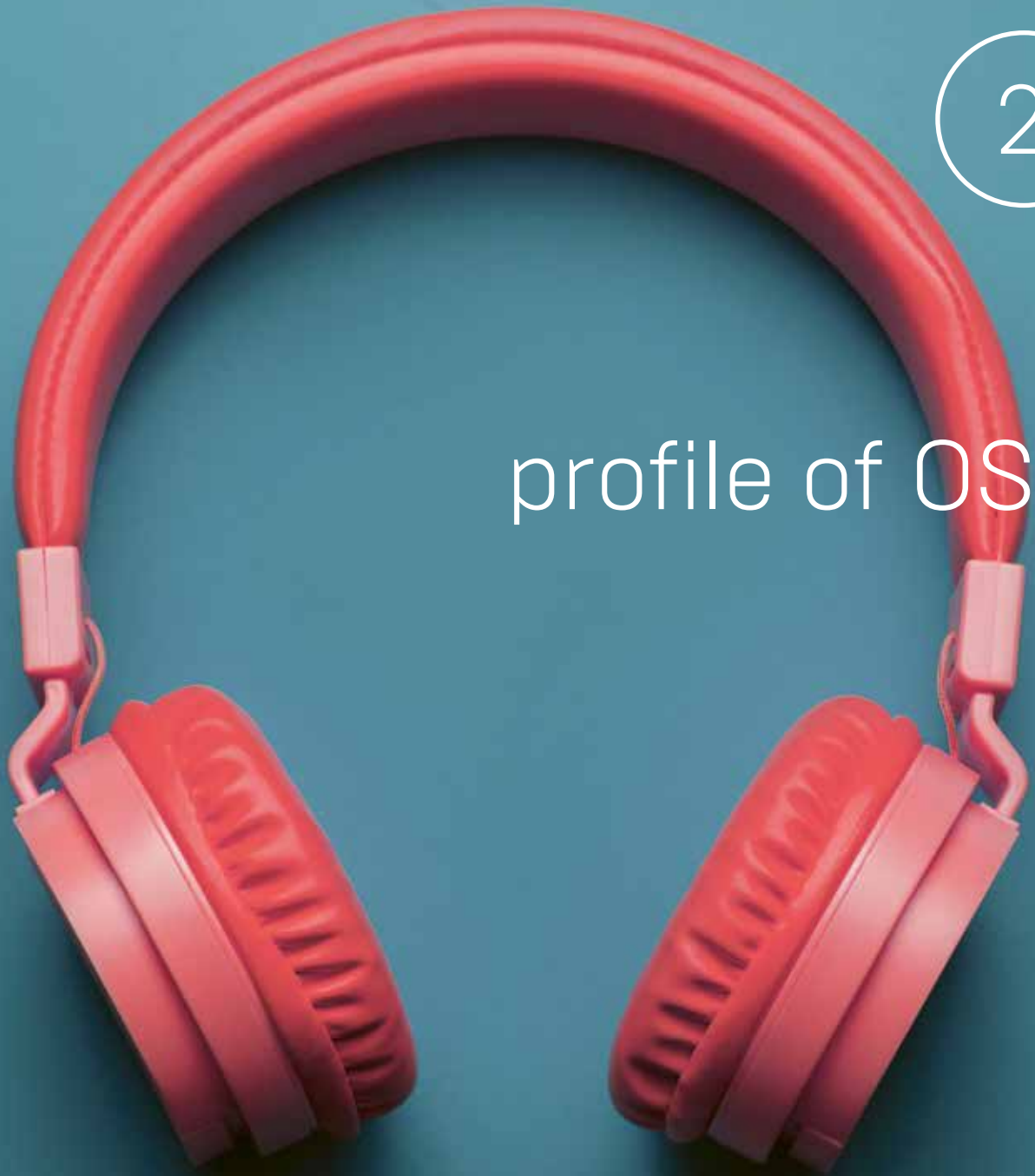
The Supervisory Board wishes you success both in your creative work and personal life.

On behalf of the Supervisory Board
Luboš Andršt

Approved by the Supervisory Board on 26 March 2019

2

profile of OSA



2.1 basic OSA characteristics

NAME: OSA – Ochranný svaz autorský pro práva k dílům hudebním, z.s.

LEGAL FORM: registered association

REGISTERED OFFICE: Čs. armády 786/20, Prague 6, post code 160 56, Czech Republic

ID: 63839997

TAX ID NO.: CZ 63839997

Registered in the Associations Register kept by the Municipal Court in Prague, Section L, Insert 7277

CONTACT INFORMATION

OSA – Ochranný svaz autorský pro práva k dílům hudebním, z. s.

Čs. armády 786/20, Prague 6, post code 160 56, Czech Republic

TELEPHONE: +420 220 315 111

E-MAIL: osa@osa.cz

INTERNET: www.osa.cz

FACEBOOK: www.facebook.com/Ochrannysvazautorsky

INSTAGRAM: [instagram.com/ochranny_svaz_autorsky](https://www.instagram.com/ochranny_svaz_autorsky)

TWITTER: twitter.com/OSA_zs

AUTOR IN: www.autorin.cz

INFOSA: www.infosa.cz

MYSLÍME NA HUDBU (we think of music): www.myslimenahudbu.cz

OSA ANNUAL AWARDS: www.cenyosa.cz

CUSTOMER CENTRE – HAVLÍČKŮV BROD

Nádražní 397

580 01 Havlíčkův Brod

CUSTOMER LINE: +420 220 315 000

E-MAIL: vp@osa.cz

SUBJECT OF ACTIVITY

The collective management of economic copyrights to musical pieces with or without lyrics and to other copyrighted works within the meaning of the Copyright Act and disclosure of these works to the public and related activities on the basis of an authorization granted by the Ministry of Culture of the Czech Republic or on the basis of a commission granted to OSA by other collective management organization, all of these are the main subjects of business of OSA. OSA further performs agency activities on the basis of an issued trade license. Within the agency, it also grants licenses on the basis of an individual commission from individual rights holders.

OSA IS A MEMBER OF INTERNATIONAL ORGANIZATIONS

CISAC Confédération Internationale des Sociétés d’Auteurs et Compositeurs
International Confederation of Societies of Authors and Composers

BIEM Bureau International des Sociétés Gérant les Droits d’Enregistrement
et de Reproduction Mécanique
International Bureau of Companies Managing Rights for Mechanical Recording
and Reproduction of Musical Works

GESAC Groupement Européen des Sociétés d’Auteurs et Compositeurs
European Association of Authors and Composers

AWARDS

Since 2011, OSA has been the holder of the highest degree of evaluation performed by the International Confederation of Societies of Authors and Composers (CISAC). In an in-depth audit, focused on effectiveness of management, transparency of internal documents (the Distribution Rules, the Statutes of OSA, society directives etc.) and processes (for example monitoring of financial flows of non-specific income), equal approach to all rights holders (domestic or foreign, members or non-members), or quality and extent of the offered services, OSA was found to be a society fulfilling the so-called “Professional Rules”, which are binding on companies united within CISAC, without any exception.

LINK: www.cisac.org

2.2 missions and values of OSA

motto: We think of music

MISSIONS OF OSA

RIGHTS HOLDERS

COMPOSERS, LYRICISTS, MUSIC PUBLISHERS, HEIRS

- We actively enforce your copyrights inland and abroad.
- We let you have enough time for your production. We negotiate business conditions instead of you and monitor the use of your works afterwards.
- We set the pace in the speed of the payment of royalties. We already belong among the cutting edge in this regard.
- With us, you know where you are played! We provide you detailed overview of the use of your works along with the payment.

USERS OF MUSIC

ENTREPRENEURS, OPERATORS, ORGANIZERS, PROFESSIONAL AND NON-PROFESSIONAL PUBLIC

- By our music, we help your business to create pleasant atmosphere, we accompany you when you do sports or want only to listen, we help emphasize emotions in movies or at sports grounds.
- We facilitate your administration considerably. Our employees arrange for you rights to the music of three and half million composers and lyricists of various genres from all over the world.

VALUES OF OSA

COMMUNITY. We are a professional association of composers, lyricists and musical publishers.

TRADITION. We have been here for you since 1919.

MUSIC. We share feelings through (our) universal language.

ACCESSIBILITY. We make the world of music accessible from one place.

OPENNESS. We promote transparent attitude to authors as well as to the public.



3

clients of OSA



3.1 rights holders

COMPOSERS, LYRICISTS, MUSIC PUBLISHERS AND HEIRS

A) RIGHTS HOLDERS THAT CONCLUDED A CONTRACT WITH OSA

OSA distinguishes 2 forms of relationships:

- a rights holder that concluded a contract with OSA,
- a member (with the advantage of voting rights and the possibility to elect his representatives or to stand as a candidate for the Supervisory Board in the General Assembly of the members of OSA).*

* conditions for membership are defined in Art. 3 of the Statutes of OSA

B) RIGHTS HOLDERS THAT CONCLUDED A CONTRACT WITH A FOREIGN SISTER SOCIETY WITH WHICH OSA HAS CONCLUDED A RECIPROCAL AGREEMENT

In addition, we manage rights by law for which we pay out royalties to registered rights holders. We do not manage the rights of the interpreters of compositions (singers).

TOTAL NUMBER OF RIGHTS HOLDERS AS OF 31 DECEMBER 2018 whose rights we manage based on a contracting relationship directly with a rights holder or with a foreign sister society:



total domestic rights holders	9,338
authors	6,360
heirs	2,842
publishers	136

NUMBER OF DOMESTIC RIGHTS HOLDERS BY WHICH THE "OSA" FAMILY EXPANDED IN 2018

total newly accepted domestic rights holders	370
authors	361
publishers	9

* beyond the above numbers, 81 new contracts with the heirs of copyrights were signed in 2018



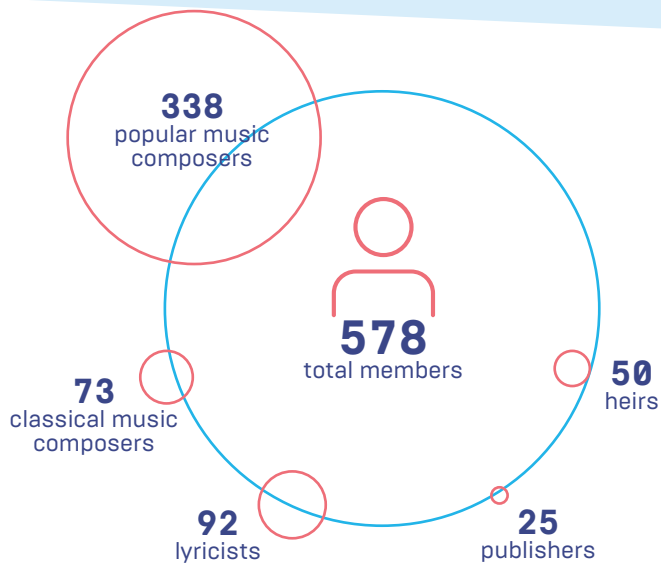
NUMBER OF NEWLY ACCEPTED MEMBERS IN 2018

* accepted by GA in 2018 (with the effect as of 1 January 2019)



STRUCTURE OF MEMBERS AS OF 31 DECEMBER 2018

total members	578
popular music composers	338
classical music composers	73
lyricists	92
publishers	25
heirs	50

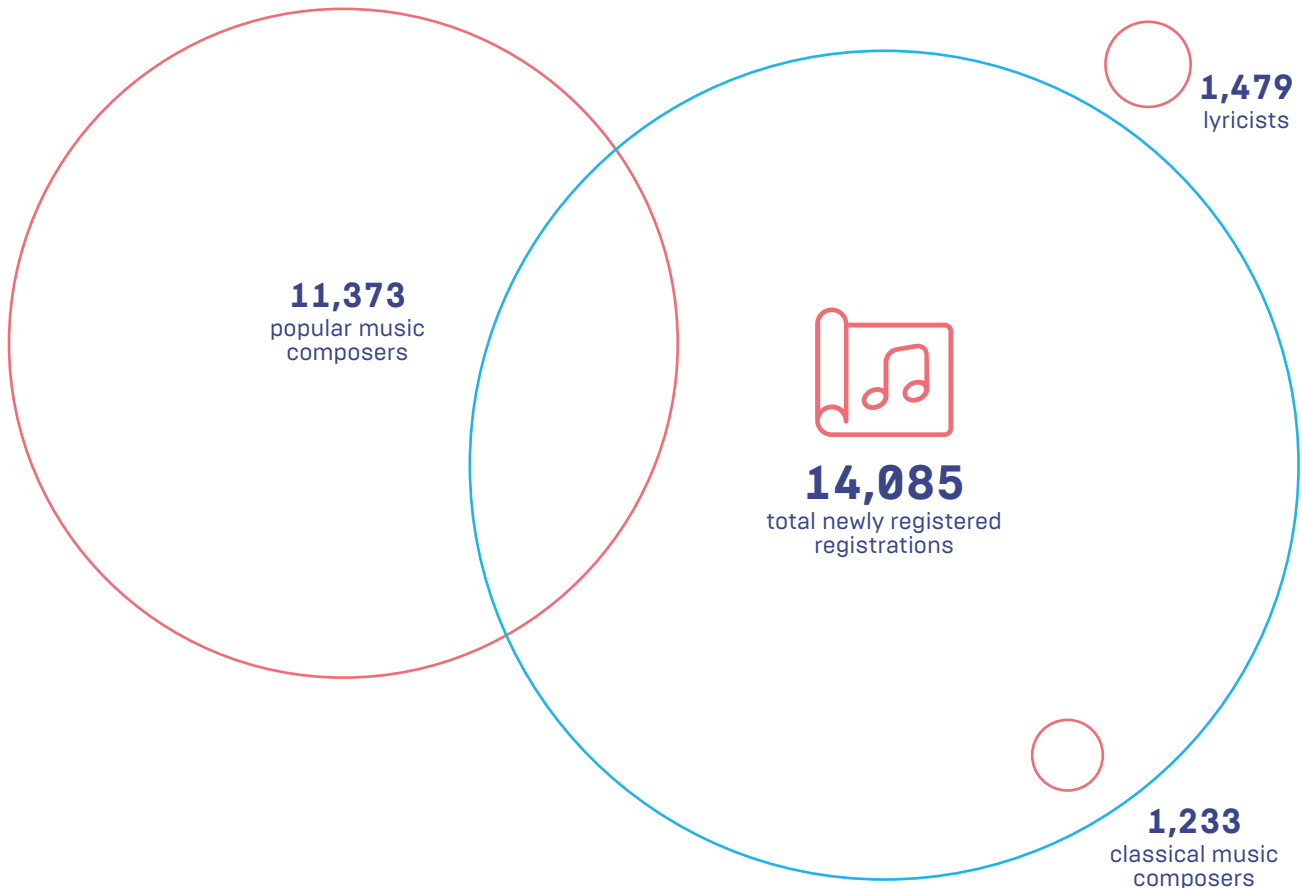


HOW TO PROTECT YOUR MUSICAL WORKS?

