



TEOSTO

2020 FINANCIAL STATEMENT

COMPOSER-LYRICIST **KNIPI STIERNCREUZ** TEOSTO MEMBER SINCE 1993

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PROFIT AND LOSS STATEMENT

	1 Jan–31 Dec 2020	1 Jan–31 Dec 2019
DAY-TO-DAY OPERATIONS		
Income		
Royalties collected by Teosto	57,111,869.90	62,726,040.05
Other copyright royalties	5,624,850.24	6,556,835.02
Lending compensation	578,925.58	622,980.65
Compensation for private copying	2,251,999.43	2,206,531.94
Other income	0.00	27,000.00
	65,567,645.15	72,139,387.66
Costs		
Personnel expenses	-5,583,012.30	-5,733,992.72
Depreciation	-679,373.81	-763,755.71
Other costs	-7,307,561.18	-7,472,340.60
	-13,569,947.29	-13,970,089.03
	51,997,697.86	58,169,298.63
FUNDRAISING		
Membership fees	153,399.96	129,200.00
	52,151,097.82	58,298,498.63
INVESTMENTS AND FINANCING		
Income	3,355,070.68	5,138,944.69
Costs	-1,461,093.83	-732,849.84
	1,893,976.85	4,406,094.85
	54,045,074.67	62,704,593.48
Transfer for distribution to rightsholders	-52,242,217.80	-58,837,134.58
Changes to the self-financed reserve	-1,802,856.87	-3,867,458.90
SURPLUS/DEFICIT FOR THE FINANCIAL YEAR	0.00	0.00

BALANCE SHEET

ASSETS	31 Dec 2020	31 Dec 2019
NON-CURRENT ASSETS		
Intangible assets		
Other long-term expenditure	2,305,829.17	1,791,629.72
	2,305,829.17	1,791,629.72
Tangible assets		
Machinery and equipment	230,373.97	295,543.20
	230,373.97	295,543.20
Investments		
Shares and similar rights of ownership	33,114,851.79	32,252,030.05
	33,114,851.79	32,252,030.05
TOTAL NON-CURRENT ASSETS	35,651,054.93	34,339,202.97
ASSETS IN THE SELF-FINANCED RESERVE		
Shares and similar rights of ownership	32,400,648.54	30,306,285.90
Other receivables	1,658,764.82	2,379,601.58
Cash in hand and at bank	699,719.97	443,169.32
	34,759,133.33	33,129,056.80
CURRENT ASSETS		
Non-current receivables		
Other receivables	1,250,000.00	1,665,001.35
	1,250,000.00	1,665,001.35
Current receivables		
Trade receivables	5,694,099.20	9,277,698.52
Loan receivables	462,487.85	187.46
Prepayments and accrued income	9,537,534.93	8,622,880.29
	15,694,121.98	17,900,766.27
Financial securities		
Shares	5,522,533.02	13,817,183.94
Cash in hand and at bank	8,987,543.74	1,609,257.70
TOTAL CURRENT ASSETS	31,454,198.74	34,992,209.26
TOTAL ASSETS	101,864,387.00	102,460,469.03

BALANCE SHEET

LIABILITIES	31 Dec 2020	31 Dec 2019
EQUITY		
Self-financed reserve		
Teosto Fund	34,759,133.33	33,129,056.80
Surplus/deficit for the financial year	0.00	0.00
TOTAL CAPITAL AND RESERVES	34,759,133.33	33,129,056.80
Mandatory provisions		
Other mandatory provisions	442,151.13	0.00
	442,151.13	0.00
DEBTS		
Trade debts	768,947.84	754,647.58
Other debts	8,201,810.92	9,064,940.73
Accruals and deferred income	5,112,791.76	5,453,121.02
Distribution funds to rightsholders	52,579,552.02	54,058,702.90
TOTAL DEBTS	66,663,102.54	69,331,412.23
TOTAL LIABILITIES	101,864,387.00	102,460,469.03

CASH FLOW STATEMENT

	2020	2019
CASH FLOW FROM OPERATING ACTIVITIES:		
Cash received for sales	65,624,723	71,857,502
Extraordinary items		
Cash received from fundraising	153,400	129,200
Cash paid for operating costs	-13,249,285	-12,932,867
Cash flow from operating activities	52,528,838	59,053,836
CASH FLOW FROM INVESTMENT ACTIVITIES:		
Investments in tangible and intangible assets	-1,128,404	-1,039,793
Other investments	-2,503,690	-6,802,563
Cash flow from investment activities	-3,632,094	-7,842,356
Cash received for investments	1,893,977	4,406,095
Cash flow from operating activities and investment activities	50,790,721	55,617,574
CASH FLOW FROM DISTRIBUTED ROYALTIES:		
Royalties distributed by Teosto to Finnish and international rightsholders in total	-51,450,535	-51,282,410
Change in cash	-659,814	4,335,164
Cash at the start of the financial year	-15,869,611	-11,534,447
Cash at the end of the financial year	15,209,797	15,869,611
	-659,814	4,335,164

