

TEOSTO

2021 FINANCIAL STATEMENT

COMPOSER-LYRICIS **JARE BRAND**, TEOSTO MEMBER SINCE 2008
COMPOSER-LYRICIS **VILLE GALLE**, TEOSTO MEMBER SINCE 2001

TABLE OF CONTENTS

PROFIT AND LOSS STATEMENT	3
BALANCE SHEET	4
CASH FLOW STATEMENT	6
NOTES TO THE FINANCIAL STATEMENTS	
1 Accounting principles	7
2 Income statement by activity	9
3 Notes to the balance sheet, assets	11
4 Notes to the balance sheet, liabilities	13
5 Securities and contingent liabilities	14
6 Notes on personnel	14
7 Ownership in other companies	14
PROPOSAL FOR DISTRIBUTION TO RIGHTHOLDERS	15
SIGNATURES TO THE ANNUAL REPORT AND FINANCIAL STATEMENTS	15
LIST OF ACCOUNTING BOOKS AND DOCUMENT TYPES USED	16

PROFIT AND LOSS STATEMENT

	2021	2020
DAY-TO-DAY OPERATIONS		
Income		
Royalties collected by Teosto	62,321,112.96	57,111,869.90
Other copyright royalties	4,892,237.84	5,624,850.24
Lending compensation	535,582.04	578,925.58
Compensation for private copying	2,344,236.64	2,251,999.43
Other income	519,330.77	170,001.90
	70,612,500.25	65,737,647.05
Costs		
Personnel expenses	-5,111,626.01	-5,583,012.30
Depreciation	-732,380.32	-679,373.81
Other costs	-10,072,916.45	-7,477,563.08
	-15,916,922.78	-13,739,949.19
	54,695,577.47	51,997,697.86
FUNDRAISING		
Membership fees	183,400.00	153,399.96
	54,878,977.47	52,151,097.82
INVESTMENTS AND FINANCING		
Income	6,813,323.17	3,355,070.68
Costs	-166,970.47	-1,461,093.83
	6,646,352.70	1,893,976.85
	61,525,330.17	54,045,074.67
Transfer for distribution to rightsholders	-58,567,530.92	-52,242,217.80
Changes to the self-financed reserve	-2,957,799.25	-1,802,856.87
SURPLUS/DEFICIT FOR THE FINANCIAL YEAR	0.00	0.00

BALANCE SHEET

ASSETS	2021	2020
NON-CURRENT ASSETS		
Intangible assets		
Other long-term expenditure	2,785,022.03	2,305,829.17
	2,785,022.03	2,305,829.17
Tangible assets		
Machinery and equipment	207,369.06	230,373.97
	207,369.06	230,373.97
Investments		
Shares and similar rights of ownership	37,315,107.70	33,114,851.79
	37,315,107.70	33,114,851.79
TOTAL NON-CURRENT ASSETS	40,307,498.79	35,651,054.93
ASSETS IN THE SELF-FINANCED RESERVE		
Shares and similar rights of ownership	35,294,954.99	32,400,648.54
Other receivables	2,232,878.28	1,658,764.82
Cash in hand and at bank	189,099.31	699,719.97
	37,716,932.58	34,759,133.33
CURRENT ASSETS		
Non-current receivables		
Other receivables	950,000.00	1,250,000.00
	950,000.00	1,250,000.00
Current receivables		
Trade receivables	7,493,917.66	5,694,099.20
Loan receivables	396,934.93	462,487.85
Prepayments and accrued income	8,739,836.17	7,741,102.99
	16,630,688.76	13,897,690.04
Financial securities		
Shares	10,439,753.24	5,522,533.02
Cash in hand and at bank	733,939.18	8,987,543.74
TOTAL CURRENT ASSETS	28,754,381.18	29,657,766.80
TOTAL ASSETS	106,778,812.55	100,067,955.06

BALANCE SHEET

LIABILITIES	2021	2020
EQUITY		
Self-financed reserve		
Teosto Fund	37,716,932.58	34,759,133.33
Surplus/deficit for the financial year	0.00	0.00
TOTAL CAPITAL AND RESERVES	37,716,932.58	34,759,133.33
Mandatory provisions		
Other mandatory provisions	442,151.13	442,151.13
	442,151.13	442,151.13
DEBTS		
Trade debts	562,695.28	768,947.84
Other debts	8,933,818.44	8,201,810.92
Accruals and deferred income	3,765,794.62	3,316,359.82
Distribution funds to rightsholders	55,357,420.50	52,579,552.02
TOTAL DEBTS	68,619,728.84	64,866,670.60
TOTAL LIABILITIES	106,778,812.55	100,067,955.06