Musical works are registered based on registrations for each musical work submitted by the author. The author who fails to register his musical work in time puts himself at risk that, in case of its use, he will not receive its royalties at proper time.

NEWLY REGISTERED REGISTRATIONS

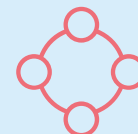
total newly registered registrations	14,085
popular music composers	11,373
classical music composers	1,233
lyricists	1,479



entrepreneurs, operators, organizers, professional and non-professional public

TOTAL NUMBER OF BUSINESS PARTNERS
IN ALL SEGMENTS OF COLLECTION IN 2018*

* according to Company ID-No.



49,089

IN 2018, WE DISTRIBUTED ROYALTIES TO AUTHORS
AND PUBLISHERS BASED ON THE LIST
OF MUSICAL WORKS USED FROM:

- organizers of **34,933** concerts,
- **42** TV stations that played **131,854** hours of music in 2018,
- **134** radio stations that played **609,870** hours of music in 2018.

organizers reported

34,933

concerts



42 TV stations played

131,854

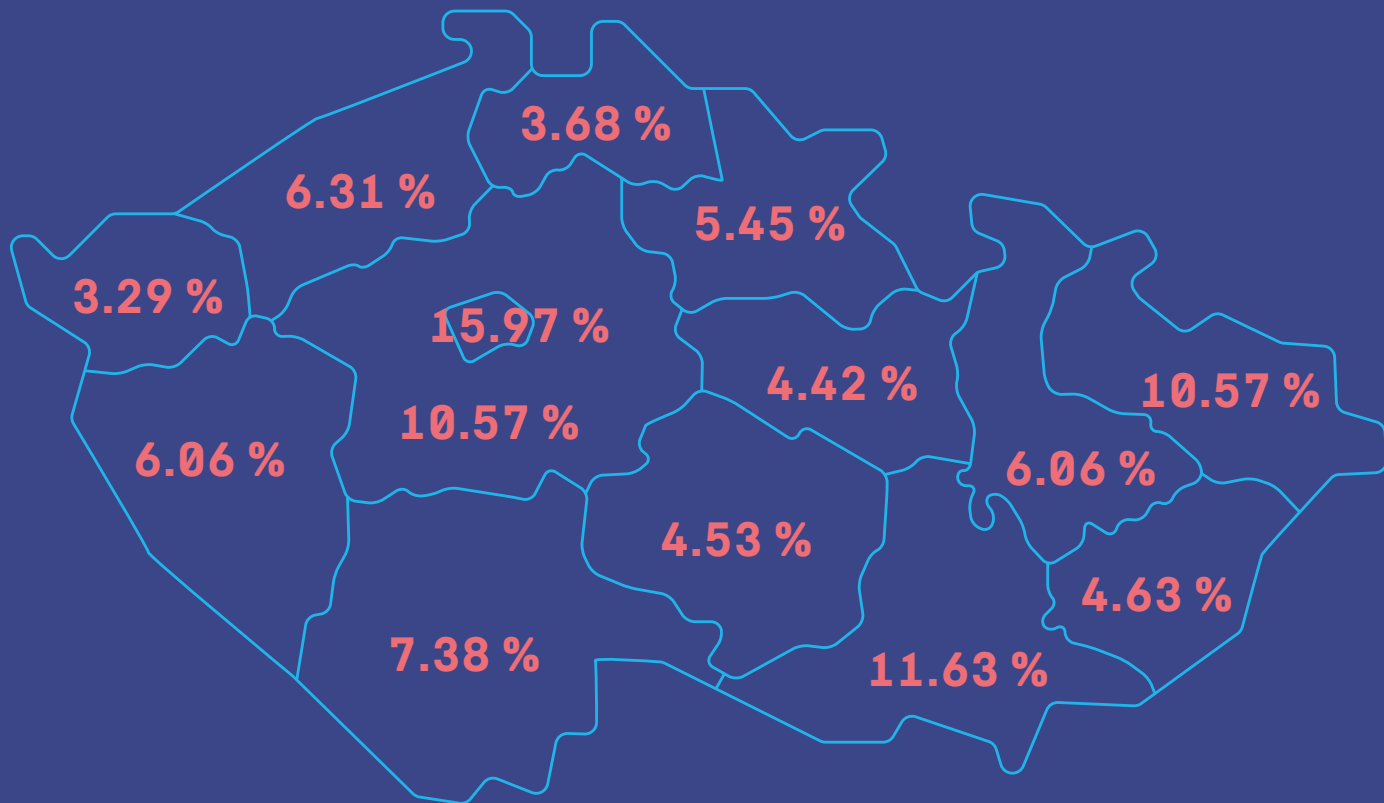
hours of music



134 radio stations played

609,870

hours of music

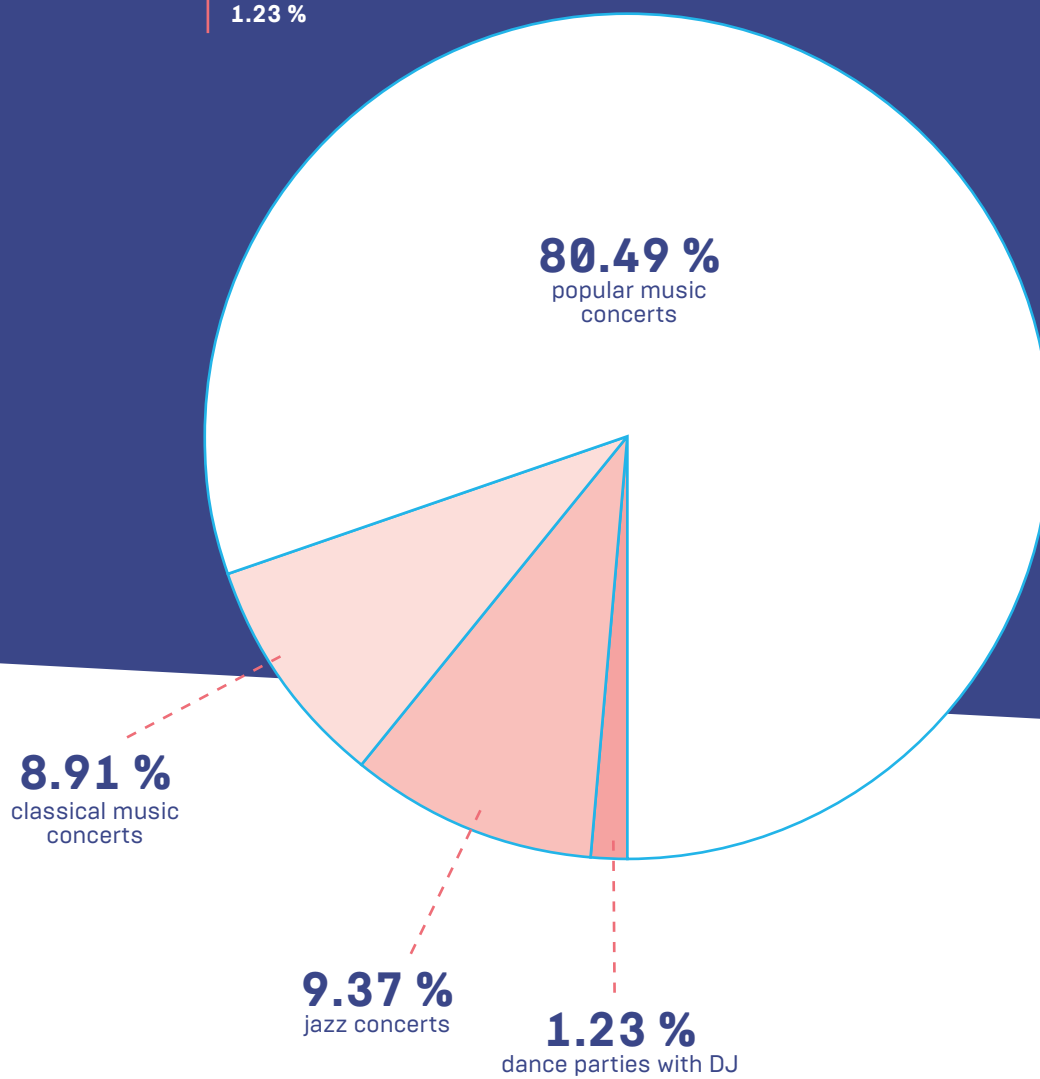


REGIONAL DISTRIBUTION OF BUSINESS PARTNERS IN 2018

region	share in %	region	share in %
Capital of Prague	15.97 %	Pilsen Region	6.06 %
South Moravian Region	11.63 %	Hradec Králové Region	5.45 %
Central Bohemia Region	10.57 %	Zlín Region	4.63 %
Moravian-Silesian Region	10.02 %	Vysočina Region	4.53 %
South Bohemian Region	7.38 %	Pardubice Region	4.42 %
Ústí Region	6.31 %	Liberec Region	3.68 %
Olomouc Region	6.06 %	Karlovy Vary Region	3.29 %

CONCERTS ORGANIZED IN 2018

popular music concerts	80.49 %
classical music concerts	8.91 %
jazz concerts	9.37 %
dance parties with DJ	1.23 %



4

management of OSA



OSA LEADING BODIES ARE:

- General Assembly
- Supervisory Board
- Board of Trustees

4.1 general assembly

General Assembly is the supreme body of OSA. It consists of OSA members and is convened at least once a year in the first half of the calendar year after conclusion of economic results for the previous year.

GENERAL ASSEMBLY COMPETENCE

The General Assembly approves the business results for the previous year and annual financial statements, approves fundamental documents of OSA and their amendments (the Statutes of OSA, the Distribution Rules, the Statutes of the Cultural, Social and Educational Fund of OSA etc.), decides on the disposal of the profit from its auxiliary economic activities, on the strategy concerning administrative cost deductions withheld from income from the exercise of rights, or on the use of the income from the exercise of rights that could not be paid within a statutory period. Further, it elects and removes its representatives in the Supervisory Board, decides on issues related to members or appoints an auditor. Powers of the General Assembly are specified by the OSA Statutes, which are available at www.osa.cz.

DECISION-MAKING OF THE GENERAL ASSEMBLY

OSA members (membership conditions are specified in detail in the OSA Statutes) or other persons invited by the Board of Trustees or the Supervisory Board can participate in the General Assembly. Only one person can participate on behalf of a member who is a legal person. The General Assembly is quorate if at least 10 % of members and at the same time 10 % of members from every profession are present (i.e. composers, lyricists and publishers). If not enough members meet so that the General Assembly is quorate within 30 minutes from the moment for which the General Assembly was convened, the General Assembly is quorate provided that each profession group is represented. Every member has one vote. Any member is entitled to authorize another person to attend the session of the General Assembly and to vote there on the member's behalf. Members may exercise their membership rights related to the participation in the General Assembly also by electronic means.

The Statutes and the Distribution Rules are approved separately in individual profession groups (every profession approves its decisions by a three-fifths majority), while changes in these documents become effective only if all three profession groups vote in favor of the change. The General Assembly follows the Code of Procedure and minutes of its session are taken.

The General Assembly of OSA members took place in the conference room of Hotel International on 28 May 2018.

4.2 supervisory board

SUPERVISORY BOARD MEMBERS

The Supervisory Board is the management and control body of OSA. It consists of 13 members — 6 composers, 3 lyricists and 4 publishers. The members of the Supervisory Board are elected at the General Assembly for the period of 3 years and every profession group elects its representatives for the Supervisory Board separately by a secret vote. Two substitutes are elected for every profession group. The Supervisory Board elects a chairman and two vice-chairmen from its members. The chairman is elected from the profession group of composers, one vice-chairman from the group of lyricists and one from the group of publishers. If there is a need to remove the entire Supervisory Board, the General Assembly decides on such measure in a plenary session. If there is a need of to remove a member of the Supervisory Board, the profession from which he or she was elected decides on the removal in a secret vote. The Supervisory Board is responsible for its actions to the General Assembly.

