

# TEOSTO

A woman with dark hair tied back is sitting at a table, smiling as she writes in a small notebook with a pen. She is wearing a dark sweater and has several rings on her fingers. On the table in front of her are two white mugs. The background shows a window with a view of trees and a large abstract black and white artwork on the wall. A pattern of blue dots is overlaid on the left side of the image.

## 2021 TRANSPARENCY REPORT

COMPOSER LYRICIST **JENNI VARTIAINEN** TEOSTO MEMBER SINCE 2004

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# INTRODUCTION

The Act on the Collective Management of Copyright (Act No. 1494/2016) requires the collective management organisation to produce an annual transparency report pursuant to the Directive on collective management of copyright and related rights (2014/26/EU), including a special report on the social, cultural and educational services provided by the collective management organisation.

This transparency report includes Teosto's annual report, financial statements, auditor's report and other information for 2021 as referred to in the Annex to the Directive. An auditor's statement has been issued on the transparency report and the financial information related to it. The auditor's statement is included as an appendix to the transparency report.

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.

## Terminology related to the management of copyright royalties

The key terms used in this transparency report correspond as closely as possible to the terminology used in the Annex to the Directive on collective management of copyright and related rights. In certain cases, the terms have been adapted to correspond to the established method of presentation used in Teosto's financial statements. The stages of Teosto's royalty management process are specified below.

Notes to the tables are indicated by numbers. The notes in brackets are references to the corresponding sections of the Annex to the Directive on collective management of copyright and related rights.

### CATEGORIES OF RIGHTS AND TYPES OF USE APPLICABLE IN TEOSTO

Categories	Types of use
Performing	Concerts and other events Background music
Radio and TV	Radio TV
Internet	Online, AV Online, audio
Reproduction	
Synchronisation	
Areas that are not covered by the categories of rights	Compensation for private copying Remuneration for public lending

### STAGES OF THE MANAGEMENT PROCESS AT TEOSTO

Collected amounts	Royalties recognised as revenue for the year on an accrual basis (Table 1, column "Revenue from day-to-day operations").
Attributed amounts	Collected amounts after the increases, deductions and transfers shown in table 1. The General Meeting decides annually on the amounts attributed to rightsholders (Table 1, column "Total distributable amount").
Distributed amounts	Attributed amounts for which rightsholder-specific royalty shares have been generated by the distribution system but are yet to be paid to rightsholders (Table 4, "Distributed amounts").
Paid amounts	Distributed amounts paid to individual rightsholders or the collective management organisations that represent them (Table 2, row "Paid amounts"). Paid amounts do not include distributed amounts for which there is an obstacle to payment, such as the minimum payment amount (€25).

# REVENUE AND EXPENSES <sup>(1)</sup>

TABLE 1: REVENUE AND EXPENSES

References are described on the following pages.

	REVENUE FROM DAY-TO- DAY OPERATIONS (2), (6), (19)		OTHER INCOME (2), (4)		OPERATING COSTS (3), (4), (5), (7), (25)		COST% (8)		CULTURAL CONTRIBUTIONS (7), (9), (25)		DISTRIBUTABLE AMOUNT FOR THE PERIOD (10)		TOTAL DISTRIBUTABLE AMOUNT (11), (20)	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
TV <sup>(12)</sup>	22,869,158	22,751,741	1,021,999	362,082	-3,590,032	-4,082,095	15.7%	17.9%	-1,218,064	-1,141,905	19,083,062	17,889,824	20,784,806	19,238,590
Radio	9,518,621	8,744,630	444,027	144,175	-1,510,735	-1,556,319	15.9%	17.8%	-507,113	-439,950	7,944,800	6,892,537	9,895,391	8,258,955
<b>TV and radio total</b>	<b>32,387,779</b>	<b>31,496,371</b>	<b>1,466,026</b>	<b>506,258</b>	<b>-5,100,766</b>	<b>-5,638,413</b>	<b>15.7%</b>	<b>17.9%</b>	<b>-1,725,177</b>	<b>-1,581,854</b>	<b>27,027,862</b>	<b>24,782,361</b>	<b>30,680,196</b>	<b>27,497,545</b>
Concerts and other events	5,334,576	4,809,692	247,501	78,344	-1,283,538	-1,335,330	24.1%	27.8%	-257,912	-213,162	4,040,628	3,339,543	3,753,238	2,868,350
Background music	9,313,975	8,563,808	435,402	141,535	-2,312,098	-2,278,493	24.8%	26.6%	-446,235	-385,611	6,991,043	6,041,239	7,312,938	6,312,332
<b>Public performance total</b>	<b>14,648,552</b>	<b>13,373,500</b>	<b>682,903</b>	<b>219,878</b>	<b>-3,595,636</b>	<b>-3,613,822</b>	<b>24.5%</b>	<b>27.0%</b>	<b>-704,147</b>	<b>-598,773</b>	<b>11,031,672</b>	<b>9,380,782</b>	<b>11,066,176</b>	<b>9,180,682</b>
Online, AV	6,709,944	5,459,014	0	0	-670,994	-545,901	10.0%	10.0%	-253,635	-206,351	5,785,315	4,706,762	4,589,407	3,857,309
Online, audio <sup>(13)</sup>	7,794,312	6,088,924	0	0	-659,984	-522,109	8.5%	8.6%	-180,052	-170,002	7,794,312	5,918,922	7,800,491	5,985,021
<b>Internet total</b>	<b>14,504,256</b>	<b>11,547,938</b>	<b>0</b>	<b>0</b>	<b>-1,330,979</b>	<b>-1,068,010</b>	<b>9.2%</b>	<b>9.2%</b>	<b>-433,687</b>	<b>-376,353</b>	<b>13,579,626</b>	<b>10,625,684</b>	<b>12,389,898</b>	<b>9,842,330</b>
Reproduction and synchronisation <sup>(14)</sup>	780,527	694,061	0	0	-131,128	-131,872	16.8%	19.0%	0	0	649,398	562,189	445,682	428,863
<b>OUT OF CATEGORY</b>														
Compensation for private copying	1,231,237	1,115,774	0	0	-189,610	-198,608	15.4%	17.8%	0	0	1,041,626	917,167	1,041,626	917,167
Compensation for private copying – collective share <sup>(15)</sup>	1,113,000	1,136,225	0	0	0	0			0		0	0	0	
Remuneration for public lending	535,582	578,926	0	0	-102,832	-122,732	19.2%	21.2%	0	0	432,750	456,193	432,750	456,193
	<b>65,200,932</b>	<b>59,942,795</b>	<b>2,148,928</b>	<b>726,136</b>	<b>-10,450,952</b>	<b>-10,773,458</b>			<b>-2,863,011</b>	<b>-2,556,980</b>	<b>53,762,934</b>	<b>46,724,376</b>	<b>56,056,329</b>	<b>48,322,779</b>
<b>ALSO IN THE PROFIT AND LOSS STATEMENT</b>														
Performing right royalties from abroad	3,157,573	3,755,254	0	0	-81,868	-106,400	2.6%	2.8%	0	0	3,075,705	3,648,854	3,075,705	3,648,854
Rebroadcasting (Nacka) TV Finland	115,460	12,168	0	0	-5,773	-608	5.0%	5.0%	0	0	109,687	11,559	109,687	11,559
Gramex performance and reproduction	86,408	96,849	0	0	0	0			0	0	86,408	96,849	86,408	96,849
NCB	1,532,797	1,760,579	0	0	0	0			0	0	1,532,797	1,760,579	1,483,917	1,677,480
NMP / Online from abroad														
Online, audio – expenses <sup>(13)</sup>					659,984	522,109								
	<b>70,093,169</b>	<b>65,567,645</b>	<b>2,148,928</b>	<b>726,136</b>	<b>-9,878,609</b>	<b>-10,358,358</b>	<b>13.7%</b>	<b>15.6%</b>	<b>-2,863,011</b>	<b>-2,556,980</b>	<b>58,567,531</b>	<b>52,242,218</b>	<b>60,812,046</b>	<b>53,757,522</b>

## Table column content

The reference numbers refer to the corresponding items in the table. The note at the end of each description is a reference to the corresponding section of the Annex to the Directive on collective management of copyright and related rights.

**(1)** The financial information referred to in section 2 of the Annex to the Directive is presented on pages 4–16 (1.g) of this transparency report.

**(2)** Information on rights revenue (Revenue from day-to-day operations) and income arising from the investment of rights revenue (Other income). Income from investments is allocated to the performing right royalty areas in proportion to remuneration. (2.a.)

**(3)** All operating and financial costs with a breakdown per category of rights managed. Where attributable, operating costs are allocated directly to their categories of rights and types of use. The majority of the directly attributable costs are personnel expenses related to licensing, report processing and the distribution of royalties. Non-attributable costs are divided between the categories of rights and types of use in proportion to remuneration. (2.b.i.)

**(4)** Operating and financial costs related specifically to rights management, see footer 3. Income arising from the investment of rights revenue (Other income) is presented as net income. Expenses related to the management of investment activities totalled €527,359 (partly based on the fund managers' estimates on 31 March 2022). These expenses are allocated to the categories of rights in proportion to remuneration. (2.b.ii)

**(5)** Teosto provides no services other than the management of rights. Accordingly, there are no operating and financial costs with regard to services other than the management of rights. (2.b.iii.)