CASH FLOW STATEMENT

	2021	2020
CASH FLOW FROM OPERATING ACTIVITIES:		
Cash received for sales	65,948,446	65,624,723
Extraordinary items		
Cash received from fundraising	183,400	153,400
Cash paid for operating costs	-15,188,463	-13,249,285
Cash flow from operating activities	50,943,383	52,528,838
CASH FLOW FROM INVESTMENT ACTIVITIES:		
Investments in tangible and intangible assets	-1,188,568	-1,128,404
Other investments	-6,884,602	-2,503,690
Cash flow from investment activities	-8,073,170	-3,632,094
Cash received for investments	6,646,353	1,893,977
Cash flow from operating activities and investment activities	49,516,566	50,790,721
CASH FLOW FROM DISTRIBUTED ROYALTIES:		
Royalties distributed by Teosto to Finnish and international rightsholders in total	-53,363,571	-51,450,535
Change in cash	-3,847,005	-659,814
Cash at the start of the financial year	-15,209,797	-15,869,611
Cash at the end of the financial year	11,362,792	15,209,797
	-3,847,005	-659,814

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. 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	7 years
Machinery and equipment	
IT hardware and other devices	5 years
Office machinery and equipment	7 years

The depreciation period of furniture purchased for the old premises and moved to the new premises is the original 10 years, ending in 2024.

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 case:

Web service renewal	Declining balance method, 7 years
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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.

Impact of the COVID-19 pandemic on income

COVID-19 continued to have a negative effect on Teosto's income in 2021, compared to 2019. It is uncertain how long the exceptional circumstances caused by COVID-19 will last and what their effect on Teosto's licensing income will be in 2022.

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.

	2021	2020
ROYALTIES COLLECTED BY TEOSTO		
Operating income	62,321,112.96	57,111,869.90
Operating costs*	-9,530,345.08	-9,913,350.00
Fundraising	183,400.00	153,399.96
Investments and financing*	1,671,929.73	402,734.14
Other income	339,278.64	0.00
Net income to rightsholders	54,985,376.25	47,754,654.00
Percentage of operating income	88.2 %	83.6 %
Promotion of Finnish music (national funds transferred to reserves)	2,863,010.59	2,556,980.79
Percentage of performing right royalty income in Finland	6.0 %	6.0 %
Transfer for distribution to rightholders	52,122,365.66	45,197,673.21
OTHER COPYRIGHT ROYALTIES		
Royalties from other organisations	4,892,237.84	5,624,850.24
Remuneration for public lending	535,582.04	578,925.58
Compensation for private copying*	1,231,236.64	1,115,774.43
Costs	-393,943.39	-445,007.56
Transfer for distribution to rightholders	6,265,113.13	6,874,542.69
TOTAL TRANSFER FOR DISTRIBUTION TO RIGHTSHOLDERS	58,387,478.79	52,072,215.90

*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

	2021	2020
Television*	22,869,157.91	22,751,741.13
Radio	9,498,483.45	8,723,579.53
Online, AV**	6,730,081.54	5,480,064.27
Online, audio	7,794,311.61	6,088,923.93
Events***	5,327,905.36	4,801,829.19
Background music	9,320,646.54	8,571,670.98
Copying and synchronisation	780,526.55	694,060.87
	62,321,112.96	57,111,869.90
OTHER COPYRIGHT ROYALTIES		
NCB, Denmark	1,532,796.51	1,760,578.95
GEMA, Germany	632,459.25	864,181.78
STIM, Sweden	542,536.28	592,073.41
PRS, UK	259,066.64	343,004.16
ASCAP, USA	204,945.84	226,646.92
SACEM, France	164,187.55	187,486.98
SUISA, Switzerland	138,946.50	142,171.71
BMI, USA	118,323.24	82,387.66
KODA, Denmark	113,039.68	79,821.59
TONO, Norway	104,424.83	104,619.32
BUMA, Netherlands	98,045.05	127,437.15
JASRAC, Japan	94,531.26	113,805.14
AKM, Austria	82,909.55	138,760.89
Other	604,157.67	752,857.61
TOTAL	3,157,573.34	3,755,254.32
Broadcasting of Finnish TV channels abroad	115,459.50	12,167.53
Gramex royalties	86,408.49	96,849.44
OTHER COPYRIGHT ROYALTIES TOTAL	4,892,237.84	5,624,850.24