SUPERVISORY BOARD COMPETENCE

The competence of the Supervisory Board covers, in particular, the election and removal of the chairman and the members of the Board of Trustees and control of their activities, establishment and cancellation of OSA professional committees and their control, discussing the proposals of royalty tariffs, deciding on the percentage amounts of administrative cost deductions, deciding on the percentage amount of deductions to the reserve fund and using the funds from it, discussing and approving fundamental questions of OSA procedures during its activities and principles of contractual relations for individual types of use, determination of OSA's economic goals for the next year or discussing the quarterly economic report. The powers of the Supervisory Board are specified by the OSA Statutes, which are available at www.osa.cz.

DECISION-MAKING OF THE SUPERVISORY BOARD

The Supervisory Board is quorate if an absolute majority of its members is present. However, every profession must be represented by at least one member. The Supervisory Board decides by a simple majority of votes of the present members. Where votes are tied, the vote of the chairman counts as two votes. If the Supervisory Board members from the composer profession present at the meeting of the Supervisory Board have the same opinion unequivocally, they cannot be voted down by the other present members of the Supervisory Board. The Supervisory Board follows a Code of Procedure and minutes of its session are taken.

In 2018, 11 sessions of the Supervisory Board were held. Three members of the Board of Trustees also attend the Supervisory Board sessions.

SUPERVISORY BOARD MEMBERS AS OF 31 DECEMBER 2018

OSA Supervisory Board		
chairman	Luboš Andršt	composer
vice-chairmen	Michael Prostějovský	lyricist
	Universal Music Publishing, s.r.o. – Jolana Zemanová	music publisher
members	Jan Hála	composer
	Martin Kratochvíl	composer
	Eduard Krečmar	lyricist
	Jan Krůta	lyricist
	Ivan Kurz	composer
	Lukáš Matoušek	composer
	Zdeněk Nedvěd	music publisher
	Michal Prokop	composer
	ProVox Music Publishing, s.r.o – Jiří Paulů	music publisher
Schubert Music Publishing, s.r.o. – Jiřina Petrová	music publisher	

PROFESSIONAL COMMITTEES ELECTED BY THE SUPERVISORY BOARD AS OF 31 DECEMBER 2018

ECONOMIC COMMITTEE

It prepares materials, data and proposals of solutions for decisions of the Supervisory Board in the area of OSA management. In particular, it conducts business analyses, collections and costs analyses, looks for savings, deals with tax issues. It monitors tariff levels abroad, economic effects of tariff rates, discusses changes of royalty tariffs and the rate of royalties for new uses of the works. In the social area, its competence also covers administration and distribution of resources from the Solidarity Fund (defined in par. 3.2 of the Statutes of the Cultural, Social and Educational Fund of OSA) and decisions on approving contributions and support, on the amount and pay date thereof. All profession groups must be represented in the Committee.

chairwoman	Jolana Zemanová
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members	Tomáš Doležal
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Eduard Krečmar

Jiří Paulů

DISTRIBUTION COMMITTEE

It prepares particularly the proposals for changes in the Distribution Rules, checks all distribution mechanisms, monitors Distribution Rules of author's societies abroad (preferentially in EU countries), analyzes impacts of the Distribution Rules on the relationships among the rights holders whose rights are managed by OSA, deals with problems of administrative deductions together with the Economic Committee. All professions must be represented in the Committee.

chairman	rotation principle
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members	Martin Kratochvíl
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Jiřina Petrová

Michael Prostějovský

Miroslav Pudlák

COMMITTEE FOR CREATIVITY AFFAIRS

The Committee in particular categorizes reported works to relevant categories in accordance with Annex 1 to the valid Distribution Rules, comments on disputes of authorship from the creative point of view, assesses the degree of works adaptation and arrangement, deals with authorship disputes of the rights holders whose rights are managed by OSA, identifies possible plagiarism.

chairman	Emil Viklický
members	Juraj Filas
	Lukáš Hurník
	Lukáš Matoušek
	Vladimír Popelka
	Rudolf Růžička
	Boris Urbánek

PARTNERSHIP COMMITTEE

It was established by the Supervisory Board in 2010 and it pursues fulfillment of the OSA Partnership project. The Committee is entitled to decide to award OSA partnership in the project implementation on the basis of a written request of the implementer of a specific project. Furthermore, it looks for potential applicants/promoters from individual areas and informs them of the possibilities of partnership. The committee enters into coordination negotiations with the OSA Board of Trustees to reach mutual agreement on strategy and coverage of the spectrum of cultural events within the frame of fulfillment of the Partnership project. All profession groups must be represented in the Committee.

chairman	Ivan Kurz
members	Jiří Gemrot
	Karel Holas
	Radim Kolek
	Martin Němec
	Milan Svoboda
	Jaroslav Šprongl

AUTOR IN EDITORIAL BOARD

Together with the magazine editors, it prepares the contents of individual issues and it sees to the balance of published topics with regard to individual profession groups whose rights are managed by OSA.

chairman	rotation principle
members	Jan Fischer
	Jan Krůta
	Zdeněk Nedvěd
	Michal Prokop

COMMITTEE FOR OSA ANNUAL AWARDS

A non-permanent committee which focuses on preparation of OSA Annual Awards and other annual events.

chairman	Michal Prokop
members	Lukáš Matoušek
	Michael Prostějovský
	Jolana Zemanová

4.3 board of trustees

BOARD OF TRUSTEES COMPOSITION

The Board of Trustees is a statutory and executive body of OSA. It has three members and it consists of the chairman and two members. The Board of Trustees is elected and removed by the Supervisory Board. It is responsible for its activities to the General Assembly and to the Supervisory Board.

BOARD OF TRUSTEES COMPETENCE

The Board of Trustees particularly manages the employees of OSA and checks their activities, participates in the meetings of the Supervisory Board and General Assembly and implements their resolutions. Further, it submits a quarterly economic report of OSA to the Supervisory Board, an annual report including annual financial statements for the previous year and a financial plan for the next year, approves the tariffs of royalties, makes organizational changes and concludes and terminates agreements with domestic and foreign collective management organizations and significant users. The powers of the Board of Trustees are specified by the OSA Statutes, which are available at www.osa.cz.

DECISION-MAKING OF THE BOARD OF TRUSTEES

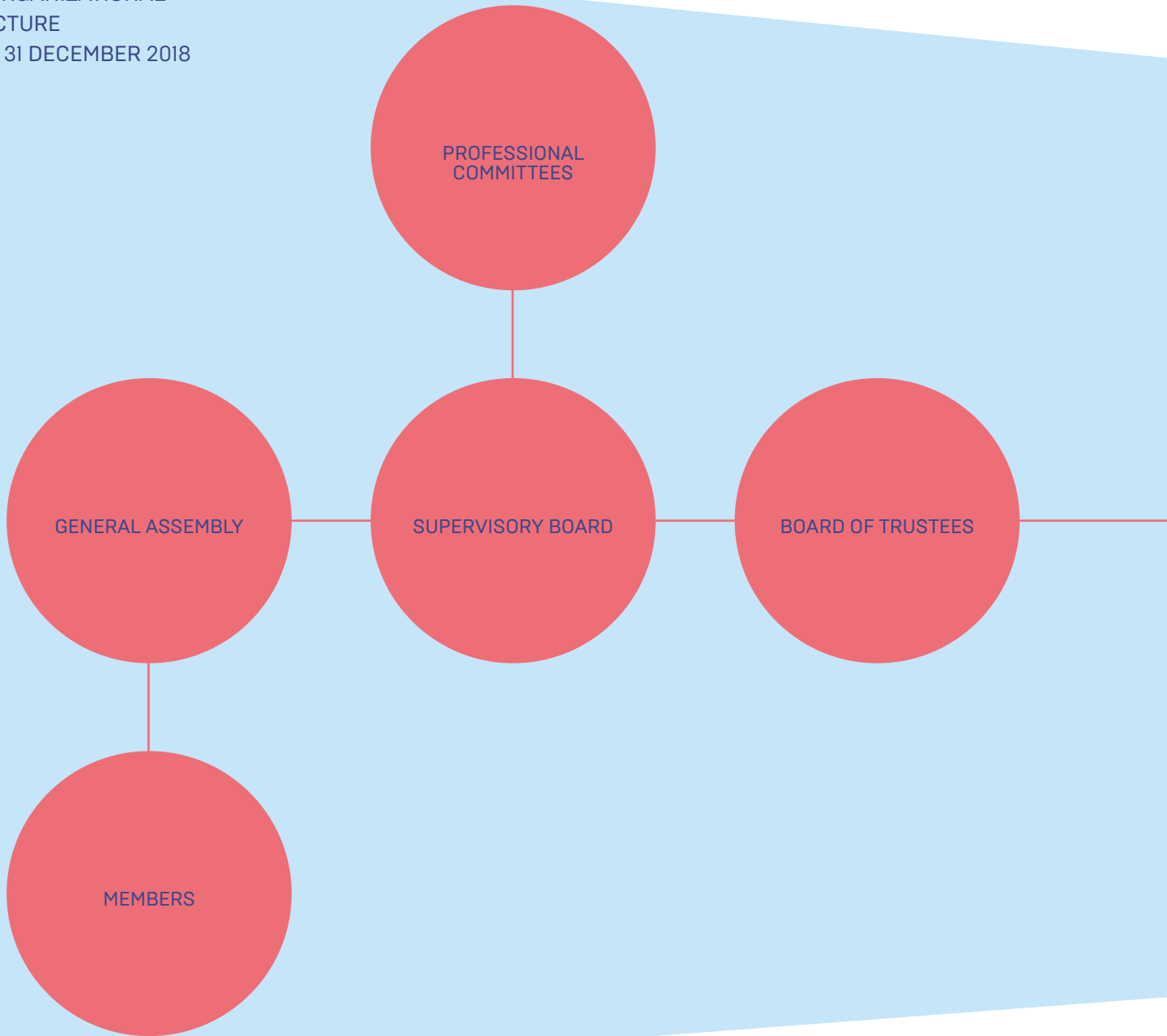
The Board of Trustees represents OSA externally. The chairman and one other member of the Board always act jointly on behalf of OSA. The Board of Trustees follows the Code of Procedure and minutes are taken of its sessions.

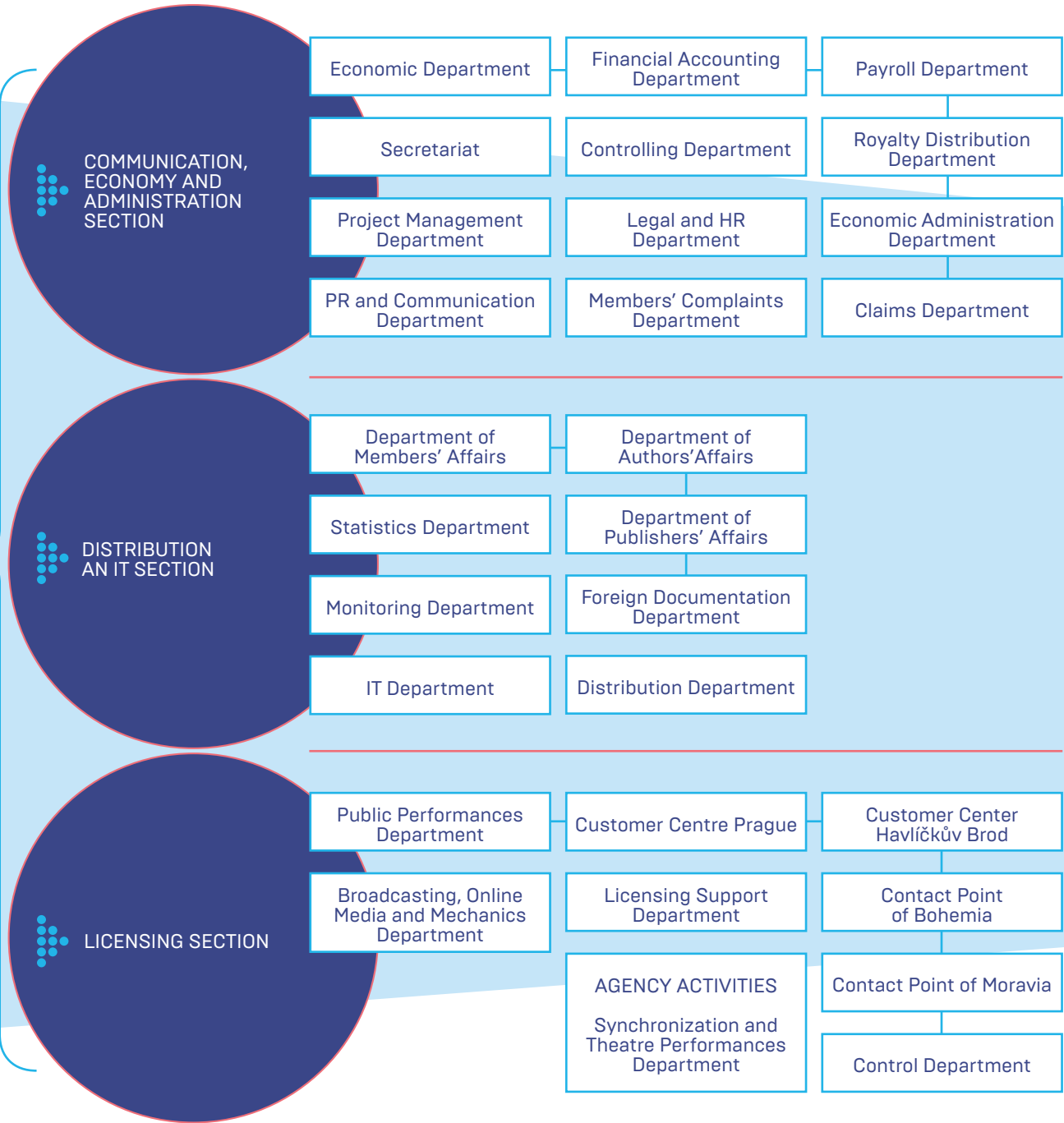
MEMBERS OF THE BOARD OF TRUSTEES AS OF 31 DECEMBER 2018

chairman	Roman Strejček
members	Jiřina Barelló
	Luboř Tesař



OSA ORGANIZATIONAL
STRUCTURE
AS OF 31 DECEMBER 2018

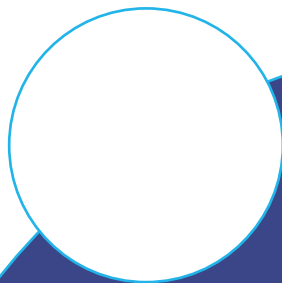






macroeconomic view
and average expenses
of population on
copyrighted musical
rights in 2018

TO REACH THE MINIMUM WAGE OF CZK 12,200, THE FOLLOWING IS NECESSARY:



25,377
carriers sold



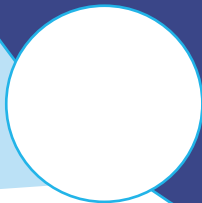
1,133,594
views



4,143
replays on private national and
regional stations, including the
stations of Český rozhlas




18,326
downloads sold



Copyrights reflect into the end prices for customers in various economic regions. As regards the collection of royalties by OSA from the point of view of macroeconomic indicators, one can say that each Czech household spent CZK 21.11 including 21 % VAT per month for copyrighted musical works in 2018. If we look at average expenses from the point of view of economically active population of the Czech Republic in productive age, i.e. at the age of 20–64, each such individual spent CZK 18.81 incl. 21 % VAT per month on copyrighted musical works.