**(6)** Costs are covered by revenue (2.b.iv.)

**(7)** Deductions made to rights revenue, including Other income, consist of the costs of rights management (see footer 3) and funds for cultural contributions. (2.b.v.)

**(8)** The percentages that the cost of rights management represents compared to rights revenue are presented by category of rights and types of use. The cost percentage for each type of use presented here is the average cost percentage for the type of use. Non-attributable costs are divided between the categories of rights and types of use in proportion to remuneration. Other income is taken into account in the calculation of the total cost percentage (2.b.vi.)

**(9)** Funds have been deducted for cultural contributions at the rate of 6.0% after the deduction of operating costs. The following types of use constitute exceptions to this rate: Online, AV (rate of deduction 4.2%) and Online, audio (rate of deduction 2.3%). The lower rates applied to online uses are due to the fact that online royalties also include mechanical reproduction royalties, which are not subject to the deduction of funds for cultural contributions. (2.b.vi.)

**(10)** Total amount attributed to rightsholders from rights revenue in 2021, with a breakdown per category of rights managed and type of use (2.c.i.)

**(11)** Total amount attributed to rightsholders in 2021, with a breakdown per category of rights managed and type of use. The amounts take into account reversed provisions for previous years and transfers between categories of rights and types of use due to the lack of reporting. (2.c.i.)

**(12)** The revenue for the TV area includes royalties for TV companies' free online services.

**(13)** The online area's cost percentage is 10%. Teosto has recognised the revenue on an accrual basis but costs only for the distributed amounts, which is why the cost percentage shown here is 8.5%. The commissions received by Teosto from NMP are treated as cost adjustments in the financial statements. The amount shown here is the cost for the Online, audio area before adjustment (€659,984) and the corresponding amount is presented as an adjustment item before the total cost amount.

**(14)** Some mechanical reproduction royalties include a non-itemised synchronisation component, which is why mechanical reproduction and synchronisation are presented in the same item.

**(15)** Transferred to the Finnish Music Foundation for the promotion of creative musical art during 2022.

**(19)** Total amount collected but not yet attributed to rightsholders for the financial year 2021. (2.c.iv)

**(20)** Total amount attributed to rightsholders but not yet distributed for the financial years 2016–2021. In addition to the distributable amount for the period (€58,567,531), the amount includes the reversal of provisions for 2016–2018, totalling €2,244,515. Old provisions have been added to the categories of rights and types of use in proportion to the distributable amounts for the periods. (2.c.v)

# FUNDS DUE TO RIGHTSHOLDERS

TABLE 2: FUNDS DUE TO RIGHTSHOLDERS

	YHTEENSÄ	
	2021	2020
Revenue from day-to-day operations	70,093,169	65,567,645
Total distributable amount	60,812,046	53,757,522
Distributed amounts (21)	55,035,807	52,761,135
Paid amounts (17a)	53,363,571	51,450,535

	COLLECTION YEAR			TOTAL	
	2021	2020	2019 or earlier	2021	2020
<b>ATTRIBUTED BUT NOT YET DISTRIBUTED</b>					
<b>CATEGORY OF RIGHTS/TYPE OF USE</b>					
Concerts and other events	3,634,116	91,439	0	3,725,555	2,903,695
Background music	5,842,945	20,930	0	5,863,875	4,918,074
<b>Public performance total</b>	<b>9,477,060</b>	<b>112,369</b>	<b>0</b>	<b>9,589,429</b>	<b>7,821,769</b>
TV	14,386,098	0	123,059	14,509,157	13,766,543
Radio	6,676,631	84,726	0	6,761,357	5,653,821
<b>Radio and TV total</b>	<b>21,062,729</b>	<b>84,726</b>	<b>123,059</b>	<b>21,270,514</b>	<b>19,420,363</b>
Online, audio	4,486,952	764,822	2,205,606	7,457,379	6,616,812
Online, AV	4,589,407	466,065	76,632	5,132,104	7,387,623
<b>Internet total</b>	<b>9,076,359</b>	<b>1,230,887</b>	<b>2,282,238</b>	<b>12,589,484</b>	<b>14,004,435</b>
<b>Reproduction and synchronisation</b>	<b>445,682</b>	<b>0</b>	<b>0</b>	<b>445,682</b>	<b>428,863</b>
Lending compensation	0	0	0	0	0
Compensation for private copying	1,041,626	0	10,026	1,051,652	927,193
<b>Areas that are not covered by the categories of rights, total</b>	<b>1,041,626</b>	<b>0</b>	<b>10,026</b>	<b>1,051,652</b>	<b>927,193</b>
Gramex royalties	27,777	0	0	27,777	9,906
<b>Other</b>	<b>27,777</b>	<b>0</b>	<b>0</b>	<b>27,777</b>	<b>9,906</b>
<b>TOTAL</b>	<b>41,131,234</b>	<b>1,427,982</b>	<b>2,415,323</b>	<b>44,974,538</b>	<b>42,612,529</b>
Performing right royalties from abroad	1,970,442	92,362	145,442	2,208,246	1,736,255
Subject to clearance and non-members (22)	2,273,750	2,142,569	2,029,687	6,446,006	6,815,173
Withheld (22)	215,249	251,031	1,138,572	1,604,853	1,537,133
Rectifying royalty distributions	0	0	0	0	46,155
<b>TOTAL</b>	<b>45,590,675</b>	<b>3,913,944</b>	<b>5,418,780</b>	<b>54,923,399</b>	<b>52,747,244</b>

	COLLECTION YEAR			TOTAL	
<b>DISTRIBUTED BUT NOT YET PAID</b>	<b>2021</b>	<b>2020</b>	<b>2019 or earlier</b>	<b>2021</b>	<b>2020</b>
International collective management organisations					
<b>CATEGORY OF RIGHTS/TYPE OF USE</b>					
Concerts and other events	8,864	0	0	8,864	
Background music	497,690	0	0	497,690	
<b>Public performance total</b>	<b>506,554</b>	<b>0</b>	<b>0</b>	<b>506,554</b>	
TV	1,643,968	0	0	1,643,968	
Radio	821,865	0	0	821,865	
<b>Radio and TV total</b>	<b>2,465,833</b>	<b>0</b>	<b>0</b>	<b>2,465,833</b>	
Online, audio	0	0	0	0	
Online, AV	2,118,764	0	0	2,118,764	
<b>Internet total</b>	<b>2,118,764</b>	<b>0</b>	<b>0</b>	<b>2,118,764</b>	
<b>Reproduction and synchronisation</b>	<b>100</b>	<b>0</b>	<b>0</b>	<b>100</b>	
Lending compensation	30,932	0	0	30,932	
Compensation for private copying	0	0	0	0	
<b>Areas that are not covered by the categories of rights, total</b>	<b>30,932</b>	<b>0</b>	<b>0</b>	<b>30,932</b>	
Unknown	25,100	0	1,000	26,100	
<b>Other</b>	<b>25,100</b>	<b>0</b>	<b>1,000</b>	<b>26,100</b>	
<b>TOTAL (17c)</b>	<b>5,147,283</b>	<b>0</b>	<b>1,000</b>	<b>5,148,283</b>	<b>4,312,235</b>
Teosto's rightsholders (17b)				2,199,849	2,132,448
<b>TOTAL</b>				<b>7,348,132</b>	<b>6,444,683</b>

**(17a)** Total amount paid to rightsholders. Providing a breakdown per category of rights managed and type of use is not possible due to IT system limitations. When the distribution has been paid to the rightsholder, the more detailed itemisation of the distribution is available in Teosto's web service, with the exception of the foreign distributions in which the accuracy is dependent on the information sent by the distributing organisation. (2.c.ii.)

**(17b)** Itemisation of the amounts distributed to Teosto's rightsholders but not yet paid by the category of rights and the type of use is not possible due to technical restrictions.

**(17c)** The transparency report 2021 presents the amounts distributed to foreign collective management organisations which are distributed but not yet paid by the category of rights and the type of use for the first time. Corresponding information from the previous years is not available.

**(21)** Reasons for the delay if the collective management organisation has not distributed or paid amounts within the deadline: Teosto has not received all reports on the use of music or the reports have been incomplete, contract negotiations with music users are ongoing, the distribution base is unclear due to circumstances such as incomplete information on works or rightsholders, or disputes between rightsholders, or the rightsholder's distribution amount does not exceed the minimum payment amount specified in the distribution rules. (2.c.vi)

**(22)** Total non-distributable amounts and an explanation of the use to which those amounts have been put: Non-members are domestic or foreign rightsholders who are not members of any collective management organisation. Distribution items subject to clearance involve a missing or incomplete work notification. Withheld royalties are disputed due to the shares of royalties for the work or other circumstances. Amounts that cannot be distributed within the deadline are returned to attributed amounts and they are distributed in the following year pursuant to a decision made by the General Meeting. Withheld royalties are distributed when the dispute has been resolved. In the aforementioned cases, the provision of a breakdown per category of rights managed and type of use is not possible due to IT system limitations. (2.c.vii)

# DISTRIBUTION

Distribution refers to the distribution of attributed amounts to rightsholders by means of a distribution system and the subsequent payment of individual shares of royalties to rightsholders. Royalty distributions are carried out according to the distribution and division rules adopted by Teosto's General Meeting, which lay down the general principles governing the distribution of royalties, and decisions made by Teosto's Board of Directors and CEO.