NOTES TO THE FINANCIAL STATEMENTS

1 ACCOUNTING PRINCIPLES

Entering performing right and mechanical reproduction royalty revenue as income

Teosto profit and loss statement includes copyright royalties collected by Teosto and Network of Music Partners A/S (NMP) and copyright royalties paid to Teosto and NMP by other organisations. The royalties collected by Teosto are mainly performing right royalties. GT Music Licences Ltd carries out licensing and collection for background music on behalf of Teosto.

Teosto managed the licensing of cross-border online music services until 2019. In 2019, Teosto founded Polaris Hub Ab in partnership with Koda from Denmark and TONO from Norway. Going forward, Polaris Hub Ab manages licensing in Finland and direct licensing abroad. With regard to these services, NMP is responsible for their background processes, such as collection.

Teosto has transferred the administration of mechanical reproduction rights to the Nordisk Copyright Bureau (NCB), a joint Nordic agency. For mechanical reproduction rights, Teosto's profit and loss statement includes NCB payments distributed by Teosto to Finnish rightsholders.

Using reciprocal representation agreements, Teosto has assigned the licensing and collection of foreign performing right royalties to foreign copyright organisations. The royalties distributed by them to Teosto's rightsholders are included in Teosto's profit and loss statement.

Valuation and depreciation and intangible and tangible assets

Non-current assets are stated at cost. Depreciation is calculated on a straight-line basis using the following depreciation principles:

IT software	5 years
Other long-term expenditure	10 years
Machinery and equipment	
IT hardware and other devices	5 years
Office machinery and equipment	10 years

During the financial year, the application of the depreciation method based on the estimated useful life was started for certain long-term expenditure. As a result, deviations are made to the above-mentioned depreciation periods in the following cases:

Long-term expenditure related to premises	Straight-line depreciation until the end of the tenancy agreement, 28 February 2021
Web service renewal	Declining balance method, 8 years

Valuation of investment assets

Securities and other investment assets are valued at cost or at market value on the date of the financial statements, whichever is lower.

COVID-19 resulted in a significant decline in Teosto's income in 2020. It is uncertain how much of an impact the exceptional circumstances in society caused by COVID-19 will have on Teosto's licensing income in 2021.

Profit and loss statement by activity

Teosto issues licences for the performance of music, collects performing right royalties from users of music and distributes royalties to rightsholders in Finland and abroad. Royalty payments to foreign rightsholders are distributed through the copyright organisation in the country in question. Conversely, Teosto distributes royalties received from foreign organisations to Finnish rightsholders.

	2020	2019
ROYALTIES COLLECTED BY TEOSTO		
Operating income	57,111,869.90	62,726,040.05
Operating costs*	-9,913,350.00	-11,036,196.79
Fundraising	153,399.96	129,200.00
Investments and financing*	402,734.14	1,966,035.87
Other income	0.00	27,000.00
Net income to rightsholders	47,754,654.00	53,812,079.13
Percentage of operating income	83.6%	85.8%
Promotion of Finnish music (national funds transferred to reserves)	2,556,980.79	3,017,904.76
Percentage of performing right royalty income in Finland	6.0%	6.0%
Transfer for distribution to rightholders	45,197,673.21	50,794,174.37
OTHER COPYRIGHT ROYALTIES		
Royalties from other organisations	5,624,850.24	6,556,835.02
Remuneration for public lending	578,925.58	622,980.65
Compensation for private copying*	1,115,774.43	1,116,331.94
Costs	-445,007.56	-425,967.74
Transfer for distribution to rightholders	6,874,542.69	7,870,179.87
TOTAL TRANSFER FOR DISTRIBUTION TO RIGHTSHOLDERS	52,072,215.90	58,664,354.24

*Excluding self-financed reserve

*Includes the free online services of broadcasters and the network personal video recorder services of operators
 **Includes, among others, video streaming and subscription video services
 ***Includes licences for background music to, for example, municipalities, parishes and ships