To compare — the price of a full-tariff ticket for public city transport for 30 minutes on workdays amounted to CZK 24 in Prague and CZK 20 in Ostrava. In 2018, the average price of petrol Natural 95 amounted to CZK 32.09 per liter and CZK 31.60 per liter of diesel. For instance, the average price of bottled beer (earlier 10° beer) in a shop amounted to CZK 11.76 in 2018. In 2018, the minimum wage amounted to CZK 12,200, which means the hourly rate of CZK 73.20 in case of 40-hour working hours a week. An employee that is paid the minimum wage had to work for 15 minutes 25 seconds per month to cover the average expense on copyrights. For the entire 2018, the average wage amounted to CZK 31,885. A person with average wage had to work for 5 minutes 57 seconds for copyrighted music rights in 2018. In both cases, it is less time than in the previous period.



HOW MANY COMPOSITIONS WOULD AN AUTHOR HAVE TO SELL OR HAVE VIEWED OR REPLAYED PER MONTH IN 2018 SO THAT HIS ROYALTY AMOUNTED TO THE MINIMUM WAGE OF CZK 12,200? AS A BASIS, WE USE THE SITUATION WHERE 2 AUTHORS CONTRIBUTE TO ONE COMPOSITION (THE AUTHOR OF LYRICS, THE AUTHOR OF MUSIC). IN 2018, THE AUTHORS HAD TO SELL **25,377** CARRIERS PER MONTH (CALCULATED PROVIDED THAT THE AUTHOR HAS 1 COMPOSITION ON A CD WITH 12 COMPOSITIONS). AS REGARDS STREAMING, THE COMPOSITION WOULD HAVE TO HAVE **1,133,594** VIEWS PER MONTH. IN CASE OF MUSIC DOWNLOADING, IT WOULD HAVE TO BE SOLD **18,326 TIMES**. THE COMPOSITION WOULD HAVE TO BE REPLAYED FOR **4,143 TIMES** (CALCULATED ACCORDING TO THE AVERAGE AMOUNT COLLECTED FROM INDIVIDUAL STATIONS) AT PRIVATE NATIONAL AND REGIONAL STATIONS, INCLUDING THE STATIONS OF ČESKÝ ROZHLAS. WHERE A COMPOSITION HAS MORE THAN TWO AUTHORS, THE FIGURES HAVE TO BE ADJUSTED TO THE NUMBER OF AUTHORS.

The Czech economy did well in 2018. Nevertheless, its growth slowed down to 3 % from 4,5 % (measured according to GDP) in 2017. The domestic demand, particularly investments, were the main factor of the economic growth. The last year's investments were made mainly in constructions, machinery or means of transport. The Czech economy was driven primarily by the household consumption.

The economic growth was felt in almost all sectors of the national economy. The flourishing sectors included in particular the building industry, sector of information and communication activities or

financial and insurance activities. Industrial production grew for the fifth year in a row but slower (by 3 %) than in the year before (by 6.5 %). Foreign trade closed with a surplus but it was lower than in the year before. The export of domestic companies increased and the import was higher too. The better result of import compared to export shows that in 2018, the condition of the domestic demand was better than the condition of the foreign demand. In this respect, an important role was played by the gap in export of passenger cars and spare parts after the Dieseltgate scandal. Retail sales net of cars grew for the fifth year in a row. Revenues of service providers increased year-on-year by 2.7 % (e.g. in the accommodation, catering and hospitality industry, the revenues grew by 0.8 %).

According to the comparison by Eurostat (the EU's statistical agency), the purchasing power parity of the Czech Republic amounts to 89 % of the average of EU countries according to GDP per capita. The Czech GDP per capita was the fifteenth highest from 28 member states; with respect to this indicator, the Czech Republic has overtaken e.g. Portugal and Greece and is slowly catching up with e.g. Spain or Italy. The living standard indicator is slightly worse than the GDP per capita (according to the actual individual consumption – AIC). In this respect, it lags behind the European average by almost a fifth. Therefore, the Czech can afford to buy by 18 percent less goods and services than an average European.

Last year, the growth of purchases in shops was facilitated by the continuing high consumer confidence which was supported by record low rate of unemployment and solid wage growth. The average wage in 2018 reached the amount of CZK 31,885, which means a year-on-year increase of CZK 2,390 (8.1 %). If we take into account consumer prices that increased over the aforementioned period by 2.1 %, which is the third highest average annual inflation rate for the last 10 years, the real wage increased by 5.9 % year-on-year. The situation on the labor market was also very positive in terms of the consumer confidence. The share of those employed (from the group of persons aged between 15 and 64) reached 75.2 % in December 2018 (a year-on-year increase of 0.9 %). The number of the unemployed registered at the Labor Office fell to 231,534 job applicants in December, which is the lowest December figure since 1996. Therefore, the Czech Republic once again boasted the lowest unemployment rate in the EU in 2018; the average in the Eurozone was three times higher. The last year's inflation was influenced mainly by the growth of housing prices (by 3 %), rising prices of fuels (by 6.2 %) and higher prices of food and non-alcoholic beverages (by 1.3 %) or alcoholic beverage and tobacco (by 3 %). The increase of the inflation was also influenced by the rising prices of catering and accommodation (by 3.6 %) and of other services and goods (by 2.9 %).

The Czech economy is past the height of its current economic cycle. According to the prognoses of economists, the pace of its growth will decrease to the level between 2.5 % and 2.9 % in 2019. Estimates of the average annual inflation in 2019 range from 2.1 % to 2.5 %.

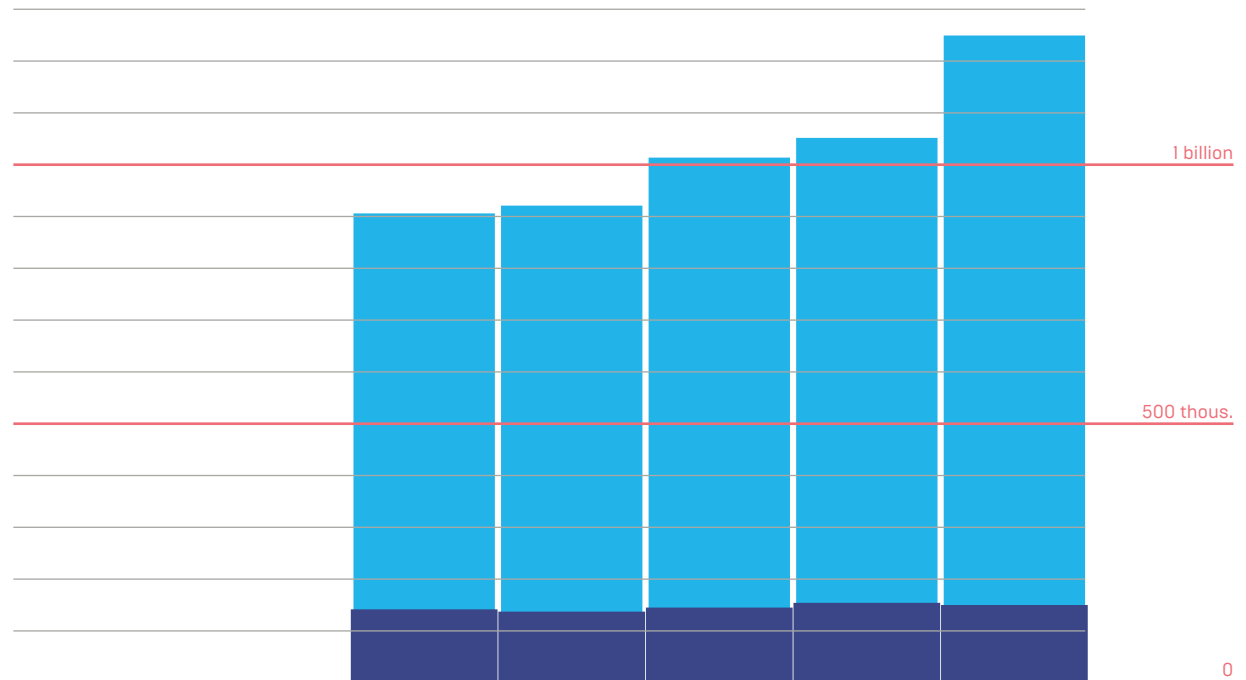


7

economic results of OSA in 2018

7.1 principal economic indicators in 2018

principal economic indicators	2014	2015	2016	2017	2018	difference 2018/2017
total revenues	900,145	914,984	1,007,329	1,045,285	1,242,089	+196,804
total costs	139,888	134,699	142,407	151,596	147,383	-4,213
average cost deduction in %	15.54 %	14.72 %	14.14 %	14.50 %	11.87 %	-2.63 %



* in thous. CZK / excl. VAT

** costs in this chapter are always quoted net of income tax

7.2 collected revenues, costs and average cost deduction (by category of rights) in 2018

7.2.1 INCLUDING ROYALTIES COLLECTED FOR OTHER DOMESTIC COLLECTIVE MANAGEMENT ORGANIZATIONS AND COSTS REINVOICED TO THEM

category of rights	collected revenues	costs	average cost deduction in %
live performances	166,768	22,628	13.57 %
background music	211,227	46,860	22.18 %
radio broadcasts	78,798	9,874	12.53 %
television broadcasts	217,318	27,635	12.72 %
cable retransmission	89,732	5,647	6.29 %
internet, mobile and other similar networks	32,058	2,087	6.51 %
physical media	16,497	849	5.14 %
renting and leasing	5,047	120	2.37 %
private copying	93,190	5,772	6.19 %
from foreign collective	57,162	2,649	4.63 %
management organizations management organizations	262,976	22,924	8.72 %
total for collective management	1,230,773	147,045	11.95 %
agency activities	5,412	338	6.25 %
total incl. agency activities	1,236,185	147,383	11.92 %
other income	5,904		
total incl. agency activities and other income	1,242,089	147,383	11.87 %

* in thous. CZK / excl. VAT

7.2.2 ECONOMIC RESULTS OF OSA WITHOUT ROYALTIES COLLECTED FOR OTHER DOMESTIC COLLECTIVE MANAGEMENT ORGANIZATIONS AND COSTS REINVOICED TO THEM

	collected revenues	costs	average cost deduction in %
total for collective management	967,797	124,121	12.83 %
total for licenses incl. agency activities	973,209	124,459	12.79 %
total incl. agency activities and other	979,113	124,459	12.71 %

* in thous. CZK / excl. VAT

For the fifth year in a row, OSA rewrites historical figures by the amount of its collections. But in 2018, the total income was considerably influenced by the establishment of a single point of contact and collection for licensing of public performances via audio and audiovisual equipment for all domestic collective management organizations. OSA became the point. This consequently contributed both to cost savings for all rights holders and to the welcome reduction of administration for the users (one contract and one payment for all domestic collective management organizations). When added to the royalties collected on the basis of mandates from other domestic collective management organizations, OSA increased its total income by CZK 196,804 thous. year-on-year, which amounts to a year-on-year increase of 18.83 %. Revenues collected for other collective management organizations alone grew by CZK 182,896 thous.

At the same time, the income from the licensing activities for OSA themselves (i.e. without revenues collected for other domestic collective management organizations and without the item of other income), which reached the amount of CZK 973,209 thous. in 2018, reached another record growth. For music authors, OSA collected more than in 2018 by CZK 14,070 thous. year-on-year. Despite the higher year-on-year income, OSA managed to reduce its costs as it achieved its most effective result since 1994, when we started monitoring the costs, as its calculated average cost deduction amounted to 11.87 %.

In addition to the increase of income, which was reached in the context of establishment of a single point of contact and collection, in particular the segments of live performance licensing and private copying contributed to the positive results of 2018. In terms of revenues collected, the segments of television broadcasting or licenses granted for internet and mobile networks did very well year-on-year. On the contrary, the biggest fall was experienced by revenues for music authors (i.e. net of the

revenues collected for other collective management organizations) for background music – following its sudden increase in 2017, it de facto returned to the level of 2016.