Distributed royalties are paid to rightsholders who are directly represented by Teosto as individual shares of royalties and to foreign collective management organisations based on reciprocal representation agreements to be subsequently distributed to the rightsholders they represent.

The table shows the frequency of royalty distributions by category of rights and type of use (18).

TABLE 3: FREQUENCY OF ROYALTY DISTRIBUTIONS BY CATEGORY OF RIGHTS AND TYPE OF USE (18)

FREQUENCY OF ROYALTY DISTRIBUTIONS BY CATEGORY OF RIGHTS AND TYPE OF USE (18)

Category of rights	Type of use	Time of distribution
Performing	Concerts and other events	March, June, September, December
	Background music	March, June, September, December
Radio and TV	Radio	March, June, September, December
	TV	March, June, September, December
Internet	Online, AV	September
	Online, audio	March, June, September, December
Reproduction		June, December
Synchronisation		June, December
Areas that are not covered by the categories of rights	Compensation for private copying	September
	Lending compensation	December

(18) Frequency of payments, with a breakdown per category of rights managed and per type of use. (2.c.iii.)



# DISTRIBUTED AMOUNTS

TABLE 4: DISTRIBUTED AMOUNTS

		COLLECTION YEARS FOR AMOUNTS DISTRIBUTED IN 2021			DISTRIBUTED TOTAL	
		2021	2020	2019 or earlier	Total 2021	Total 2020
<b>DISTRIBUTION OF ROYALTIES COLLECTED FROM FINLAND</b>						
Category of rights	Type of use					
Performing	Concerts and other events	115,966	2,719,024	45,680	2,880,670	7,335,441
	Background music	1,378,294	4,784,975	64,791	6,228,060	6,508,923
<b>Public performance total</b>		<b>1,494,260</b>	<b>7,504,000</b>	<b>110,471</b>	<b>9,108,731</b>	<b>13,844,364</b>
Radio and TV	TV	5,941,104	12,874,584	221,810	19,037,498	17,167,094
	Radio	2,995,223	5,440,989	135,819	8,572,032	7,713,424
<b>Radio and TV total</b>		<b>8,936,327</b>	<b>18,315,573</b>	<b>357,629</b>	<b>27,609,530</b>	<b>24,880,518</b>
Internet	Online, audio	4,635,068	1,137,676	14,948	5,787,692	4,603,404
	Online, AV	0	3,892,666	2,700,611	6,593,276	2,333,922
<b>Internet total</b>		<b>4,635,068</b>	<b>5,030,342</b>	<b>2,715,559</b>	<b>12,380,969</b>	<b>6,937,326</b>
<b>Reproduction and synchronisation</b>		<b>0</b>	<b>365,065</b>	<b>6,238</b>	<b>371,303</b>	<b>374,655</b>
Areas that are not covered by the categories of rights	Lending compensation	424,600	0	6,238	430,839	447,811
	Compensation for private copying	0	909,337	3,479	912,816	926,101
<b>Areas that are not covered by the categories of rights, total</b>		<b>424,600</b>	<b>909,337</b>	<b>9,717</b>	<b>1,343,654</b>	<b>1,373,912</b>
<b>TOTAL</b>		<b>15,490,256</b>	<b>32,124,317</b>	<b>3,199,615</b>	<b>50,814,187</b>	<b>47,410,774</b>
<b>AMOUNTS RECEIVED AND DISTRIBUTED FROM ABROAD</b>						
	Performing right royalties	1,448,404	1,204,658	35,761	2,688,824	3,589,782
	Mechanical reproduction royalties (16)	1,532,797			1,532,797	1,760,579
<b>Total</b>		<b>2,981,201</b>	<b>1,204,658</b>	<b>35,761</b>	<b>4,221,620</b>	<b>5,350,361</b>
<b>DISTRIBUTED AMOUNTS, TOTAL</b>		<b>18,471,457</b>	<b>33,328,975</b>	<b>3,235,375</b>	<b>55,035,807</b>	<b>52,761,135</b>

(16) Total amount of mechanical reproduction royalties distributed. Providing a breakdown per collection year is not possible due to IT system limitations. (2.c.)

# DISTRIBUTIONS TO OTHER COLLECTIVE MANAGEMENT ORGANISATIONS

TABLE 5: DISTRIBUTION OF ROYALTIES COLLECTED FROM FINLAND TO FOREIGN COLLECTIVE MANAGEMENT ORGANISATIONS (23), (25)

ORGANISATION	COUNTRY	PERFORMING		RADIO AND TV		INTERNET		AREAS THAT ARE NOT COVERED BY THE CATEGORIES OF RIGHTS		TOTAL	
		CONCERTS AND OTHER EVENTS	BACK-GROUND MUSIC	TV	RADIO	ONLINE AUDIO	ONLINE AV	REMUNERATION FOR PUBLIC LENDING	COMPENSATION FOR PRIVATE COPYING	Total 2021	Total 2020
ABRAMUS	BRAZIL	62	237	327	360	0	145	0	0	1,131	475
ACAM	COSTA RICA	0	0	39	0	0	1	0	0	40	6
ACDAM	CUBA	7	31	50	60	0	41	0	0	189	781
ACUM	ISRAEL	338	355	13,388	896	0	1,354	0	0	16,330	7,605
AEPI	GREECE	0	0	0	0	0	11	0	0	11	4
AGADU	URUGUAY	8	61	67	25	0	33	0	0	194	145
AKKA/LAA	LATVIA	1,117	943	2,837	1,795	0	73	31	0	6,798	4,862
AKM	AUSTRIA	3,219	3,026	28,003	3,669	0	4,903	69	0	42,889	36,222
ALBAUTOR	ALBANIA	0	0	10	0	0	2	0	0	11	22
AMAR	BRAZIL	41	40	73	57	0	7	0	0	219	524
AMCOS	AUSTRALIA	0	0	0	0	0	5,925	0	0	5,925	1,927
AMRA	USA	602	17,423	6,662	19,762	0	2,585	0	0	47,035	, 584
ANCO	MOLDOVA	0	8	0	0	0	0	0	0	8	0
APA	PARAGUAY	0	0	7	0	0	3	0	0	10	34
APDAYC	PERU	30	22	174	124	0	88	0	0	438	935
APRA	AUSTRALIA AND NEW ZEALAND	8,125	32,964	375,336	48,388	0	37,974	0	0	502,788	313,975
ARMAUTHOR-NGO	ARMENIA	0	2	188	3	0	0	0	0	193	528
ARTISJUS	HUNGARY	981	789	2,276	940	0	226	79	137	5,428	4,299
ASCAP	USA	110,208	397,798	1,601,491	524,072	0	788,232	0	0	3,421,801	2,772,837
AUME	AUSTRIA	0	0	0	0	0	338	0	410	748	901
AUTODIA	GREECE	49	243	91	240	0	26	14	0	662	502
BBDA	BURKINA FASO	0	2	1	17	0	0	0	0	19	58
BGDA	GUINEA	0	0	0	0	0	2	0	0	2	1
BMI	USA	115,439	376,118	1,440,199	526,620	0	934,216	0	0	3,392,592	2,702,100
BSDA	SENEGAL	3	408	34	505	0	2	0	0	951	1,232
BUBEDRA	BENIN	0	8	0	14	0	0	0	0	22	0
BUMA	THE NETHERLANDS	2,664	19,124	108,297	30,316	0	9,824	1,473	0	171,699	203,769
BUMDA	MALI	40	53	34	98	0	18	0	0	242	306
BURIDA	CÔTE D'IVOIRE	0	0	0	0	0	0	0	0	0	13
Capasso	SOUTH AFRICA	0	0	0	0	0	3	0	0	3	0
CASH	HONG KONG	64	38	1,744	89	0	688	0	0	2,624	970
COMPASS	SINGAPORE	1	13	8,044	38	0	170	0	0	8,265	5,991
COSCAP	BARBADOS	0	0	9	9	0	1	0	0	19	56
COSGA	GHANA	0	1	0	2	0	0	0	0	3	2
COSOMA	MALAWI	0	0	0	0	0	0	0	0	0	9

# DISTRIBUTIONS TO OTHER COLLECTIVE MANAGEMENT ORGANISATIONS

TABLE 5: DISTRIBUTION OF ROYALTIES COLLECTED FROM FINLAND TO FOREIGN COLLECTIVE MANAGEMENT ORGANISATIONS (23), (25)