2 NOTES TO THE PROFIT AND LOSS STATEMENT

ROYALTIES COLLECTED BY TEOSTO

	2020	2019
Television*	22,751,741.13	22,182,234.85
Radio	8,723,579.53	9,359,155.56
Online, AV**	5,480,064.27	4,971,043.78
Online, audio	6,088,923.93	4,525,498.16
Events***	4,801,829.19	11,350,494.96
Background music	8,571,670.98	9,572,751.34
Copying and synchronisation	694,060.87	764,861.40
	57,111,869.90	62,726,040.05
OTHER COPYRIGHT ROYALTIES		
NCB, Denmark	1,760,578.95	2,965,217.55
GEMA, Germany	864,181.78	810,071.03
STIM, Sweden	592,073.41	424,504.93
PRS, UK	343,004.16	293,788.57
ASCAP, USA	226,646.92	205,765.77
SACEM, France	187,486.98	213,095.92
SUISA, Switzerland	142,171.71	98,892.71
AKM, Austria	138,760.89	143,794.05
BUMA, Netherlands	127,437.15	123,205.12
JASRAC, Japan	113,805.14	73,218.67
SIAE, Italy	111,280.02	71,945.15
TONO, Norway	104,619.32	114,441.36
SABAM, Belgium	104,003.06	85,175.08
BMI, USA	82,387.66	55,523.43
KODA, Denmark	79,821.59	91,268.44
Other	537,574.53	518,130.57
TOTAL	3,755,254.32	3,322,820.80
Broadcasting of Finnish TV channels abroad	12,167.53	109,370.99
Gramex royalties	96,849.44	159,425.68
OTHER COPYRIGHT ROYALTIES TOTAL	5,624,850.24	6,556,835.02

	2020	2019
LENDING COMPENSATION		
Remuneration paid by the government to authors for lending of works from public libraries	578,925.58	622 980.65
COMPENSATION FOR PRIVATE COPYING		
Compensation for private copying paid by the Government to Teosto rightholders	1,115,774.43	1,116,331.94
Compensation for private copying paid by the Government for authors' shared purposes via the Teosto Fund	1,136,225.00	1,090,200.00
	2,251,999.43	2,206,531.94
DEPRECIATION		
Other long-term expenditure	602,947.55	669,013.38
Machinery and equipment	76,426.26	94,742.33
	679,373.82	763,755.71
FEES TO AUDITING COMPANIES		
Auditing fees	33,271.00	33,315.00
Counselling on taxes	24,009.00	40,709.50
Other services	17,135.80	9,500.00
	74,415.80	83,524.50
INVESTMENTS AND FINANCING		
Revenue		
Interest	13,723.73	13,765.78
Sales profit	3,279,476.84	2,160,551.35
Restoration of value decrease	61,870.11	2,964,627.56
	3,355,070.68	5,138,944.69
Costs		
Sales loss	-461,442.39	-704,222.31
Value decrease	-182,974.44	-18,091.18
Other costs	-816,677.00	-10,536.35
	-1,461,093.83	-732,849.84
TOTAL FOR INVESTMENTS AND FINANCING	1,893,976.85	4,406,094.85

	2020	2019
TRANSFER FOR DISTRIBUTION TO RIGHTSHOLDERS		
Performing right royalties collected by Teosto	37,226,000.79	44,400,835.57
Mechanical reproduction royalties collected by Teosto	1,965,072.74	1,871,176.64
Performing right royalties from other organisations	3,660,413.15	3,332,482.08
Mechanical reproduction royalties from other organisations	1,831,598.02	3,110,090.89
Lending compensation	456,193.36	506,483.27
Compensation for private copying	917,166.58	932,137.17
Gramex royalties collected by Teosto	96,849.43	158,430.80
Online royalties collected by NMP	6,088,923.73	4,525,498.16
	52,242,217.80	58,837,134.58
3 NOTES TO THE BALANCE SHEET, ASSETS		
CHANGES IN NON-CURRENT INTANGIBLE AND TANGIBLE ASSETS		
Other long-term expenditure		
Acquisition cost at the beginning of the financial year on 1 January	3,993,472.88	3,946,163.92
Accumulated depreciation	-2,201,843.12	-2,520,678.38
Amount at the beginning of the financial year on 1 January	1,791,629.76	1,425,485.54
Increases in the financial year	1,117,146.97	1,035,157.59
Deductions in the financial year	0.00	0.00
Depreciation in the financial year	-602,947.55	-669,013.38
Book value on 31 December	2,305,829.18	1,791,629.75
Machinery and equipment		
Acquisition cost at the beginning of the financial year on 1 January	819,147.45	1,013,464.55
Accumulated depreciation	-523,604.21	-627,814.38
Amount at the beginning of the financial year on 1 January	295,543.24	385,650.17
Increases in the financial year	11,257.00	4,635.42
Deductions in the financial year		
Depreciation in the financial year	-76,426.26	-94,742.33
Book value on 31 December	230,373.98	295,543.25
SHARES AND SIMILAR RIGHTS OF OWNERSHIP		
Quoted shares and rights of ownership		
Total market value	36,640,928.15	34,554,834.42
Corresponding book value	32,814,287.88	31,629,870.30
Difference	3,826,640.27	2,924,964.12
Other shares and rights of ownership	300,563.91	622,159.75
TOTAL SHARES AND SIMILAR RIGHTS OF OWNERSHIP	33,114,851.79	32,252,030.05