The resulting structure of license revenues collected (including revenues collected for other domestic collective management organizations) was the following in 2018: public performances: 46.99 % (40.88 % in 2017), broadcasting and online media: 33.81 % (39.32 %), mechanics and audiovision: 14.14 % (13.03 %), from abroad: 4.62 % (6.15 %) and agency activities: 0.44 % (0.62 %).

* collected revenues in the text are quoted excl. VAT

basic structure of license revenues	2014	2015	2016	2017	2018	difference 2018/2017
public performances	304,524	293,313	358,561	381,257	377,995	-3,262
broadcasting and online media	336,452	375,443	391,115	408,671	417,906	9,235
mechanics and audiovision	91,697	96,256	100,580	98,879	114,734	15,855
from abroad	56,691	59,982	61,706	63,875	57,162	-6,713
agency activities	3,624	4,827	6,323	6,457	5,412	-1,045
total for OSA and foreign rights holders	792,988	829,821	918,285	959,139	973,209	14,070
collected for other domestic collective management organizations	95,673	73,525	77,480	80,080	262,976	182,896
total incl. other domestic collective management organizations	888,661	903,346	995,765	1,039,219	1,236,185	196,966

* in thous. CZK / excl. VAT

7.3 public performances in 2018

Overall year-on-year results of public performance licensing (specifically the segment of background music licensing) were largely influenced by the establishment of a single point of contact and collection referred to above. Since 2018, OSA has been collecting royalties for the aforementioned uses for all other domestic collective management organizations (Dilia, Intergram, OAZA and OOA-S). It is largely due to this fact that in 2018, we collected the total of CZK 202,947 thous. for public performances for other collective management organizations, which means a year-on-year increase of CZK 159,354 thous., and the total royalties collected for public performances reached the amount of CZK 580,942 thous.

But the revenues received from public performances for music authors only (i.e. net of the revenues for other domestic collective management organizations) fell by CZK 3,262 thous. year-on-year. Revenues collected for public performance licensing continued the tradition of long-term growth but the 11% year-on-year drop (i.e. by CZK 23,555 thous. less year-on-year) of the royalties collected for music authors for the provided background music licenses, which occurred following the considerable increase of the revenues collected last year, could not be covered even by the considerable 13% increase (i.e. by CZK 19,115 thous. more year-on-year) of the revenues collected in this segment.

* collected revenues in the text are quoted excl. VAT

public performances	2014	2015	2016	2017	2018	difference 2018/2017
live performances	104,636	107,738	143,383	147,653	166,768	19,115
background music (net of cinemas and jukeboxes)	185,420	173,773	199,211	218,266	194,711	-23,555
cinemas	11,250	9,392	13,539	13,832	15,528	1,696
jukeboxes	3,218	2,410	2,428	1,506	988	-518
total for OSA and foreign rights holders	304,524	293,313	358,561	381,257	377,995	-3,262
collected for other domestic collective management organizations	64,987	40,893	44,243	43,593	202,947	159,354
total incl. other domestic collective management organizations	369,511	334,206	402,804	424,850	580,942	156,092

* in thous. CZK / excl. VAT

7.4 broadcasts, online media and mechanics in 2018

The Broadcasting, Online Media and Mechanics Department contributed to the total revenues collected by OSA from licensing activities in 2018 by the aggregate amount of CZK 592,669 thous. Revenues collected by this department increased by 9 % year-on-year, i.e. by CZK 48,632 thous.; revenues from private copying had the most positive influence in this segment.

* inkasované částky v textu jsou uvedeny bez DPH

7.4.1 BROADCASTS AND ONLINE MEDIA

Revenues collected in 2018 in the area of broadcasts and online media confirmed once again the long-term trend of growth. The total collections in the amount of CZK 417,906 thous. represent a year-on-year increase of revenues collected by more than 2 %, i.e. by CZK 9,235 thous., and it brought another improvement of the historically best result in a row.

In 2018, the greatest contribution to this result was made by the segment of television broadcasts licensing with a year-on-year increase of revenues collected of CZK 7,195 thous., which means exceeding the historically maximum amount ever collected by OSA for that use. Following the sudden increase of revenues for the use of on the internet in 2017, this segment experienced another growth and the historical records of this segment have been rewritten thanks to the year-on-year improvement of its results by CZK 6,932 thous. The greatest contribution to the results once again comes from internet streaming with a year-on-year increase of 38 %, i.e. an increase of CZK 8,215 thous.

* collected revenues in the text are quoted excl. VAT

broadcasts and online media	2014	2015	2016	2017	2018	difference 2018/2017
radio broadcasts	67,882	69,183	82,166	76,312	78,798	2,486
television broadcasts	203,587	209,824	212,761	210,123	217,318	7,195
cable retransmission	48,888	85,751	80,232	97,204	89,732	-7,472
internet and mobile networks	15,790	10,286	15,554	24,741	31,673	6,932
ringtones	305	399	402	291	385	94
total for OSA and foreign rights holders	336,452	375,443	391,115	408,671	417,906	9,235

* in thous. CZK / excl. VAT

7.4.2 MECHANICS AND AUDIOVISION

The area of mechanical rights and audiovisual works licensing experienced the second-best result in its history with the total amount collected of CZK 174,763 thous. (incl. royalties collected for other domestic collective management organizations). This result was largely influenced by the concluded agreements on settlement for the previous periods concerning royalties for private copying which OSA collected for the collective management organization Intergram. But it is important to note that the total income for music authors (i.e. income net of the revenues collected for other domestic collective management organizations) generated in the area of licensing and mechanics in 2018 did not lag behind either. In 2018, we collected the highest amount of royalties for music authors for the licenses granted in the area of mechanics and audiovision since 2009.

Year-on-year, we increased the income from private copying for music authors by CZK 17,836 thous., which represents an increase of 24 % year-on-year. (By comparison – total revenues from private copying collected only on the basis of a commission for other domestic collective management organizations increased by CZK 23,542 thous. year-on-year). Revenues collected for the sale of physical music carriers fell by 13 % year-on-year and reached a historical low.

* collected revenues in the text are quoted excl. VAT

mechanics and audiovision	2014	2015	2016	2017	2018	difference 2018/2017
music carriers	18,955	17,207	20,441	17,807	15,535	-2,272
audiovisual carriers	883	1,440	874	1,112	962	-150
other use	5,483	5,310	4,342	4,606	5,047	441
private copying	66,376	72,299	74,923	75,354	93,190	17,836
total for OSA and foreign rights holders	91,697	96,256	100,580	98,879	114,734	15,855
collected for other domestic collective management organizations	30,686	32,632	33,237	36,487	60,029	23,542
total incl. other domestic collective management organizations	122,383	128,888	133,817	135,366	174,763	39,397

* v thous. CZK / bez DPH

7.5 agency activities in 2018

Agency activities showed a year-on-year decrease of income in 2018. For synchronization and theatre licensing, OSA collected less than in 2017 by CZK 1,045 thous., i.e. 16 %. This was caused by a decrease in the revenues collected for theatre performances licensing and by the minimum income from licenses granted for production of radio spots.

* collected revenues in the text are quoted excl. VAT

agency activities	2014	2015	2016	2017	2018	difference 2018/2017
synchronization	1,183	1,189	2,104	1,336	707	-629
theater performances	2,441	3,638	4,219	5,121	4,705	-416
total for OSA and foreign rights holders	3,624	4,827	6,323	6,457	5,412	-1,045

* in thous. CZK / excl. VAT

7.6 royalties collected from abroad in 2018

For OSA repertoire used abroad in 2018, foreign collective management organizations sent us royalties in the amount less than in the previous year by CZK 6,713 thous., i.e. almost by 11 % year-on-year. This is the first decrease in OSA's foreign income from this segment after the three-year period of moderate growth. The largest drop of OSA's foreign income was shown by the income from Germany, Italy and Serbia. In contrast, the revenues collected from Hungary, Lithuania and Poland increased the most.

* collected revenues in the text are quoted excl. VAT

development of royalties	2,014	2,015	2,016	2,017	2,018	difference 2018/2017
collected from abroad total for OSA	56,691	59,982	61,706	63,875	57,162	-6,713

* in thous. CZK / excl. VAT

royalties for domestic repertoire used abroad in 2018	in thous. CZK / excl. VAT	share in %
Germany	19,293	33.75 %
Slovakia	10,238	17.91 %
Austria	7,412	12.97 %
The Netherlands	2,457	4.30 %
Switzerland	2,256	3.95 %
USA	2,225	3.89 %
France	2,217	3.88 %
Hungary	2,117	3.70 %
Poland	1,745	3.05 %
Great Britain	1,467	2.57 %
other	5,735	10.03 %
total for OSA	57,162	100.00 %

7.7 royalties distributed in 2018

The total amount of CZK 1,001,828 thous. was distributed to rights holders and transferred to other domestic collective management organizations in the royalties of OSA in 2018 (incl. the distributed excess of administrative cost deductions from 2017). The amount of CZK 761,776 thous. was distributed to music authors and publishers, including CZK 547,341 thous. to those from inland and CZK 214,435 thous. to those from abroad. Consequently, OSA distributed the amount of CZK 240,052 thous. to other domestic collective management organizations (collections based on mandates to license their repertoire on their behalf). As concerns non-distributable amounts, in 2018 OSA allocated an amount higher than in the previous year by CZK 15,484 thous.

authors	305,589
publishers	241,752
total domestic rights holders	547,341
to abroad	214,435
distributed to OSA and foreign rights holders in total	761,776
distributed to other domestic collective management organizations	240,052
distributed in total incl. other domestic collective management organizations	1,001,828

* in thous. CZK / excl. VAT

305,589,000
authors



1,001,828,000
total amount



214,435,000
foreign authors
and publishers

241,752,000
publishers



240,052,000
other domestic collective
management organizations

7.8 rights holders that concluded an agreement with OSA and members of OSA in 2018

As of 31 December 2018, OSA managed, based on an agreement, the copyrights of 9,338 rights holders in total, including 6,360 living authors, 2,842 heirs and 136 publishers. It newly concluded an agreement for the management of rights with 361 authors and 9 publishers. As of 31 December 2018, the association of OSA had 578 members and the structure of membership was as follows: 411 composers, 92 lyricists, 25 publishers and 50 heirs. 12 members died in the course of the year and the membership of one member was terminated as of 1 January 2018. 18 new members were accepted (with the effect as of 1 January 2019).*

* conditions for obtaining members are defined in Article 3 of the Statutes of OSA

7.9 international activities of OSA in 2018

Individual employees participated in regular international committees and seminars organized by CISAC, BIEM a GESAC. Moreover, the employees of OSA are members of permanent working groups within GESAC and CISAC.

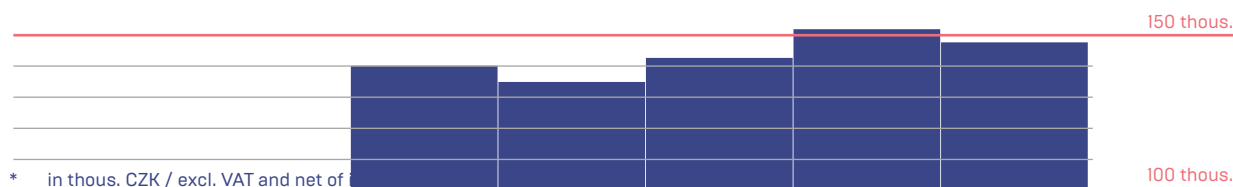
7.10 costs of the activities of OSA in 2018

Total costs spent on the activities of OSA in 2018 amounted to CZK 147,383 thous., which represents an almost 3% decrease compared to 2017, i.e. CZK 4,213 thous. were saved year-on-year. The

decrease was the largest in particular in the case of personnel costs and costs of tax and legal services. The average cost deduction in the amount of 11.87 % was by 2.63 % higher year-on-year than in 2017, which confirmed OSA's long-term position as one of the author's music societies with one of the lowest average cost deductions in Europe. OSA's costs net of costs reinvoiced to other domestic collective management organizations amounted to CZK 124,459 thous.

COSTS OF OSA IN 2014–2018

	2014	2015	2016	2017	2018	difference 2018/2017
costs in total	139,888	134,699	142,407	151,596	147,383	-4,213



* in thous. CZK / excl. VAT and net of

100 thous.