ORGANISATION	COUNTRY	PERFORMING		RADIO AND TV		INTERNET		AREAS THAT ARE NOT COVERED BY THE CATEGORIES OF RIGHTS		TOTAL	
		CONCERTS AND OTHER EVENTS	BACK-GROUND MUSIC	TV	RADIO	ONLINE AUDIO	ONLINE AV	REMUNERATION FOR PUBLIC LENDING	COMPENSATION FOR PRIVATE COPYING	Total 2021	Total 2020
COTT	TRINIDAD AND TOBAGO	34	39	51	58	0	173	0	0	355	243
EAÜ	ESTONIA	2,007	3,229	19,093	6,337	0	649	111	0	31,427	26,820
ECCO	SAINT LUCIA	0	4	1	11	0	7	0	0	23	5
FILSCAP	THE PHILIPPINES	0	0	0	0	0	3	0	0	3	0
GCA	GEORGIA	1	6	2	17	0	0	0	0	25	299
GEMA	GERMANY	19,583	80,392	471,183	119,009	0	56,618	5,009	11,245	763,039	679,184
HDS-ZAMP	CROATIA	37	65	2,649	179	0	103	4	0	3,036	2,454
IMRO	IRELAND	835	6,743	60,773	7,956	0	4,760	273	0	81,341	65,799
IPRS	INDIA	18	24	199	60	0	129	0	0	431	341
JACAP	JAMAICA	5	31	28	85	0	15	0	0	163	243
JASRAC	JAPAN	3,378	1,762	104,360	1,301	0	28,828	0	0	139,629	102,674
KAZAK	KAZAKHSTAN	0	0	0	0	0	2	0	0	2	0
KCI	INDONESIA	0	0	18	2	0	1	0	0	20	33
KODA	DENMARK	23,690	59,187	919,800	87,868	0	131,943	1,183	30,166	1,253,837	1,134,119
KOMCA	SOUTH KOREA	9,214	2,371	1,669	6,227	0	8,658	0	0	28,139	9,744
LATGA-A	LITHUANIA	27	175	1,278	448	0	15	1	0	1,944	1,132
MACP	MALAYSIA	3	0	0	0	0	52	0	0	56	105
MCPS	UNITED KINGDOM	0	0	0	0	0	20,756	0	0	20,756	4,970
MCSC	CHINA	92	11	431	31	0	186	0	0	751	5,205
MCSK	KENYA	0	15	11	27	0	2	0	0	55	30
MCT	THAILAND	0	0	85	0	0	68	0	0	153	85
MESAM	TURKEY	56	78	186	90	0	236	0	0	647	4,192
MUSICAUTOR	BULGARIA	173	133	539	183	0	40	6	0	1,073	1,085
MÜST	TAIWAN	169	49	147	45	0	49	0	0	459	579
NCB	NORDIC COUNTRIES	0	0	0	0	0	0	1,320	0	1,320	0
NGO-UACRR	UKRAINE	0	87	1,017	369	0	0	0	0	1,473	102
OMDA	MADAGASCAR	0	0	2	0	0	0	0	0	2	0
OSA	CZECH	843	840	7,762	1,060	0	1,143	102	0	11,750	6,430
PRS	UNITED KINGDOM	81,474	440,913	2,625,132	623,679	0	451,486	32,176	57,691	4,312,550	4,089,887
RAO	RUSSIA	7,460	8,137	11,149	9,179	0	561	0	0	36,485	38,696
SABAM	BELGIUM	3,072	6,353	21,307	9,543	0	4,135	737	0	45,146	41,349
SACEM	FRANCE	37,587	62,524	633,497	89,979	0	101,963	3,237	20,812	949,600	875,830
SACENC	FRANCE	0	0	0	0	0	1	0	0	1	0
SACM	MEXICO	1,669	1,837	3,065	1,940	0	1,074	0	0	9,585	12,215
SACVEN	VENEZUELA	4	72	23	158	0	10	0	0	267	800

# DISTRIBUTIONS TO OTHER COLLECTIVE MANAGEMENT ORGANISATIONS

TABLE 5: DISTRIBUTION OF ROYALTIES COLLECTED FROM FINLAND TO FOREIGN COLLECTIVE MANAGEMENT ORGANISATIONS (23), (25)

ORGANISATION	COUNTRY	PERFORMING		RADIO AND TV		INTERNET		AREAS THAT ARE NOT COVERED BY THE CATEGORIES OF RIGHTS		TOTAL	
		CONCERTS AND OTHER EVENTS	BACK-GROUND MUSIC	TV	RADIO	ONLINE AUDIO	ONLINE AV	REMUNERATION FOR PUBLIC LENDING	COMPENSATION FOR PRIVATE COPYING	Total 2021	Total 2020
SADAIC	ARGENTINA	1,081	2,676	3,941	1,792	0	7,827	0	0	17,318	18,436
SADEMBRA	BRAZIL	16	20	5	12	0	1	0	0	55	199
SAMRO	SOUTH AFRICA	454	4,701	4,437	4,035	0	536	0	0	14,162	8,450
SAYCO	COLOMBIA	22	342	790	658	0	850	0	0	2,662	2,098
SAZAS	SLOVENIA	11	62	1,516	164	0	422	1	0	2,175	2,657
SBACEM	BRAZIL	27	43	71	95	0	39	0	0	276	611
SCD	CHILE	109	197	2,423	377	0	132	0	0	3,239	2,086
SESAC	USA	12,323	28,616	132,357	40,134	0	233,396	0	0	446,826	253,137
SGAE	SPAIN	5,278	8,467	98,473	11,631	0	54,517	430	2,469	181,265	120,076
SIAE	ITALY	10,057	32,628	155,448	46,389	0	37,560	2,714	0	284,795	310,533
SICAM	BRAZIL	0	3	56	10	0	3	0	0	72	11
SOCAN	CANADA	9,667	38,445	659,068	55,967	0	117,230	0	0	880,377	474,785
SOCINPRO	BRAZIL	19	20	43	56	0	8	0	0	146	289
SODRAC	CANADA	0	0	0	0	0	9,590	0	0	9,590	2,623
SOKOJ	SERBIA	53	160	2,606	482	0	7	0	0	3,308	1,629
SOZA	SLOVAKIA	0	10	94	19	0	4	0	0	127	414
SPA	PORTUGAL	379	847	1,765	2,091	0	43	61	0	5,186	9,049
SPACEM	FRENCH POLYNESIA	0	4	14	7	0	2	0	0	27	0
SON	BOSNIA AND HERZEGOVINA	0	0	10	0	0	2	0	0	12	0
STEF	ICELAND	753	1,151	8,978	2,035	0	3,076	29	620	16,642	23,467
STEMRA	THE NETHERLANDS	0	0	0	0	0	1,342	0	3,815	5,157	5,259
STIM	SWEDEN	377,886	1,611,304	5,165,267	2,207,468	0	3,051,551	11,982	31,100	12,456,558	10,178,709
SUISA	SWITZERLAND	3,523	5,409	17,449	8,440	0	5,177	242	0	40,239	37,743
TONO	NORWAY	7,643	36,276	186,311	47,305	0	22,813	1,694	0	302,041	336,252
UBC	BRAZIL	529	1,826	1,326	3,471	0	517	0	0	7,670	6,770
UCMR-ADA	ROMANIA	31	183	841	520	0	180	3	0	1,757	1,162
WAMI	INDONESIA	0	4	222	12		1	0	0	239	0
VCPMC	VIETNAM	0	17	113	49	0	6	0	0	185	12
ZAIS	POLAND	420	896	12,200	2,113	0	2,599	112	0	18,340	10,263
ZAMCOPS	ZAMBIA	0	1	0	1	0	17	0	0	18	6
ZAMP	MACEDONIA	1	16	369	64	0	14	0	0	464	522
ZIMURA	ZIMBABWE	0	7	20	17	0	1	0	0	44	22
<b>Total</b>		<b>864,709</b>	<b>3,299,113</b>	<b>14,931,050</b>	<b>4,559,353</b>	<b>0</b>	<b>6,150,025</b>	<b>63,091</b>	<b>158,465</b>	<b>30,025,807</b>	<b>25,019,596</b>

Costs and other deductions per category of rights and type of use are presented in the table "Revenue and expenses".