	2020	2019
ASSETS IN THE SELF-FINANCED RESERVE		
Quoted shares and rights of ownership		
Total market value	36,376,579.45	33,190,540.58
Corresponding book value	32,400,648.56	30,306,285.84
Difference	3,975,930.89	2,884,254.75
TOTAL SHARES AND SIMILAR RIGHTS OF OWNERSHIP	32,400,648.56	30,306,285.84
Other receivables		
Compensation for private copying		
Teosto Fund's internal receivable from Teosto	1,658,764.82	2,379,601.58
	1,658,764.82	2,379,601.58
NON-CURRENT RECEIVABLES		
Other receivables		
Capital loan to GT Music Licences Ltd	1,250,000.00	1,250,000.00
Loan to Mind Your Rights Oy	0.00	415,001.35
	1,250,000.00	1,665,001.35
CURRENT RECEIVABLES		
Accounts receivable		
Royalties collected by Teosto	5,694,099.20	9,274,816.32
Other copyright royalties	0.00	2,882.20
	5,694,099.20	9,277,698.52
Loan receivables		
Loans to Teosto rightsholders	462,487.85	0.00
	462,487.85	0.00
Prepayments and accrued income		
Copyright royalties	986,829.74	636,801.10
Other	8,550,705.19	7,986,079.19
	9,537,534.93	8,622,880.29

The Teosto Fund was established in 2009 for the purposes of securing ideological operations and the continuity of promotion work. The primary funding source is the so-called national funds which Teosto retains from its distributions for national promotion purposes, in accordance with the agreements it has made with its rightsholders and foreign copyright organisations. In addition to this, the fund can be accumulated by receiving gifts, wills, grants and benefits, or by merging other funds with it.

	2020	2019
4 NOTES TO THE BALANCE SHEET, LIABILITIES		
CHANGES TO THE CAPITAL OF THE SELF-FINANCED RESERVE		
Capital of the Teosto Fund at 1 Jan	33,129,056.80	29,541,334.90
Return on Fund assets	1,501,713.18	2,451,227.62
Fund costs	-10,470.47	-11,168.64
Use of Fund assets	-3,381,591.63	-2,680,704.84
Private copying fee for 2020	1,136,225.00	1,090,200.00
National funds transferred to the Fund	2,556,980.79	3,017,904.76
Adjustment for 2019 (transfer to distribution funds)	-172,780.34	-279,737.00
Capital of the Teosto Fund at 31 Dec	34,759,133.33	33,129,056.80
MANDATORY PROVISIONS		
Price dispute between Teosto and a member	442,151.13	0.00
OTHER DEBTS		
Foreign copyright organisations	4,312,234.98	3,354,027.27
Finnish rightsholders	2,133,178.54	1,909,072.44
Withholding tax	1,136,000.18	1,144,634.65
VAT	438,435.80	631,278.26
Other	181,961.42	2,025,928.11
	8,201,810.92	9,064,940.73
ACCRUALS AND DEFERRED INCOME		
Holiday pay	844,469.49	800,974.20
Promotion of Finnish music	225,000.00	195,000.00
Other	4,043,322.27	4,457,146.82
	5,112,791.76	5,453,121.02
DISTRIBUTION FUNDS TO RIGHTHOLDERS		
Performing right royalties	42,989,552.27	44,805,256.16
Mechanical reproduction royalties	2,036,091.81	2,016,049.95
Compensation for private copying	927,192.77	942,163.36
Online royalties collected by NMP	6,616,811.96	6,285,781.93
Gramex royalties collected by Teosto	9,906.01	9,454.30
	52,579,554.82	54,058,705.70