STRUCTURE OF THE COSTS OF OSA IN 2018

services	27,988
depreciation and provisions	8,390
other operating costs	2,587
taxes and fees	3,519
material consumption	1,919
energy consumption	1,200
contributions to BIEM, CISAC	1,113
costs in total net of personal costs	46,716
personnel costs incl. benefits and emoluments	76,539
statutory social insurance	24,128

* in thous. CZK / excl. VAT and net of income tax



distribution
and payment
of royalties

8.1 distribution of royalties

NUMBER OF AUTHORS AND PUBLISHERS TO WHOM ROYALTIES WERE DISTRIBUTED IN 2018

	2017	2018	difference 2018/2017
domestic	6,829	7,234	405
foreign	141,002	188,053	47,051
in total	147,831	195,287	47,456

* without rights holders who have not concluded an agreement with OSA, have not registered themselves or are not represented by any foreign collective management organization

AVERAGE AMOUNT OF AN ANNUAL ROYALTY IN 2018

	2017	2018	difference 2018/2017
total amount distributed to rights holders for the year*	774,667 thous. CZK	761,776 thous. CZK	-12,891 thous. CZK
number of rights holders in distribution for the year**	147,831	195,287	47,456
number of distributed musical works for the year***	705,124	976,512	271,388
average amount of the distributed royalty per 1 rights holder to whom the royalty for the year was distributed	5,240 CZK	3,901 CZK	-1,339 CZK
average amount of the distributed royalty per 1 distributed title for the year	1,099 CZK	780 CZK	-319 CZK

* net of royalties transferred to other domestic collective management organizations / excl. VAT

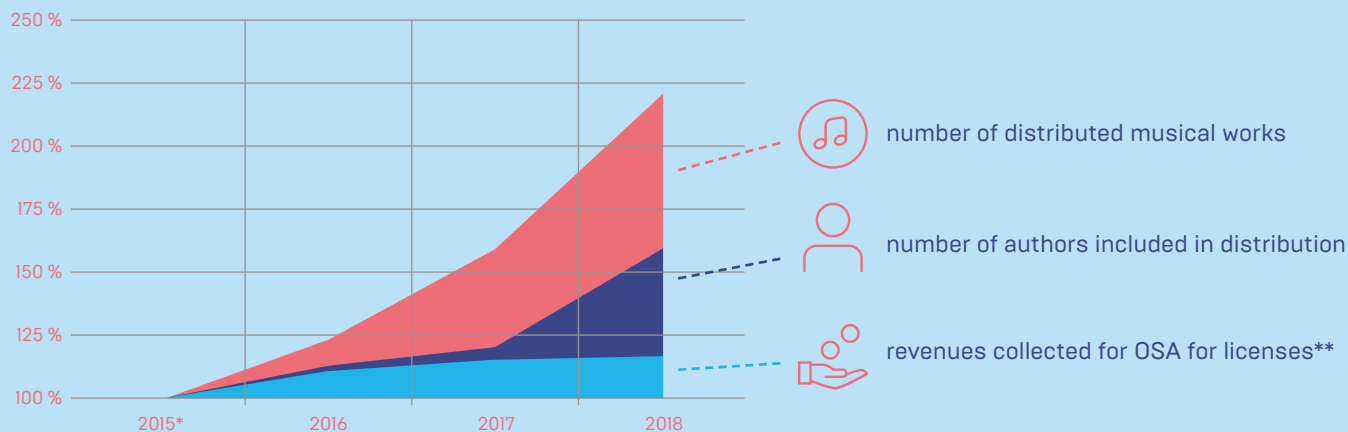
** without rights holders who have not concluded an agreement with OSA, have not registered themselves or are not represented by any foreign collective management organization

*** only identified titles are included

COMPARISON OF THE FOUR-YEAR DEVELOPMENT FROM 2015 TO 2018

The number of authors and compositions in OSA's final statement is growing much more rapidly than the revenues collected. Therefore, the same amount of revenues collected is shared by much more authors and publishers.

number of authors included in distribution	+72,975	+60 %
number of distributed musical works	+535,157	+121 %
revenues collected for licenses**	+143,388 thous. CZK	+17 %



* reference year 2015 = 100 %

** net of the revenues collected for other domestic collective management organizations and net of other revenues collected / excl. VAT

8.2 payment of royalties

We pay royalties both to domestic and foreign rights holders regularly on four payment dates — in March, June, September and December; in this way, we have managed to reduce the time gap between the use of the music and its payment. Since 2010 when the quarterly final statement was introduced, our society sets the trend in the swiftness of royalty payment. We rank among the fastest ones in international comparison in this area.

WHEN CAN ONE EXPECT PAYMENT FOR THE USE OF A WORK?

We pay the royalties **FOUR TIMES A YEAR**.

	march	june	september	december
where was the composition used?	when was the composition used?			
live performances	november–february	february–may	may–august	august–november
background music	4th quarter	1st quarter	2nd quarter	3rd quarter
TV	september–november	december–february	march–may	june–august
radio	4th quarter	1st quarter	2nd quarter	3rd quarter
internet, mobile and similar networks	4th quarter	1st quarter	2nd quarter	3rd quarter
physical media	4th quarter	1st quarter	2nd quarter	3rd quarter

* the table contains information applicable to most uses included in the segments in question, however certain other uses can have different final statements

8.3 distributed royalties abroad in 2018

the biggest foreign recipients of royalties collected in the Czech Republic	v thous. CZK	share in %
USA	68,942	32.15 %
Great Britain	45,699	21.31 %
Germany	29,913	13.95 %
Slovakia	15,042	7.02 %
France	14,546	6.78 %
Austria	5,520	2.57 %
Italy	5,240	2.44 %
Canada	4,224	1.97 %
The Netherlands	3,325	1.55 %
Sweden	3,230	1.51 %
others*	18,754	8.75 %
total	214,435	100.00 %

* others — Algeria, Argentina, Armenia, Australia (+ New Zealand), Azerbaijan, Barbados, Belarus, Belgium, Benin, Bolivia, Bosnia and Herzegovina, Brazil, Bulgaria, Burkina Faso, Chile, China, Columbia, Costa Rica, Croatia, Cuba, the Democratic Republic of Congo, Denmark, Dominican Republic, Ecuador, Egypt, Estonia, Finland, French Polynesia, Georgia, Ghana, Greece, Guinea, Hong Kong, Hungary, Iceland, India, Indonesia, Ireland, Israel, Jamaica, Japan, Kazakhstan, Kenya, Kyrgyzstan, Latvia, Lithuania, Macao, Macedonia, Madagascar, Malaysia, Mali, Mauritius, Mexico, Moldavia, Monte Negro, Namibia, New Caledonia, Nigeria, Norway, Panama, Paraguay, Peru, Philippines, Poland, Portugal, Puerto Rico, Republic of the Congo, Romania, Russia, Saint Lucia, Senegal, Serbia, Singapore, Slovenia, South Africa, South Korea, Spain, Switzerland, Taiwan, Tanzania, Thailand, Trinidad and Tobago, Turkey, Uganda, Ukraine, Uruguay, Venezuela, Vietnam, Zambia, Zimbabwe incl. other territories controlled by authors' societies residing in the above territories

THE COMPLETE LIST OF OUR FOREIGN SISTER SOCIETIES TO WHICH WE SENT A ROYALTY IN 2018 FOR RIGHTS HOLDERS WHOSE RIGHTS THEY MANAGE:

society	country	society	country	society	country
ABRAMUS	Brazil	GEMA	Germany	SAMRO	South Africa
ACUM	Israel	HDS-ZAMP	Croatia	SAYCO	Columbia
AEPI	Greece	IMRO	Ireland	SAZAS	Slovenia
AGADU	Uruguay	IPRS	India	SBACEM	Brazil
AKKA/LAA	Latvia	JACAP	Jamaica	SCD	Chile
AKM	Austria	JASRAC	Japan	SESAC	USA
AMCOS	Australia + New Zealand	KCI	Indonesia	SGAE	Spain
AMRA	USA	KODA	Denmark	SIAE	Italy
APRA	Australia + New Zealand	KOMCA	South Korea	SOCAN	Canada
ARTISJUS	Hungary	LATGA-A	Lithuania	SODRAC	Canada
ASCAP	USA	MACP	Malaysia	SOKOJ	Serbia
AUME	Austria	MCPS	Great Britain	SOZA	Slovakia
BBDA	Burkina Faso	MCSC	China	SPA	Portugal
BCDA	Republic of the Congo	MCSK	Kenya	SPACEM	French Polynesia
BGDA	Guinea	MESAM	Turkey	STEF	Iceland
BMI	USA	MSG	Turkey	STEMRA	The Netherlands
BSDA	Senegal	MUSICAUTOR	Bulgaria	STIM	Sweden
BUBEDRA	Benin	MUST	Taiwan	SUISA	Switzerland
BUMA	The Netherlands	NCB	Scandinavia	TEOSTO	Finland
BUMDA	Mali	NGO-UACRR	Ukraine	TONO	Norway
CASH	Hong Kong	OMDA	Madagascar	UBC	Brazil
COMPASS	Singapore	PRS	Great Britain	UCMR-ADA	Romania
COSCAP	Barbados	RAO	Russia	UPRS	Uganda
COSGA	Ghana	SABAM	Belgium	VCPMC	Vietnam
COSON	Nigeria	SACEM/SDRM	France	ZAIS	Poland
COSOTA	Tanzania	SACERAU	Egypt	ZIMRA	Zimbabwe
EAU	Estonia	SACM	Mexico		
ECCO	Saint Lucia	SADAIC	Argentina		



OSA activities
outside the
collective
management
system



9.1 OSA agency

In addition to the main activity of a collective management organization, OSA also performs a secondary agency activity based on the relevant trade license. It primarily involves granting of licenses to use musical pieces in the production of advertising spots and audiovisual works (the so-called synchronization rights) and to use musical pieces in theatre performances. Such licenses are granted based on individual authorization from individual rights holders. The obtained status of an agency responds to new European trends which enable arrangement of conditions for authors based on an individual market approach.

9.2 musicjet

MusicJet is a Czech service designed primarily for music streaming, but also works as a digital music store. It is a joint project of major domestic publishers (Universal Music, Supraphon), OSA (holding 5 % of shares) and the majority owner Bald Brothers. MusicJet is the largest Czech digital archive of music with both domestic and foreign catalogues of the most important publishers in the Czech Republic, as well as smaller independent domestic and foreign labels.

LINK: www.musicjet.cz



legal environment



LEGAL RISKS

Legal risks to which the area of copyrights is exposed in a broader context consist in several controversial issues. Unclear interpretation of the Copyright Act in fundamental areas contributes considerably to the non-licensing of certain types of use or to the decrease of royalties collected and increase of the costs due to the resolution of disputes through mediators or courts. Vague legal background is another big problem in the use of works protected by copyright on the internet. The situation described has not changed even after the amendment to the Copyright Act because, in spite of the warnings from collective management organizations, the amendment includes provisions having unclear interpretation and, unfortunately, also provisions that could considerably complicate the exercise of collective management. It is in particular the amendment of April 2017, the adopted unclear regulation of the process of negotiating royalty tariffs. Other factors that contribute to the higher degree of legal uncertainty in the sphere of our interest include special-purpose initiatives trying to suppress the rights of authors. Active in this respect are not only the affected users of works but also some representatives of legislative power who submit initiatives limiting the rights of authors as has been shown in particular during the process of approving the amendment to the Copyright Act by the Parliament of the Czech Republic.

AMENDMENT TO THE COPYRIGHT ACT

The reason for the amendment to the Copyright Act, as discussed in 2018, was to implement obligations arising from the conclusion of the Marrakesh Treaty which seeks easier access to works for persons who are blind, visually impaired or otherwise print disabled. Within the legislative process, some legislators used this opportunity to submit proposals for amendment of the Copyright Act in other areas. But the approval of those proposals which would impair the position of authors and artists as a result of weakening the position of collective management organizations in relation to users, was successfully averted.

COURT DECISIONS

On 20 March 2018, the Constitutional Court made an order under ref. No. II. ÚS 2436/17 by which it dismissed the constitutional complaint of the complainant – the trading company Sirnaté lázně Ostrožská Nová Ves, s.r.o. The complainant had argued that where musical works were used in the provision of radio or television broadcasting, OSA had no right to claim unjust enrichment for authors who had not entered into an agreement with OSA. The Constitutional Court confirmed that OSA had standing to bring claims arising from unjust enrichment in the case of radio and television broadcasting as those claims had arisen from an infringement of rights falling within the collectively managed rights under Section 96 of the Copyright Act.

Practical implications for OSA's activities lie in the confirmation of OSA's entitlement to payment for the use of musical works by their performance via televisions and radios located in public premises and accommodation rooms, including for authors who are not represented by OSA on the basis of an agreement and even in cases where the operator refuses to enter into a license agreement, without OSA being obliged to prove what specific works were used by the operator. This decision contributed to the final resolution of legal proceedings against spa operators. Consequently, the last disputes with spa establishment operators were successfully ended in the course of 2018.

There was a significant dispute concerning recovery of unjust enrichment arising from the use of musical works by transmission by satellite; it was significant mainly due to its overall impact on the possibility to license this segment. Defendant's arguments on technological differences between the transmission method used by the defendant and microwave transmission of broadcast in this case were found to be irrelevant. Lower courts concluded that even transmission by satellite could be included in the concept of cable retransmission and, consequently, recognized the right of OSA to license that use, or to claim unjust enrichment. The defendant filed an appeal and the Supreme Court of the Czech Republic decided thereon by its judgment of 18 April 2018, case No. 30 Cdo 3972/2017. The Supreme Court dismissed the appeal of the trading company YOLT Services s.r.o. It confirmed the lower courts' position that the provision of Section 22(2) of the Copyright Act could be interpreted in conformity with EU law to mean that transmission (communication to the public) by satellite could be included in the concept of "cable retransmission" as specified in that provision.










YOLT Services s.r.o. filed a constitutional complaint against the judgment. The Constitutional Court dismissed the complaint by its order of 18 December 2018, case No. IV. ÚS 2405/18. The Constitutional Court did not find any infringement of constitutionally guaranteed rights and freedoms. It stated: "It is understandable that the complainant is not satisfied with the outcome of the dispute but this fact is irrelevant for the decision-making of the Constitutional Court. On the contrary, it is relevant that the complainant disposed of works protected by the Copyright Act (copyrights) and generated profit from its activities and the profit was based on creative activities of others. Were the Constitutional Court to accept the complainant's arguments, it would interfere with the constitutional rights of authors of the works transmitted by the complainant." Benefits of those decisions were significant as they confirm OSA's entitlement in cases where musical works are transmitted by companies which provide TV programs to their customers via satellite.