**TABLE 6: DISTRIBUTION OF ROYALTIES COLLECTED FROM FINLAND TO DOMESTIC COLLECTIVE MANAGEMENT ORGANISATIONS**

ORGANISATION	COUNTRY	PERFORMING		RADIO AND TV		INTERNET		AREAS THAT ARE NOT COVERED BY THE CATEGORIES OF RIGHTS		TOTAL	
		CONCERTS AND OTHER EVENTS	BACKGROUND MUSIC	TV	RADIO	ONLINE AUDIO	ONLINE AV	REMUNERATION FOR PUBLIC LENDING	COMPENSATION FOR PRIVATE COPYING	Total 2021 Other	Total 2020 Other
GRAMEX (26)										68,522	96,849

(23) Royalties distributed to foreign collective management organisations in December 2020 were paid in 2021 with certain exceptions. Royalties distributed to foreign collective management organisations in December 2021 were paid mainly in January 2022. The paid amounts do not include amounts below the minimum payment level (€100). (2.d.i)

(25) Management fees and deductions for cultural contributions were applied to the amounts due to each collective management organisation in accordance with the table presented on page 4. (2.d.ii)

(26) A management fee of 10% of the distributed amount was applied. (2.d.ii)

## ROYALTIES DISTRIBUTED TO TEOSTO BY OTHER COLLECTIVE MANAGEMENT ORGANISATIONS (29)

TABLE 7: ROYALTY DISTRIBUTIONS FROM FOREIGN COLLECTIVE MANAGEMENT ORGANISATIONS BY CATEGORY OF RIGHTS (24), (27)

Organisation	Country	Performing	TV and radio	Internet	Reproduction	Unknown	Other royalties	Total 2021	Total 2020
ACUM	ISRAEL	403	2,985	1,419	0	3,262	0	8,069	7,345
AGADU	URUGUAY	0	0	0	0	0	0	0	1,288
AKKA/LAA	LATVIA	2,487	1,722	142	0	0	211	4,562	6,174
AKM	AUSTRIA	46,341	40,539	1,829	0	-40	0	88,669	125,243
APDAYC	PERU	347	16	113	63	206	1	746	2,281
APRA	AUSTRALIA AND NEW ZEALAND	2,180	18,010	15,245	0	-176	0	35,260	75,569
ARTISJUS	HUNGARY	3,879	2,419	719	0	3,129	4,020	14,167	32,827
ASCAP	US	81,498	43,782	75,286	0	0	0	200,566	184,534
AUTODIA	GREECE	4,720	1,170	2	0	0	0	5,892	943
BMI	US	3,065	35,983	23,545	0	17,053	0	79,645	73,139
BUMA	THE NETHERLANDS	39,741	35,003	17,021	0	58	0	91,822	126,575
CASH	HONG KONG	0	762	2,005	0	561	0	3,329	2,886
EAÜ	ESTONIA	12,778	8,468	1	0	0	0	21,248	21,280
GCA	GEORGIA	0	0	0	0	0	0	0	344
GEMA	GERMANY	107,250	253,355	148,795	0	12,754	103,661	625,815	912,221
HDS-ZAMP	CROATIA	0	2,844	0	0	4,588	0	7,432	2,136
IMRO	IRELAND	885	3,660	3,943	75	805	0	9,368	10,267
IPRS	INDIA	0	0	0	0	0	0	0	108
JACAP	JAMAICA	0	0	0	0	0	0	0	43
JASRAC	JAPAN	7,428	55,128	28,749	0	-83	0	91,222	109,821
KODA	DENMARK	26,468	70,240	16,479	42	2,129	285	115,643	80,370
KOMCA	SOUTH KOREA	683	5,765	29,996	1	1,080	0	37,526	15,585
LATGA-A	LITHUANIA	1,128	5,353	0	0	0	0	6,481	9,872
MACP	MALAYSIA	159	795	269	0	1,886	0	3,108	173
MCSC	CHINA	19,403	1,266	0	0	11,960	0	32,630	6,455
MESAM	TURKEY	2,503	900	165	0	0	0	3,567	2,022
MÜST	TAIWAN	0	2,859	1,004	0	1,522	0	5,385	3,757
OSA	CZECH	16,188	14,483	9,993	0	1,988	9,031	51,683	6,435
PRS	UNITED KINGDOM	18,188	69,256	97,794	0	64,757	0	249,994	397,478
SABAM	BELGIUM	17,506	28,350	3,114	0	91	0	49,060	153,836
SACEM	FRANCE	20,411	77,526	45,680	0	14,824	0	158,441	180,924

## ROYALTIES DISTRIBUTED TO TEOSTO BY OTHER COLLECTIVE MANAGEMENT ORGANISATIONS (29)

TABLE 7: ROYALTY DISTRIBUTIONS FROM FOREIGN COLLECTIVE MANAGEMENT ORGANISATIONS BY CATEGORY OF RIGHTS (24), (27)

Organisation	Country	Performing	TV and radio	Internet	Reproduction	Unknown	Other royalties	Total 2021	Total 2020
SACM	MEXICO	154	565	4,368	0	409	0	5,496	8,993
SADAI	ARGENTINA	152	184	297	0	1	0	635	6,375
SAMRO	SOUTH AFRICA	92	2,079	183	0	11	0	2,364	1,712
SAYCO	COLOMBIA	0	447	270	0	108	0	825	1,358
SAZAS	SLOVENIA	1,899	4,816	0	0	0	0	6,715	6,756
SCD	CHILE	8	1,649	0	61	632	0	2,351	2,070
SESAC	USA	0	7,429	0	0	0	0	7,429	1,592
SGAE	SPAIN	11,385	11,945	7,462	0	-15	0	30,776	84,295
SIAE	ITALY	39,604	58,668	23,769	0	10,268	0	132,310	127,097
SOCAN	CANADA	3,794	14,948	18,975	0	4,686	0	42,403	76,571
SOKOJ	SERBIA	308	11,610	0	0	20	0	11,938	9,148
SOZA	SLOVAKIA	130	10,746	594	0	0	0	11,470	9,461
SPA	PORTUGAL	1,535	1,000	34	0	55	2	2,627	4,098
STEMRA	THE NETHERLANDS	0	0	184	0	1	24,529	24,714	0
STIM	SWEDEN	28,693	340,825	164,873	14,708	12,584	19	561,702	380,555
SUISA	SWITZERLAND	50,918	51,404	7,920	0	2,373	0	112,615	143,047
TONO	NORWAY	46,045	129,989	12,784	0	384	289	189,491	104,639
UBC	BRAZIL	1,737	4,559	3,987	0	1,078	0	11,361	6,920
UCMR-ADA	ROMANIA	4	126	5	0	8,485	0	8,621	16,608
VCPMC	VIETNAM	655	187	91	0	59	31	1,023	0
WAMI	INDONESIA	0	0	0	0	1,181	0	1,181	
ZAIS	POLAND	5,251	12,088	1,367	1	3,221	4	21,932	20,298
ZAMP	MACEDONIA	0	485	0	0	0	0	485	496
<b>Total</b>		<b>628,003</b>	<b>1,448,389</b>	<b>770,469</b>	<b>14,952</b>	<b>187,895</b>	<b>142,084</b>	<b>3,191,793</b>	<b>3,564,020</b>

**TABLE 8: ROYALTY DISTRIBUTIONS FROM DOMESTIC COLLECTIVE MANAGEMENT ORGANISATIONS BY CATEGORY OF RIGHTS**

Organisation	Country	Performing	TV and radio	Internet	Reproduction	Unknown	Other royalties	Total 2021	Total 2020
<b>KOPIOSTO (28)</b>			1,866,350		82,502			<b>1,948,851</b>	<b>1,942,312</b>

**(24)** Based on the distribution amounts reported by foreign collective management organisations in 2021. The actual payment to Teosto may take place later. Information received from the foreign collective management organisations by Teosto does not always contain type of use-specific itemisation, which is the reason why only the category of rights-specific itemisation is presented here. (2.d.i)

**(27)** A management fee deduction of 3.5% has been applied to the amounts paid by other collective management organisations, except for the Nordic countries, for which the deduction has not been applied. The deduction is allocated to all categories of rights contained by the amount paid by each organisation. (2.d.iii)

**(28)** The amounts paid to Teosto by Kopioisto are included in the categories of rights "TV and radio" and "Reproduction", see the "Revenue and expenses" table on page 4 and the deductions of management costs and cultural contributions included therein. (2.d.iii)

**(29)** Amounts distributed directly to rightsholders originating from other collective management organisations: There are no such payments. In the event that a rightsholder is a direct member or customer of another collective management organisation with respect to certain rights, Teosto has no information on royalties paid on the basis of such customer relationships. (2.d.iv)



# SPECIAL REPORT ON SOCIAL, CULTURAL AND EDUCATIONAL SERVICES

**TABLE 9: IN 2021, FUNDS FOR CULTURAL CONTRIBUTIONS WERE TRANSFERRED TO THE TEOSTO FUND IN THE AMOUNT OF €2,863,011 AND USED AS FOLLOWS (30), (31), (32), (33)**

CULTURAL CONTRIBUTIONS	2021	2020
<b>MEMBER ORGANISATIONS</b>		
Finnish Music Creators' Association	272,590	267,246
The Society of Finnish Composers	214,847	210,634
The Finnish Music Publishers Association	214,847	210,634
<b>INTERNATIONAL PUBLIC AFFAIRS</b>		
ECSA	15,000	15,000
ICMP	5,000	3,664
ECSA event support	0	3,000
<b>OTHER COMPOSER ORGANISATIONS</b>		
Finnish Church Music Composers	6,000	6,000
<b>FOUNDATIONS AND FUNDS IN THE AREA OF MUSIC</b>		
The Sibelius Fund	40,000	40,000
The Malmsten Foundation	40,000	40,000
The fund of the Finnish Music Publishers Association	40,000	40,000
The Commission Grant Committee	50,000	50,000
<b>MUSIC PROMOTION</b>		
Music Finland	232,000	232,000
Finnish Music Foundation (MES)	128,775	232,300
COVID-19 financial support (34)	3,026,381	550,578
Other (35)	570,969	218,349
<b>TOTAL USE OF CULTURAL CONTRIBUTIONS</b>	<b>4,856,409</b>	<b>2,119,406</b>
<b>Transfer of cultural contributions to the reserve fund</b>	<b>-1,993,399</b>	<b>437,575</b>
<b>CULTURAL CONTRIBUTIONS TOTAL</b>	<b>2,863,011</b>	<b>2,556,981</b>
Deduction % for cultural contributions	6.0%	6.0%

(30) Special report on the use of funds deducted for the purpose of social, cultural and educational services. (1.h.)