	2021	2020
LENDING COMPENSATION		
Remuneration paid by the government to authors for lending of works from public libraries	535,582.04	578,925.58
COMPENSATION FOR PRIVATE COPYING		
Compensation for private copying paid by the Government to Teosto rightholders	1,231,236.64	1,115,774.43
Compensation for private copying paid by the Government for authors' shared purposes via the Teosto Fund	1,113,000.00	1,136,225.00
	2,344,236.64	2,251,999.43
OTHER INCOME		
Contract fees related to lease	339,278.64	0.00
Cultural contributions paid by NMP to Teosto	180,052.13	170,001.90
	519,330.77	170,001.90
DEPRECIATION		
Other long-term expenditure	663,034.67	602,947.55
Machinery and equipment	69,345.66	76,426.26
	732,380.33	679,373.82
FEES TO AUDITING COMPANIES		
Auditing fees	37,954.00	33,271.00
Counselling on taxes	8,495.00	24,009.00
Other services	8,100.00	17,135.80
	54,549.00	74,415.80
INVESTMENTS AND FINANCING		
Revenue		
Interest	35,738.01	13,723.73
Sales profit	6,610,749.50	3,279,476.84
Restoration of value decrease	166,835.66	61,870.11
	6,813,323.17	3,355,070.68
Costs		
Sales loss	-87,578.53	-461,442.39
Value decrease	-66,619.94	-182,974.44
Other costs	-12,772.00	-816,677.00
	-166,970.47	-1,461,093.83
TOTAL FOR INVESTMENTS AND FINANCING	6,646,352.70	1,893,976.85

	2021	2020
TRANSFER FOR DISTRIBUTION TO RIGHTSHOLDERS		
Performing right royalties collected by Teosto	42,033,015.81	37,226,000.79
Mechanical reproduction royalties collected by Teosto	2,392,441.43	1,965,072.74
Performing right royalties from other organisations	3,185,391.95	3,660,413.15
Mechanical reproduction royalties from other organisations	1,601,438.07	1,831,598.02
Lending compensation	432,750.29	456,193.36
Compensation for private copying	1,041,626.20	917,166.58
Gramex royalties collected by Teosto	86,392.69	96,849.43
Online royalties collected by NMP	7,794,474.48	6,088,923.73
	58,567,530.92	52,242,217.80
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	4,082,073.85	3,993,472.88
Accumulated depreciation	-1,776,244.65	-2,201,843.12
Amount at the beginning of the financial year on 1 January	2,305,829.20	1,791,629.76
Increases in the financial year	1,142,227.50	1,117,146.97
Deductions in the financial year	0.00	0.00
Depreciation in the financial year	-663,034.67	-602,947.55
Book value on 31 December	2,785,022.03	2,305,829.18
Machinery and equipment		
Acquisition cost at the beginning of the financial year on 1 January	809,642.51	819,147.45
Accumulated depreciation	-639,885.73	-523,604.21
Amount at the beginning of the financial year on 1 January	169,756.78	295,543.24
Increases in the financial year	106,957.94	11,257.00
Deductions in the financial year	0.00	0.00
Depreciation in the financial year	-69,345.66	-76,426.26
Book value on 31 December	207,369.06	230,373.98
SHARES AND SIMILAR RIGHTS OF OWNERSHIP		
Quoted shares and rights of ownership		
Total market value	45,084,711.62	36,640,928.15
Corresponding book value	37,014,543.79	32,814,287.88
Difference	8,070,167.82	3,826,640.27
Other shares and rights of ownership	300,563.91	300,563.91
TOTAL SHARES AND SIMILAR RIGHTS OF OWNERSHIP	37,315,107.70	33,114,851.79

	2021	2020
ASSETS IN THE SELF-FINANCED RESERVE		
Quoted shares and rights of ownership		
Total market value	41,736,071.24	36,376,579.45
Corresponding book value	35,294,954.99	32,400,648.56
Difference	6,441,116.25	3,975,930.89
TOTAL SHARES AND SIMILAR RIGHTS OF OWNERSHIP	35,294,954.99	32,400,648.56
Other receivables		
Teosto Fund's internal receivable from Teosto	2,232,878.28	1,658,764.82
	2,232,878.28	1,658,764.82
NON-CURRENT RECEIVABLES		
Other receivables		
Capital loan to GT Music Licences Ltd	950,000.00	1,250,000.00
	950,000.00	1,250,000.00
CURRENT RECEIVABLES		
Accounts receivable		
Royalties collected by Teosto	7,493,917.66	5,694,099.20
	7,493,917.66	5,694,099.20
Loan receivables		
Loans to Teosto rightsholders	396,934.93	462,487.85
	396,934.93	462,487.85
Prepayments and accrued income		
Copyright royalties	1,452,856.15	986,829.74
Online royalties collected by Polaris Hub/NMP	7,085,193.88	6,336,602.16
Other	201,786.14	417,671.09
	8,739,836.17	7,741,102.99

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.