11

OSA
trademarks



In accordance with Act No. 441/2003 Coll., on Trademarks, Ochranný svaz autorský pro práva k dílům hudebním, z.s. (Association for the Protection of the Rights of Music Authors and Publishers) is the owner of the following trademarks which are registered in the register of trademarks kept by the Industrial Property Office [www.upv.cz].

name	registration No.	registration date	trademark
OSA	251959	24. 02. 2003	
OSA	296128	13. 02. 2008	
OSA	309051	02. 12. 2009	
OSA	351649	02. 03. 2016	
INFOSA	309052	02. 12. 2009	
AUTOR IN	315502	1. 12. 2010	
MYSLÍME NA HUDBU WE THINK OF MUSIC	351093	27. 01. 2016	
VÝROČNÍ CENY OSA	351094	27. 01. 2016	
PARTNER OSA	351095	27. 01. 2016	

Only those using musical pieces from the OSA repertoire on the basis of a concluded license agreement with OSA in connection with lawful production, dissemination, lease and lending of audio and audiovisual recordings are authorized to use the OSA trademark (registration No. 351649 and 309051). Other cases require OSA's consent which may be obtained at komunikace@osa.cz.





list of real estate
managed by OSA

IN ORDER TO ENSURE ITS ACTIVITY, OSA MANAGED THE FOLLOWING REAL ESTATE AS OF 31 DECEMBER 2018:

address	relation to the real estate	purpose of use
Čs. armády čp. 20, Praha 6	the building is owned	registered office, customer center, contact point
Nádražní ul. čp. 397, Havlíčkův Brod offices No. 44–48	the offices are leased	customer center
Šilingrovo nám. čp. 257, Brno, office No. 303	the room is leased	contact point



OSA and the world



As of 31 December 2018, OSA concluded 126 reciprocal or unilateral agreements with 81 authors' societies worldwide. These societies, through agreements with other collective management organizations, cover most of the world. Thanks to these contractual obligations the copyrights of domestic authors and publishers are protected worldwide and copyrights of more than three and half million foreign authors and publishers are protected in the Czech Republic. We offer easy legal access to a vast number of worldwide music repertoire to public users. Simultaneously, the domestic rights holders who have concluded an agreement with OSA have possibilities, through our society, to receive royalty fees for music performed in most of the world without any demanding administration and time load which would be inevitable in the case of individual management. Our foreign partners monitor and pay even for uses of which the authors do not learn.

126 RECIPROCAL OR UNILATERAL AGREEMENTS WITH 81 AUTHORS' SOCIETIES WORLDWIDE

territory	name of authors' society
Albania	ALBAUTOR
Argentina	SADAIC
Australia; other administered territories: Ashmore, Australian Antarctic Territory, Cartier, Cocos Islands, Cook Islands, Easters Islands, Fiji, Heard Island, Kiribati, Macquarie, McDonald Islands, Nauru, New Zealand, Niue, Norfolk, Papua New Guinea, Ross Island, Solomon Islands, Tokelau, Tuvalu, Western Samoa	AMCOS, APRA
Austria	AKM, AUME
Azerbaijan	AAS
Belgium	SABAM
Bosnia and Herzegovina	AMUS, SQN
Brazil	ABRAMUS, SBACEM, SOCINPRO, UBC
Bulgaria	MUSICAUTOR
Canada	SOCAN, SODRAC
Chile	SCD
China	MCSC
Columbia	SAYCO
Costa Rica	ACAM
Croatia	HDS/ZAMP

Cuba	ACDAM
Denmark; other administered territories: Estonia*, Faroe Islands, Finland*, Greenland, Iceland*, Latvia*, Lithuania*, Norway*, Sweden*	KODA (except for territories marked *), NCB
Estonia; other administered territories: Denmark*, Finland*, Iceland*, Latvia*, Lithuania*, Norway*, Sweden*	EAU (except for territories marked *), NCB
Finland; other administered territories: Denmark*, Estonia*, Iceland*, Latvia*, Lithuania*, Norway*, Sweden*	TEOSTO (except for territories marked *), NCB
France; other administered territories: Bahrain, Benin, Burkina Faso, Caledonia, Cameroon, Central African Republic, Chad, Congo, Djibouti, Egypt, French Guiana, French Polynesia, French Southern and Antarctic Lands, Gabon, Gambia, Guadeloupe, Guinea, Iran, Iraq, Ivory Coast, Kuwait, Lebanon, Luxembourg, Madagascar, Mali, Martinique, Mauritania, Morocco, New Mayotte, Niger, Oman, Qatar, Reunion, Saint-Barthélemy, Saint Martin, Saint Peter and Miquelon, Saudi Arabia, Senegal, Togo, United Arab Emirates, Wallis and Futuna	SACEM, SDRM
Georgia	GCA
Germany	GEMA
Great Britain; other administered territories: Anguilla, Antigua and Barbuda, Ascension, Bahamas, Barbados, Belize, Bermuda, British Antarctic Territory, British Indian Ocean Territory, British Virgin Islands, Brunei, Cayman Islands, Channel Islands, Cyprus, Diego Garcia, Dominica, Falkland Islands, Ghana, Gibraltar, Grenada, India, Isle of Man, Jamaica, Kenya, Malawi, Malta, Montserrat, Nigeria, Pitcairn Islands, Seychelles, South Sandwich Islands, St. Helena, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, Tanzania, Trinidad and Tobago, Tristan da Cunha, Turks and Caicos, Uganda, Zambia, Zimbabwe	MCPS, PRS
Greece	AUTODIA
Guinea-Bissau	SGA
Hong Kong	CASH
Hungary	ARTISJUS
Ireland	IMRO

Iceland; other administered territories: Denmark*, Estonia*, Finland*, Lithuania*, Latvia*, Norway*, Sweden*	STEF (except for territories marked *), NCB
Italy; other administered territories: Ethiopia, Libya, San Marino, Somalia, Vatican	SIAE
Israel	ACUM
Japan	JASRAC
Kazakhstan	KAZAK
Latvia; other administered territories: Denmark*, Estonia*, Finland*, Iceland*, Lithuania*, Norway*, Sweden*	AKKA/LAA (except for territories marked *), NCB
Lithuania; other administered territories: Denmark*, Estonia*, Finland*, Iceland*, Latvia*, Norway*, Sweden*	LATGA-A (except for territories marked *), NCB
Macedonia	ZAMP
Malaysia	MACP
Mexico	SACM
Moldavia	ASDAC
Montenegro	PAM CG
Netherlands; other administered territories: Netherlands Antilles, Aruba, Indonesia, Surinam	BUMA, STEMRA
Norway; other administered territories: Denmark*, Estonia*, Finland*, Iceland*, Latvia*, Lithuania*, Sweden*	TONO (except for territories marked *), NCB
Peru	APDAYC
Philippines	FILSCAP
Poland	ZAIKS
Portugal; other administered territories: Azores, Madeira	SPA
Romania	UCMR/ADA
Russia	RAO, RUR
Serbia	SOKOJ
Slovakia	SOZA
Slovenia	SAZAS

South Africa; other administered territories: Botswana, Lesotho, Swaziland	SAMRO
South Korea	KOMCA
Spain; other administered territories: Bolivia, Columbia, Costa Rica, Dominican Republic, Ecuador, Guatemala, Haiti, Honduras, Nicaragua, Panama, Salvador, Venezuela	SGAE
Sweden; other administered territories: Denmark*, Estonia*, Finland*, Iceland*, Latvia*, Lithuania*, Norway*	STIM (except for territories marked *), NCB
Switzerland; other administered territories: Lichtenstein	SUISA
Taiwan	MUST
Trinidad and Tobago	COTT
Turkey	MESAM, MSG
Ukraine	NGO-UACRR
Uruguay	AGADU
USA	AMRA, ASCAP, BMI, HARRY FOX, SESAC
Venezuela	SACVEN
Vietnam	VCPMC



cultural activities
and social
responsibility

We are an association whose primary interest and mission is the area of culture and related activities. On this basis, we consider our proactive participation in the development of culture and in the cultivation of cultural awareness to be the essential premise of our activity. We cannot be indifferent to the situation of culture not only in the Czech Republic but also outside our borders, if only because we consider ourselves a comprehensive part of that culture, i.e. both authors and participants at the same time, and, consequently, a creative element that is responsible for the situation of the culture as well. By our activity, we express support mainly to the language that we understand well – i.e. music.

14.1 OSA partnership project

The support for the Czech music scene is an area where positive steps can be taken in the easiest and tangible manner towards our vision of cultural and responsible society. For this purpose, an ambitious **project “Partnership”** was born in 2010, which was designed to support the authors represented by OSA based on an agreement and to develop culture, not only in the Czech Republic.

- “OSA LIVE” – support for live concerts and festivals
- “MADE WITH OSA” – support for releasing musical works or other musical theme materials
- “OSA PREMIERES” – support for introducing new works etc.
- “OSA HELPS” – support for beneficent and charitable events
- “OSA TALENT” – support mainly for organizing creative contests and music courses focused mainly on young music authors, concerts and festivals presenting young music authors, study trips for music authors involving creation of a musical work protected by copyright

Since then, **more than 1,500 music charity, educational or technical projects have been supported** within **five programs** focused on various areas of music activities.

music creation projects	educational projects	music awards	charity events
Songwriting Camp CZ	Art Schools Open Music Production Institute digital production courses for primary schools	Classic Prague Awards Anděl Awards Apollo Awards Žebřík Music Awards	Motol Motolice Avon march Kapka naděje Kašpárkohraní Cihlafest
long-term supported events and organizations	supported CDs and LPs	young talents	support to artists abroad
Bohemia JazzFest Dny Bohuslava Martinů Janáčkův máj Prague Proms Anifilm Dvořákovo Příbramsko Diakonie	Tři sestry Vesna Adrian T. Bell Mirka Miškechová Never Soll Zuzana Navarová Fanfán Tulipán Epoque Quartet	Jitka Moulisová Nèro Scartch Sofian Medjmedj	SoundCzech, s. r. o. Doctor Victor conference in the USA Thom Artway Great Britain tour

Partnership is granted on the basis of an application which is discussed by the Partnership committee. If the project concerned is to be supported, a grant contract is concluded with the applicant. It is clear that there is an increasing interest in OSA Partnership. We seek to support both regularly organized projects and newly emerging ones which are no less interesting. OSA also provides help to charity events and supports the starting young artists.

When selecting projects, it is of no importance to the committee whether the applicant is an OSA member. Anyone using the works of authors represented by OSA on the basis of an agreement and wishing to enhance OSA's reputation both with media and general public may apply for partnership.

IN 2018, 228 PROJECTS WERE SUPPORTED WITHIN THE OSA PARTNERSHIP.

Songwriting Camp CZ is one of the newly supported projects which we initiated. This event is aimed at bridging the professional experience of foreign authors, lyricists, composers and producers and

that of Czech artists. Prestigious music awards called **Classic Prague Awards**, awarded in classical music categories, are another newly supported project. No such awards have been presented in our country until now. Annually supported projects include for example **Bohemia JazzFest, Prague Proms, Avon march, JazzFestBrno, Motol Motolice, Crossroads Colours of Ostrava, Magdalena Kožená Endowment Fund – Art Schools Open, Kašpárkohraní, Janáčkův máj, Dny Bohuslava Martinů, Orchestr Berg, Anifilm**, music awards **Apollo** and **Žebřík Music Awards**, magazines **Naše muzika, Hudební rozhledy**. Young talents supported by our association last year included for example the signers **Jitka Moulisová** and **Sofian Medjmedj** or the project **Něro Scartch**.

LINKS: www.osa.cz/granty-partnerstvi

14.2 support to charitable projects

Our association is interested in charitable support and aid in emergency not only as part of one of the programs of our Partnership project (OSA HELPS), aimed directly at the support of beneficent and charitable events. We express this interest by the language closest to us — by means of music. For instance, OSA has been cooperating with **The Tap Tap** orchestra for ten years. During that time, we helped them to release three albums and contributed to organizing a number of performances. It is a music band from the Jedlička Institute. In just a few years, the band that performed, among others, also on the occasion of one of the OSA Awards evenings, has grown to an internationally recognized and successful project. We are proud to be able to help people whose fate was not favorable to them as regards their health but who still remain full of energy and humor.

We have been cooperating with the **Diaconia of the Evangelical Church of Czech Brethren** for ten years. The Diaconia runs more than 100 facilities all over the Czech Republic and its activities are focused on serving people suffering from a mental and psychological impairment and other people facing serious difficulties in their lives. Under the same scheme, we cooperate also with the **Charity of the Czech Republic** or **Silesian Diaconia**.

Another example of our long-term cooperation in the charitable area is our support to the concert **Motol Motolice** which we have been glad to provide for ten years. It is a charitable concert held

annually near the Monastery of Břevnov, with the profits to help children at the oncological ward of Motol Hospital. We express our support also, for instance, to charitable concerts for the Akce cihla (Brick Event), organized by Portus Praha, an organization helping people with a mental handicap to integrate.