(31) 3.a. Deductions for cultural purposes totalled €2,863,011. This amount was transferred to the Teosto Fund. The total amount was used for different purposes in full, and investments of Teosto Fund were cancelled to cover the difference between the deduction for cultural contributions and their use (€1,993,399). Deductions for cultural purposes were allocated uniformly between all categories of rights and types of use (see itemisation on page 4).

(32) 3.b. An explanation of the use of the funds is provided in the table above.

(33) Based on reciprocal representation agreements with foreign collective management organisations and Teosto's membership agreements, Teosto has the right to deduct a maximum of 10% of the performing right royalties collected in Finland for the promotion of Finnish music culture. In 2021, the rate of deduction was 6% of the distributed performing right royalties. The accrued funds are transferred to a self-financed reserve fund and Teosto's General Meeting decides on their use. The funds are transferred to a self-financed reserve.

(34) To compensate for rights revenue that rightsholders have lost due to the COVID-19 pandemic, Teosto's General Meeting decided to grant a maximum of €3 million out of cultural contributions as support for Teosto's rightsholder members. Approximately 1,500 applications were submitted during the applications rounds in the spring and autumn. The criteria for receiving financial support were met by slightly more than 1,300 applicants. Support granted was paid through the funds and foundations of Teosto's member organisations at the end of June and at the beginning of December, with the amounts ranging from €270 to €10,000.

(35) In the "Other" category, funds in the reserve were used in 2021 for purposes including support for the promotion of Finnish music, COVID-19 financial support channelled through the Finnish Music Foundation and setting up the Teosto Fund as a foundation.

# OTHER INFORMATION

## Information on refusals (1.c.)

In 2021, Teosto did not refuse to grant licences to use music in the areas of use it has the mandate to grant licences for.

## Information on entities that are directly or indirectly owned or controlled, wholly or in part, by Teosto (1.e.)

### COMPANY/ENTITY

Polaris Nordic A/S  
Polaris Hub AB  
Nordisk Copyright Bureau (NCB)  
Network of Music Partners (NMP)  
GT Music Licences Ltd  
As. Oy Vierumäen Kuntorinne

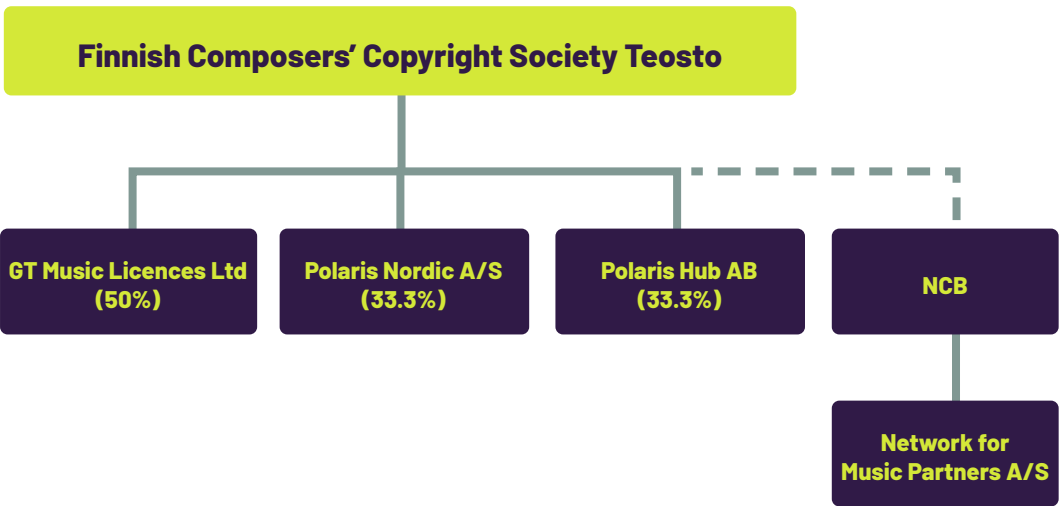
Teosto is a member of the Copyright Information and Anti-Piracy Centre and holds a seat on its Board of Directors.

Teosto has the right to appoint half of the members of the Board of Directors of Musiikin Edistämissäätiö (MES, Finnish Music Foundation) and the Chairman together with Gramex. Teosto also holds a seat on the Board of Directors of Music Finland.

## Remuneration of the Chairman and members of the Board of Directors and the CEO (1.f.)

In 2021, the total remuneration of the Chairman of the Board of Directors, the members of the Board and the CEO amounted to €342,476. The remuneration of the Chairman of the Board of Directors also includes a telephone benefit. The CEO's remuneration includes the following benefits: telephone, lunch voucher, sports voucher, culture voucher and car benefit.

## Legal structure (1.d.) (36)



## Administrative structure (1.d.) (36)

Teosto's General Meeting is the association's supreme decision-making body. At the General Meeting, the members decide on the association's operating guidelines and elect the Board of Directors. Members can also bring up matters related to the association's operations for discussion by the General Meeting.

Teosto has 780 members. Teosto also has institutional members including, among others, the Society of Finnish Composers, the Finnish Music Creators' Association, the Finnish Music Publishers Association and the Union of Finnish Writers. Each member has one vote at the General Meeting.

The General Meeting is held twice a year. The General Meeting elects the association's Board of Directors, which has the following duties:

1. represent the Association,
2. direct the Association's general activity in promoting creative music,
3. manage the assets of the Association and take responsibility for the Association's finances,
4. appoint and dismiss the Association's Chief Executive Officer,
5. oversee the work of the Association's office.

The Board of Directors consists of a Chairman and five other Members.

Pursuant to Section 17 of Teosto's statutes, the Association has a Chief Executive Officer whose duties and mandate are determined by the Board of Directors. The Chief Executive Officer is in charge of the collective management organisation's day-to-day management in accordance with the instructions and orders issued by the Board of Directors.

(36) Description of the collective management organisation's legal and administrative structure (1.d.)

# TEOSTO'S ANNUAL REPORT 2021

The Finnish Composers' Copyright Society Teosto manages music copyrights and promotes Finnish creative musical art. Teosto wants to be a customer-oriented, efficient and flexible partner that enables professional music making and use. We know music authors and users and build a bridge between them.

Teosto's rightsholder members include composers, lyricists, arrangers and music publishers. Teosto grants licenses on the rightsholders' behalf for public performance and reproduction of music and for communicating music to the public.

Teosto has transferred the administration of mechanical reproduction rights to the Nordisk Copyright Bureau (NCB), a joint Nordic agency.

Polaris Hub AB is responsible for the cross-border web services. Polaris Hub AB is a joint company established by Teosto, Koda (Denmark) and TONO (Norway) in 2019, which began its operations in late 2019. The background processes for online music services are handled by Network of Music Partners A/S (NMP), a 50/50 joint venture between NCB and the UK-based PRS for Music.

Background music licensing, customer service and invoicing are handled, on behalf of its owners, by GT Music Licences Ltd, a joint venture formed by Teosto and Gramex.

Teosto represents foreign music authors and music publishers under reciprocal representation agreements signed with copyright societies in various countries.

## Most significant events in 2021

Despite the ongoing COVID-19 pandemic, Teosto's revenue increased by approximately 7.4%. Especially event licensing was still affected by the pandemic. Online revenue continued to increase.

Operating expense adjustments continued and we managed to further decrease our operating expenses by approximately 4.2%. During the year, we reorganised our operations and the most significant savings were achieved in personnel expenses and, for example, in travel and meeting expenses, which were record low due to the pandemic.

In order to remedy the negative impacts of the COVID-19 pandemic, Teosto's strategic focus was changed and the pursuit of growth at three levels – income, distributions and customer experience – was set as the spreadhead of the strategic development. Teosto launched the reform of its strategy at the end of 2021 and the new strategy will be completed during the first quarter of 2022. The implementation of the new strategy will start immediately.

On 12 May 2021, Teosto's General Meeting decided to grant €3 million out of the cultural contributions in order to help compensate for the financial losses that Teosto's rightsholder members have suffered due to the COVID-19 pandemic. During the spring term, €2 million of COVID-19 financial support was distributed. A total of 1,499 support applications were submitted and the criteria for receiving financial support were met by 1,251 applicants. Support granted was paid through the funds and foundations of Teosto's member organisations at the end of June, with the amounts ranging from €550 to €10,000. During the autumn term 2021, the distributable amount of financial support was slightly more than €1 million. A total of 1,497 applications were submitted and financial support was received by 1,298 applicants. The granted support ranged from €270 to €5,000 and they were paid at the beginning of December. In 2021, the total amount of COVID-19 financial support granted was €3,001,970.