	2021	2020
4 NOTES TO THE BALANCE SHEET, LIABILITIES		
CHANGES TO THE CAPITAL OF THE SELF-FINANCED RESERVE		
Capital of the Teosto Fund at 1 Jan	34,759,133.33	33,129,056.80
Return on Fund assets	4,987,200.48	1,501,713.18
Fund costs	-12,777.51	-10,470.47
Use of Fund assets	-5,992,634.31	-3,381,591.63
Private copying fee for 2020	1,113,000.00	1,136,225.00
National funds transferred to the Fund	2,863,010.59	2,556,980.79
Adjustment for 2019 (transfer to distribution funds)	0.00	-172,780.34
Capital of the Teosto Fund at 31 Dec	37,716,932.58	34,759,133.33
MANDATORY PROVISIONS		
Price dispute between Teosto and a customer	442,151.13	442,151.13
OTHER DEBTS		
Foreign copyright organisations	5,148,283.22	4,312,234.98
Finnish rightsholders	2,199,743.74	2,133,178.54
Withholding tax	1,028,019.41	1,136,000.18
VAT	537,987.20	438,435.80
Other	19,784.87	181,961.42
	8,933,818.44	8,201,810.92
ACCRUALS AND DEFERRED INCOME		
Holiday pay	789,935.48	844,469.49
Promotion of Finnish music	225,000.00	225,000.00
Other	2,750,859.14	2,246,890.33
	3,765,794.62	3,316,359.82
DISTRIBUTION FUNDS TO RIGHTHOLDERS		
Performing right royalties	44,278,307.10	42,989,552.27
Mechanical reproduction royalties	2,461,082.99	2,036,091.81
Compensation for private copying	1,051,652.39	927,192.77
Online royalties collected by NMP	7,538,601.06	6,616,811.96
Gramex royalties collected by Teosto	27,776.96	9,906.01
	55,357,420.50	52,579,554.82

	2021	2020
5 SECURITIES AND CONTINGENT LIABILITIES		
SECURITIES		
Rent deposit	124,088.00	164,737.08
RENT LIABILITIES		
Payments outstanding in connection with leases		
Payments to be made in the next financial period	408,790.20	440,737.08
To be paid later	2,146,148.55	2,498,171.32
Total	2,554,938.75	2,938,908.40
LEASING LIABILITIES		
Payments outstanding in connection with leasing agreements		
Payments outstanding in connection with leasing agreements	121,428.43	139,051.48
Payments to be made in the next financial period	114,065.40	152,172.32
To be paid later	235,493.83	291,223.80
TOTAL SECURITY AND CONTINGENT LIABILITIES	2,914,520.58	3,394,869.28
6 NOTES ON PERSONNEL		
Average number of personnel	63	68
Personnel expenses		
Salaries	4,019,813.13	4,518,829.89
Fees	176,458.08	198,028.35
Pension costs	786,558.48	744,132.73
Other personnel costs	128,796.32	122,021.33
	5,111,626.01	5,583,012.30
Board of Directors		
Fees paid to Board members	122,875.00	116,250.00
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 60,812,046.00 be distributed for 2021.	2021	2020
THE DISTRIBUTABLE AMOUNT IS MADE UP AS FOLLOWS		
Performing right royalties collected by Teosto	42,033,015.81	37,226,000.79
Mechanical reproduction royalties collected by Teosto	2,392,441.43	1,965,072.74
Performing right royalties from other organisations	3,185,391.95	3,660,413.15
Mechanical reproduction royalties from other organisations	1,601,438.07	1,831,598.02
Lending compensation	432,750.29	456,193.36
Compensation for private copying	1,041,626.20	917,166.58
Gramex royalties collected by Teosto	86,392.69	96,849.43
Online royalties collected by NMP	7,794,474.48	6,088,923.73
	58,567,530.92	52,242,217.80
Distribution reserves from previous years	2,244,515.08	1,515,304.50
TOTAL DISTRIBUTION TO RIGHTSHOLDERS	60,812,046.00	53,757,522.30

SIGNATURES TO THE ANNUAL REPORT AND FINANCIAL STATEMENTS

Helsinki 9 March 2022

Kim Kuusi

Chairman of the Board of Directors

Risto Salminen

CEO

Antti Auvinen

Saara Konttinen

Jiri Kuronen

Tommi Tuomainen

Maija Ruuskanen

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 + Mepco
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