In many cases, the charitable or similar social importance of cultural events is taken into account in our royalty tariff by providing licenses under more advantageous conditions. Such events include performances with live as well as background music. We have concluded such agreements, for instance, with **Sdružení pracovníků domů dětí a mládeže** (Association of the Workers of Children and Youth Centers), the association **Pionýr** (Pioneer), **Asociace ZUŠ** (Elementary Arts Schools Association), **Unie českých pěveckých sborů** (Union of Czech Choirs), **Polský kulturně-osvětový svaz v České republice** (Polish Cultural and Educational Association in the Czech Republic), **Folklorní unie Prahy a Středočeského kraje** (Folklore Union of Prague and Central-Bohemian Region), **Hanácký folklorní spolek** (Folklore Association of Haná), **Společnost pro lidové tradice Jihomoravského kraje** (Association for Folk Traditions of South Moravian Region), **Psychiatrická nemocnice Horní Beřkovice** (Psychiatric Hospital Horní Beřkovice) or **Asociace poskytovatelů sociálních služeb České Republiky** (Association of Social Service Providers in the Czech Republic). In the same way, we express our support also, for instance, to the event **Bambiriáda**, organized by Česká rada dětí a mládeže (Czech Council of Children and Youth), or **Běhy naděje** (Runs of Hope), organized by the association **Skutky naděje** (Actions of Hope).

We are motivated by the sense of community belonging and professional solidarity to search for possibilities to support our own authors who need help in the form of financial aid from the solidarity fund.

14.3 education of authors

We consider the educational support to be one of the most effective and most efficient instruments to support the development of musical world in terms of long-term effects. For that reason, one of the programs of the aforementioned Partnership project (OSA TALENT), designed as an expression of support to young talents in the form of contests, courses or study trips, is focused on the education of authors.

In 2018, we supported inter alia the project called **3. dílna pro nejmenší skladatele** (The Third Workshop for the Youngest Composers), organized by Association Q, the project **Generation — an international contest for composers aged 30 and under**, organized as a part of Janáčkův Máj International Music Festival, the **35th Summer Jazz Workshop of Karel Velebný** and the **third year of the Composers Contest of Karel Krautgartner**. In addition, **Czech Jazz Workshop**, a project organized by the Czech Jazz Association, was supported. It is a week-long workshop where lecturers from all around the world gather and that is intended for all groups of musicians who want to learn the craft of music from the best ones in the domain. We also awarded a financial prize to the winner of the category “Best Jazz Composition of a Young Author 2018” which was presented during the Bohemia Jazz Fest, of which OSA has been a partner every year. The support for the Project for the **Development of Musical Production at Elementary Schools**, organized by the Institute of Modern Music, is worth mentioning as well. It consists in teaching music in a modern interactive and individual form. Theory is presented to children in an attractive form and it is accompanied with active presentations of production. After one year of learning, children are able to compose a basic musical composition in their music style. Another project is called **ZUŠ Open** (Art Schools Open); it was launched under the auspices of the Magdalena Kožená Endowment Fund. It is a national event of elementary arts schools at public places and aims to present the entire range of arts and life of the arts schools outside the usual framework and premises of the school.

Last year, **Songwriting Camp CZ** was organized for the first time in the Czech Republic; song-writing camps are common abroad. In the Czech Republic, it was only the first year, supported by OSA. Songwriting Camp CZ has a great potential and we feel that our support is of great importance and value for the development of Czech artists. The camp is intended for experienced musicians and professionals as they can continue to educate and improve themselves in music. The goal is to bridge the professional experience of foreign artists and producers and that of Czech musicians, share experience at the international level, establish new forms of cooperation and music relations, support production and, last but not least, propagate Czech music and Czech artists’ names abroad.

With our support, the signer **Thom Artway** attended the international music fair DEX in Hungary and represented the Czech music scene as one of the speakers there. The two-day fair offers tens of music lectures and workshops which give participants new inspiration and valuable working contacts. Speakers are musicians from all around Europe. OSA cooperates with the organizing society Artisjus, in particular with respect to the event promotion at social networks and provision of tickets to its members for a reduced price.



V Ý R O Č N Í
C E N Y
O S A

OSA has been presenting annual awards to the most successful Czech composers and lyricists since 2006. From 2014, it has been awarding also those who considerably contribute to the promotion and propagation of Czech music. With the exception of OSA Golden Award, OSA Golden Fund and Award for Promotion and Propagation of Czech Music, OSA Annual Awards are the only awards in the Czech Republic presented on the basis of statistics provided by radio and television broadcasters, concert organizers, music online service providers or carrier producers and sellers. Therefore, they are pieces of music and authors that are most frequently heard from Czech radios and televisions or mostly sold. OSA Annual Awards are the only ones to link authors across music genres and they are presented in the total of 15 categories, for the production in both classical and popular music. On the basis of a decision of OSA's Supervisory Board, the highest awards are presented annually, i.e. OSA Golden Award for contribution to the Czech music, and OSA Golden Fund for the most played pieces in the long term. Awards are presented also to young authors of both classical and popular music aged 30 or under, who in addition receive a financial prize from OSA to be used to develop their further production.

THE 13TH OSA ANNUAL AWARDS

At OSA Annual Awards, as many as three awards were presented to Richard Krajčo. Petr Skoumal and the song Rosa na kolejích by Wabi Daněk were introduced to OSA Golden Fund. OSA Golden Award for contribution to the Czech music was presented to Karel Vágner this year. The Award for Promotion and Propagation of Czech music was presented to the opera singer Štefan Margita.

The **OSA Annual Awards** ceremony was held at ABC Theatre on Thursday, 14 June 2018. For the thirteenth time, OSA presented awards to composers, lyricists and publishers who stand out among their colleagues in terms of audience ratings.

This year, authors and publishers were awarded a brand-new prize designed by a Renaissance artist **Milan Cais**. As last year, the evening was prepared in terms of dramaturgy and hosted by a couple of actors from the theatre **Vosto5 – Ondřej Cihlář** and **Petr Prokop**. To the accompaniment of **Epoque Orchestra, Žofie Dařbujánová (Mydy Rabycad), Iva Marešová (Precedens), Mirai Navrátil (Mirai), Jindra Polák (Jelen)** and **Milan Cais (Tata Bojs)** performed at the evening.

The 13th year was organized under the patronage of the Ministry of Culture of the Czech Republic. The main media partner of the evening was music TV Óčko, which broadcasted the prerecorded awarding ceremony. Other media partners included Express FM and Classic Praha.

COMPLETE RESULTS:

- Popular composition of the year **Pohoda**, authors: **Milan Špalek, Tomáš Krulich**
- Classical composition of the year **Korunovace českých králů**, author: **Jan Zástěra**
- The most successful author of popular music **Richard Krajčo**
- The most successful lyricist **Richard Krajčo**
- The most successful author of classical music **Jan Zástěra**
- The most successful publisher **Universal Music Publishing, s. r. o.**
- The most successful young author of popular music **Sebastian Navrátil**
- The most successful young author of classical music **Jiří Najvar**
- The most successful author popular music abroad **Zdeněk Gurský**
- The most successful author of classical music abroad **Sylvie Bodorová**
- OSA Golden Award **Karel Vágner**
- OSA Golden Fund – author **Petr Skoumal**
- OSA Golden Fund – composition **Rosa na kolejích – Wabi Daněk** (music, lyrics)
- Award for the Promotion and Propagation of Czech Music **Štefan Margita**
- Concert of the year **Kryštof**

LINKS: www.cenyosa.cz

Edited version of the event available here: www.cenyosa.cz/fotovideo/2018/video



15

employees



After the previous period from 2010 to 2014 when the number of employees decreased considerably from 218 to 153 as a consequence of changes made to the structure and organization of the association, the number of employees stabilized below the level of 2014 during the years to follow. Total number of employees was 149 as of 31 December 2018.*

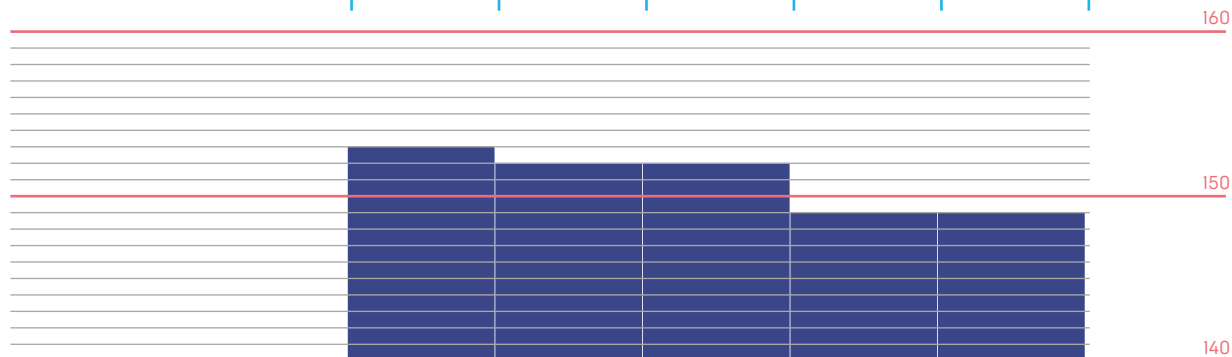
* number of employees in main employment

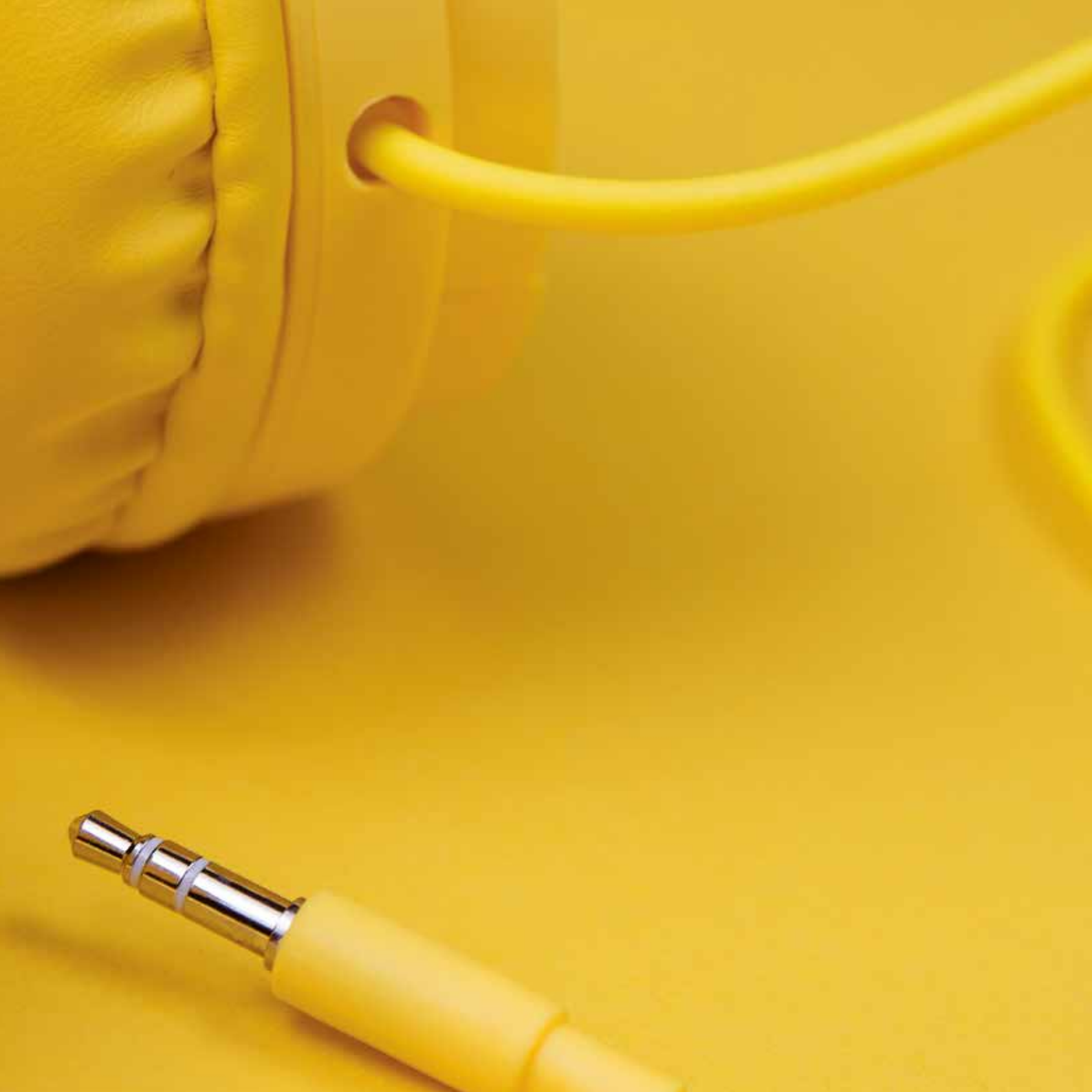
STRUCTURE OF EMPLOYEES BY AGE AND SEX

age limit	men	women	total
aged 26 years or under	0	4	4
26-30 years	2	7	9
31-40 years	14	26	40
41-50 years	14	42	56
51-60 years	7	25	32
61 years and more	4	4	8
total	41	108	149

DEVELOPMENT OF THE NUMBER OF EMPLOYEES

	2014	2015	2016	2017	2018
number of employees	153	152	152	149	149





16

social policy



WORK-LIFE BALANCE

Being a modern employer, we allow our employees to schedule their personal and professional life through flexible working hours so that any unpleasant collisions in these areas are avoided. In addition, depending on the nature of business to be conducted, OSA offers an extensive amount of alternative workloads which are responsive to the needs of its employees. For example, one can work from home (“home office”) or part-time. Employment of existing employees who are on a maternal leave is supported through agreements on works performed outside employment relationship.

THE HANDICAPPED

We try to employ our handicapped fellow citizens if operational conditions allow it. As of 31 December 2018, we were employing 8 persons with reduced working capacity, including 3 persons with a severe disability.

2018 OSA Yearbook

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