Productivity and well-being at work remained at a good level regardless of the remote work recommendation that was valid practically throughout the year. Competence development and working capacity maintenance were at the core of HR operations. In 2021–2022, Teosto's competence will be renewed more than before as a result of unexceptionally many

employees retiring and the usual personnel turnover. In personnel planning, it was ensured that the roles were renewed to correspond to our changing operating environment.

In 2021, we continued to invest in digital services. The single most significant investment was the continuation of the development of Teosto's web services. We continued the analysis on the distribution and reporting system renewal in cooperation with the Danish copyright organisation Koda, Norwegian copyright organisation Tono and Irish copyright organisation Imro. Our aim is to make the final investment decision during the spring term 2022.

In the dispute between Teosto and the Finnish broadcasting company MTV concerning fees for audiovisual services, the Supreme Court has not yet ruled on MTV's request for partial refund of the pay-TV fees paid in 2017 and 2018. MTV has also failed to pay some of the paid service fees in 2019 and 2020, which has forced Teosto to file a new legal claim with the Market Court.

In March 2021, Teosto moved to new premises in Keilaniemi, Espoo, which is shared with Gramex, GT Music Licences Ltd and six other music industry organisations. The goals of this project include the development of future cooperation in the music industry. In addition, Teosto's move created significant savings in lease expenses.

The year 2021 was very favourable for investment activities. In addition to shares, alternative investments yielded good profits and the returns for Teosto's portfolios were approximately 15.9% (Finnish Composers' Copyright Society Teosto) and 21.1% (Teosto Fund) in terms of market value.

The project preparing the turning of the Teosto Fund into a foundation progressed during the year. The decision to start the preparations was made in the Annual General Autumn Meeting of 2019 and our goal is to present the decision proposal for the establishment of the foundation at the Annual General Autumn Meeting 2022.

In 2021, Teosto's activities to supervise the interests of music authors focused on two main themes. The aim was to mitigate the COVID-19 impacts by influencing the government's aid packages and restrictions together with the other music and cultural sector operators and providing up-to-date information about the losses of creators. Another significant theme was the implementation of the Copyright Directive (DSM) in the Finnish Copyright Act, which was prepared by the Minister of Education and Culture. Teosto, together with other copyright societies, aims to ensure that the Finnish legislation would comply with the wording of the European directive and be consistent with the legislation in other Member States.

One important theme in the promotion of interest was also the compensation for private copying, the reduction of which was successfully rejected in the government's budget discussion in autumn 2021. Efforts were also made to prevent future cuts in performers' unemployment security caused by royalties. This target was achieved at the beginning of 2022, when the government promised to amend the decree starting from the beginning of 2023.

### **Future development and potential operational risks**

Significant changes have occurred — and will continue to occur — in Teosto's operating environment, which introduces operational uncertainties:

- The COVID-19 pandemic will also influence Teosto's operations in 2022. It is uncertain as to what kind of an impact the restrictions caused by the pandemic will have on Teosto's licensing income in 2022. If there will be no pandemic-related exceptional circumstances in the summer of 2022, the summer ahead will be extremely busy.
- In 2022, operating expenses will increase from the unexceptionally low level of the previous year due, for example, to the normalisation of the operating environment and strategic investments.
- Russia's attack on Ukraine and related geopolitical tensions, rising inflation and interest level may cause negative impacts on Teosto's investment income in 2022.
- In December 2021, Teosto's Annual General Autumn Meeting made the decision on the distribution of the fourth round of COVID-19 financial support as part of the cultural contributions budget. The maximum support amount is €1,000,000 and it will be paid in spring 2022.
- The potential expansion of international direct repertoire licensing to new areas of use, such as online AV services, would reduce Teosto's revenue from these areas.
- The Finnish broadcasting company MTV's claim regarding the partial refund of royalties paid for pay-TV in 2017 and 2018 is still being processed in the Supreme Court.

Teosto will publish a transparency report for the year 2021 in accordance with the Act on the Collective Management of Copyright in May 2022.



# PROFIT AND LOSS STATEMENT

	2021	2020
<b>DAY-TO-DAY OPERATIONS</b>		
<b>Income</b>		
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
	<b>70,612,500.25</b>	<b>65,737,647.05</b>
<b>Costs</b>		
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
	<b>-15,916,922.78</b>	<b>-13,739,949.19</b>
	<b>54,695,577.47</b>	<b>51,997,697.86</b>
<b>FUNDRAISING</b>		
Membership fees	183,400.00	153,399.96
	<b>54,878,977.47</b>	<b>52,151,097.82</b>
<b>INVESTMENTS AND FINANCING</b>		
Income	6,813,323.17	3,355,070.68
Costs	-166,970.47	-1,461,093.83
	<b>6,646,352.70</b>	<b>1,893,976.85</b>
	<b>61,525,330.17</b>	<b>54,045,074.67</b>
<b>Transfer for distribution to rightsholders</b>	-58,567,530.92	-52,242,217.80
<b>Changes to the self-financed reserve</b>	-2,957,799.25	-1,802,856.87
<b>SURPLUS/DEFICIT FOR THE FINANCIAL YEAR</b>	<b>0.00</b>	<b>0.00</b>

# BALANCE SHEET

ASSETS	2021	2020
<b>NON-CURRENT ASSETS</b>		
<b>Intangible assets</b>		
Other long-term expenditure	2,785,022.03	2,305,829.17
	<b>2,785,022.03</b>	<b>2,305,829.17</b>
<b>Tangible assets</b>		
Machinery and equipment	207,369.06	230,373.97
	<b>207,369.06</b>	<b>230,373.97</b>
<b>Investments</b>		
Shares and similar rights of ownership	37,315,107.70	33,114,851.79
	<b>37,315,107.70</b>	<b>33,114,851.79</b>
<b>TOTAL NON-CURRENT ASSETS</b>	<b>40,307,498.79</b>	<b>35,651,054.93</b>
<b>ASSETS IN THE SELF-FINANCED RESERVE</b>		
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
	<b>37,716,932.58</b>	<b>34,759,133.33</b>
<b>CURRENT ASSETS</b>		
<b>Non-current receivables</b>		
Other receivables	950,000.00	1,250,000.00
	<b>950,000.00</b>	<b>1,250,000.00</b>
<b>Current receivables</b>		
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
	<b>16,630,688.76</b>	<b>13,897,690.04</b>
<b>Financial securities</b>		
Shares	10,439,753.24	5,522,533.02
<b>Cash in hand and at bank</b>	<b>733,939.18</b>	<b>8,987,543.74</b>
<b>TOTAL CURRENT ASSETS</b>	<b>28,754,381.18</b>	<b>29,657,766.80</b>
<b>TOTAL ASSETS</b>	<b>106,778,812.55</b>	<b>100,067,955.06</b>

# BALANCE SHEET

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

# CASH FLOW STATEMENT

	2021	2020
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>		
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
<b>Cash flow from operating activities</b>	<b>50,943,383</b>	<b>52,528,838</b>
<b>CASH FLOW FROM INVESTMENT ACTIVITIES:</b>		
Investments in tangible and intangible assets	-1,188,568	-1,128,404
Other investments	-6,884,602	-2,503,690
<b>Cash flow from investment activities</b>	<b>-8,073,170</b>	<b>-3,632,094</b>
Cash received for investments	6,646,353	1,893,977
Cash flow from operating activities and investment activities	49,516,566	50,790,721
<b>CASH FLOW FROM DISTRIBUTED ROYALTIES:</b>		
Royalties distributed by Teosto to Finnish and international rightsholders in total	-53,363,571	-51,450,535
<b>Change in cash</b>	<b>-3,847,005</b>	<b>-659,814</b>
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
	<b>-3,847,005</b>	<b>-659,814</b>



# 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
---------------------	-----------------------------------

### 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
<b>ROYALTIES COLLECTED BY TEOSTO</b>		
Operating income	<b>62,321,112.96</b>	<b>57,111,869.90</b>
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
<b>Net income to rightsholders</b>	<b>54,985,376.25</b>	<b>47,754,654.00</b>
Percentage of operating income	88.2 %	83.6 %
<b>Promotion of Finnish music (national funds transferred to reserves)</b>	<b>2,863,010.59</b>	<b>2,556,980.79</b>
Percentage of performing right royalty income in Finland	6.0 %	6.0 %
<b>Transfer for distribution to rightholders</b>	<b>52,122,365.66</b>	<b>45,197,673.21</b>
<b>OTHER COPYRIGHT ROYALTIES</b>		
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
<b>Transfer for distribution to rightholders</b>	<b>6,265,113.13</b>	<b>6,874,542.69</b>
<b>TOTAL TRANSFER FOR DISTRIBUTION TO RIGHTSHOLDERS</b>	<b>58,387,478.79</b>	<b>52,072,215.90</b>

\*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
	<b>62,321,112.96</b>	<b>57,111,869.90</b>
<b>OTHER COPYRIGHT ROYALTIES</b>		
<b>NCB, Denmark</b>	<b>1,532,796.51</b>	<b>1,760,578.95</b>
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
<b>TOTAL</b>	<b>3,157,573.34</b>	<b>3,755,254.32</b>
Broadcasting of Finnish TV channels abroad	115,459.50	12,167.53
Gramex royalties	86,408.49	96,849.44
<b>OTHER COPYRIGHT ROYALTIES TOTAL</b>	<b>4,892,237.84</b>	<b>5,624,850.24</b>