	2020	2019
5 SECURITIES AND CONTINGENT LIABILITIES		
SECURITIES		
Rent deposit	164,737.08	164,737.08
RENT LIABILITIES		
Payments outstanding in connection with leases		
Payments to be made in the next financial period	440,737.08	571,501.38
To be paid later	2,498,171.32	120,023.96
Total	2,938,908.40	691,525.34
LEASING LIABILITIES		
Payments outstanding in connection with leasing agreements		
Payments outstanding in connection with leasing agreements	139,051.48	108,205.73
Payments to be made in the next financial period	152,172.32	131,428.25
To be paid later	291,223.80	239,633.98
TOTAL SECURITY AND CONTINGENT LIABILITIES	3,394,869.28	1,095,896.40
6 NOTES ON PERSONNEL		
Average number of personnel	68	70
Personnel expenses		
Salaries	4,518,829.89	4,532,894.58
Fees	198,028.35	200,109.24
Pension costs	744,132.73	887,663.57
Other personnel costs	122,021.33	113,325.33
	5,583,012.30	5,733,992.72
Board of Directors		
Fees paid to Board members	116,250.00	117,375.00
7 OWNERSHIP IN OTHER COMPANIES		
Name	Domicile	Ownership
Polaris Nordic A/S	Copenhagen	33.3%
GT Music Licences Ltd	Helsinki	50.0%
Polaris Hub AB	Stockholm	33.3%

PROPOSAL FOR DISTRIBUTION TO RIGHTSHOLDERS

The Board of Directors proposes that the total amount of EUR 53,757,522.30 be distributed for 2020.	2020	2019
THE DISTRIBUTABLE AMOUNT IS MADE UP AS FOLLOWS		
Performing right royalties collected by Teosto	37,226,000.79	44,400,835.57
Mechanical reproduction royalties collected by Teosto	1,965,072.74	1,871,176.64
Performing right royalties from other organisations	3,660,413.15	3,332,482.08
Mechanical reproduction royalties from other organisations	1,831,598.02	3,110,090.89
Lending compensation	456,193.36	506,483.27
Compensation for private copying	917,166.58	932,137.17
Gramex royalties collected by Teosto	96,849.43	158,430.80
Online royalties collected by NMP	6,088,923.73	4,525,498.16
	52,242,217.80	58,837,134.58
Distribution reserves from previous years	1,515,304.50	907,459.95
TOTAL DISTRIBUTION TO RIGHTSHOLDERS	53,757,522.30	59,744,594.53

SIGNATURES TO THE ANNUAL REPORT AND FINANCIAL STATEMENTS

Helsinki 10 March 2021

Kim Kuusi

Chairman of the Board of Directors

Risto Salminen

CEO

Antti Auvinen

Saara Konttinen

Jiri Kuronen

Tommi Tuomainen

Kaija Kärkinen

An auditor's report has been submitted on the audit conducted on this date.

Helsinki

KPMG Oy Ab

Heidi Vierros

Authorised Public Accountant

LIST OF ACCOUNTING BOOKS AND DOCUMENT TYPES USED

The organisation's general ledger accounting is done in the Wintime accounting system, the banking software is the Opus Capita system and travel expense reports are processed using the Populus system.

Financial statements		safe + 0:/ drive
Journal and general ledger		electronically: Wintime, Painter reports
Accounts ledger itemisations	MSV, MS, MSP, OM	electronically
Bank receipts	KKA	electronically: Opus Capita and 0:/ drive
Purchase invoices	WF	electronically: Wintime + Workflow + Archive
Sales invoices	MLLASKU, MLWIN, MLVAKLA, MLWINEL, MLWINLL, TI	electronically: Opus Capita
Payroll accounting receipts	PT	electronically: Personec W
Travel expense receipts	PO	electronically: Populus + binder
Payments of copyright royalties	KAR	electronically: TEPA
Memo vouchers	KMU	in binders
Documentation pertaining to the notes to the financial statements		electronically, 0:/ drive

DOCUMENTATION PERTAINING TO THE NOTES TO THE FINANCIAL STATEMENTS

Royalties collected by Teosto	Note 1
Other copyright royalties	Note 1
Lending compensation	Note 1
Compensation for private copying	Note 1
Depreciation	Note 1
Fees to auditing companies	Note 2
Investments and financing	Notes 3-5
Transfer for distribution to rightsholders	Note 1
Other long-term expenditure	Note 6
Machinery and equipment	Note 7
Shares and similar rights of ownership	Note 3
Assets of the self-financed reserve	Note 4
Financial securities	Note 5
Accounts receivable	Note 8
Prepayments and accrued income	Note 9
Other debts	Note 9
Accruals and deferred income	Note 9
Distribution funds to rightsholders	Note 9
Securities and contingent liabilities	Note 10
Average number of personnel	Note 11
Personnel expenses	Note 1
Fees paid to the Board of Directors	Note 12
Proposal for distribution to rightsholders	Note 1, Note 13