	2021	2020
<b>LENDING COMPENSATION</b>		
Remuneration paid by the government to authors for lending of works from public libraries	535,582.04	578,925.58
<b>COMPENSATION FOR PRIVATE COPYING</b>		
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
<b>OTHER INCOME</b>		
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
<b>DEPRECIATION</b>		
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
<b>FEES TO AUDITING COMPANIES</b>		
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
<b>INVESTMENTS AND FINANCING</b>		
<b>Revenue</b>		
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
<b>Costs</b>		
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
<b>TOTAL FOR INVESTMENTS AND FINANCING</b>	<b>6,646,352.70</b>	<b>1,893,976.85</b>

	2021	2020
<b>TRANSFER FOR DISTRIBUTION TO RIGHTSHOLDERS</b>		
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
	<b>58,567,530.92</b>	<b>52,242,217.80</b>
<b>3 NOTES TO THE BALANCE SHEET, ASSETS</b>		
<b>CHANGES IN NON-CURRENT INTANGIBLE AND TANGIBLE ASSETS</b>		
<b>Other long-term expenditure</b>		
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	<b>2,785,022.03</b>	<b>2,305,829.18</b>
<b>Machinery and equipment</b>		
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	<b>207,369.06</b>	<b>230,373.98</b>
<b>SHARES AND SIMILAR RIGHTS OF OWNERSHIP</b>		
<b>Quoted shares and rights of ownership</b>		
Total market value	45,084,711.62	36,640,928.15
Corresponding book value	<b>37,014,543.79</b>	<b>32,814,287.88</b>
Difference	8,070,167.82	3,826,640.27
<b>Other shares and rights of ownership</b>	<b>300,563.91</b>	<b>300,563.91</b>
<b>TOTAL SHARES AND SIMILAR RIGHTS OF OWNERSHIP</b>	<b>37,315,107.70</b>	<b>33,114,851.79</b>

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



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
<b>4 NOTES TO THE BALANCE SHEET, LIABILITIES</b>		
<b>CHANGES TO THE CAPITAL OF THE SELF-FINANCED RESERVE</b>		
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	<b>37,716,932.58</b>	<b>34,759,133.33</b>
<b>MANDATORY PROVISIONS</b>		
Price dispute between Teosto and a customer	442,151.13	442,151.13
<b>OTHER DEBTS</b>		
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
	<b>8,933,818.44</b>	<b>8,201,810.92</b>
<b>ACCRUALS AND DEFERRED INCOME</b>		
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
	<b>3,765,794.62</b>	<b>3,316,359.82</b>
<b>DISTRIBUTION FUNDS TO RIGHTHOLDERS</b>		
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
	<b>55,357,420.50</b>	<b>52,579,554.82</b>

	2021	2020
<b>5 SECURITIES AND CONTINGENT LIABILITIES</b>		
<b>SECURITIES</b>		
Rent deposit	124,088.00	164,737.08
<b>RENT LIABILITIES</b>		
<b>Payments outstanding in connection with leases</b>		
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
<b>Total</b>	<b>2,554,938.75</b>	<b>2,938,908.40</b>
<b>LEASING LIABILITIES</b>		
<b>Payments outstanding in connection with leasing agreements</b>		
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	<b>235,493.83</b>	<b>291,223.80</b>
<b>TOTAL SECURITY AND CONTINGENT LIABILITIES</b>	<b>2,914,520.58</b>	<b>3,394,869.28</b>
<b>6 NOTES ON PERSONNEL</b>		
<b>Average number of personnel</b>	63	68
<b>Personnel expenses</b>		
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
	<b>5,111,626.01</b>	<b>5,583,012.30</b>
<b>Board of Directors</b>		
Fees paid to Board members	122,875.00	116,250.00
<b>7 OWNERSHIP IN OTHER COMPANIES</b>		
<b>Name</b>	<b>Domicile</b>	<b>Ownership</b>
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
<b>THE DISTRIBUTABLE AMOUNT IS MADE UP AS FOLLOWS</b>		
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
	<b>58,567,530.92</b>	<b>52,242,217.80</b>
Distribution reserves from previous years	2,244,515.08	1,515,304.50
<b>TOTAL DISTRIBUTION TO RIGHTSHOLDERS</b>	<b>60,812,046.00</b>	<b>53,757,522.30</b>

# 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

# Auditor's report

To the members of the Finnish Composers' Copyright Society Teosto

## Report on the audit of the financial statements

### Opinion

We have audited the financial statements of the Finnish Composers' Copyright Society Teosto (Business ID: 0117040-7) for the financial year 1 January–31 December 2021. The financial statements comprise the balance sheet, profit and loss statement, cash flow statement and notes.

In our opinion, the financial statements give a true and fair view of the association's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

### Basis for the opinion

We have conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described under *Auditor's responsibilities for the audit of financial statements*. We are independent of the association in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of the Board of Directors related to the financial statements

The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors is also responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the association's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the association or cease its operations, or there is no realistic alternative but to do so.

### Auditor's responsibilities for the audit of financial statements

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform the audit procedures corresponding to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### Other reporting requirements

#### Other information

The Board of Directors is responsible for other information. Other information comprises the annual report. Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to the annual report, our responsibility also includes considering whether the annual report has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the annual report is consistent with the information in the financial statements and the annual report has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Helsinki, Finland, 9 March 2022

KPMG OY AB

Heidi Vierros  
Authorised Public Accountant

## Auditor's report on agreed-upon procedures

For the Finnish Composers' Copyright Society Teosto

We have performed the agreed-upon procedures specified below, which are related to the transparency report prepared by the Finnish Composers' Copyright Society Teosto for the year 2021.

The engagement was performed in accordance with the International Standard on Related Services ISRS 4400 "Engagements to perform agreed-upon procedures regarding financial information".

The management and Board of Directors of the Finnish Composers' Copyright Society Teosto are responsible for the transparency report and for ensuring that the information disclosed in the transparency report is in compliance with the Finnish Act on the Collective Management of Copyright. Teosto's transparency report includes a total of five categories of rights, which were defined at Teosto's Annual General Spring Meeting 2017.

The category of rights-specific information used in transparency reporting was collected manually from the 2021 financial statements and internal accounting reports as well as Teosto's Polaris DIS distribution system and Polaris REP reporting system.

As the procedures described below constitute neither an audit in accordance with auditing standards nor a review of financial statements pursuant to the standards governing review engagements, we will not express assurance in accordance with the aforementioned standards. Had we performed additional procedures, an audit in accordance with auditing standards or a review in accordance with the standards governing review engagements, we could have obtained other information that we would have reported to you.

In relation to the transparency report, we interviewed CFO Heikki Saarinen, Accounting Manager Tomi Juntunen, Accountant Marko Koskela and Distribution Manager Marja Isokangas.

**For the purpose of assurance of the aforementioned, we performed the following procedures:**

- We checked that the association's transparency report covers the items specified in Article 22(2) of the Directive.
- We checked that the royalty revenue for 2021 presented in the transparency report is disclosed in accordance with the five defined categories of rights and that they can be reconciled with accounting or internal calculations.
- We checked that the transparency report includes the statutory financial statements for 2021.
- We checked that the copyright royalties distributed to partner organisations presented in the transparency report are disclosed in accordance with the Finnish Act on the Collective Management of Copyright provisions governing transparency reporting and that the royalties can be reconciled with internal calculations retrieved from the Polaris DIS distribution system.
- We checked the information presented in the transparency report using random checks against internal accounting and the association-specific and category of rights-specific figures presented in the transparency report were compared to internal calculations in the distribution system using random checks.
- We checked that the category of rights-specific information on operating expenses and other cost deductions presented in the transparency report correspond to accounting or internal calculations.
- Royalties distributed between the association and partner associations were reconciled on an association-specific basis using random checks at the sum level against calculations retrieved from the Polaris system.

**Our observations are as follows:**

1. The transparency report prepared by the association covers the content specified in the Directive with the exception of undistributed amounts for previous years and financial information on the total amount paid to rightsholders, with a breakdown per category of rights managed and type of use in accordance with Article 22(2) c) ii).
2. The transparency report mainly presents transactions in 2021 and 2020. In addition, the transparency report presents amounts distributed in 2021 by category of rights and the year of collection, itemised in such a way that the amounts collected in 2019 also include the amounts collected in previous years.
3. The royalty revenue for 2021 presented in the transparency report is disclosed in accordance with the five defined categories of rights. The total amounts could be reconciled with internal calculations.
4. The financial statements for 2021 presented as part of the transparency report have been audited and a standardised auditor's report has been issued on the audit.
5. The copyright royalties distributed to partner organisations presented in the transparency report are disclosed in accordance with the legislation governing transparency reporting and the royalties can be reconciled with the association's internal calculations retrieved from the Polaris DIS distribution system.
6. Our verification of the accuracy of information disclosed in the transparency report using random checks did not reveal any issues requiring comment.
7. Based on random checks, the association-specific and category of rights-specific figures presented in the transparency report matched the internal calculations in the distribution system.
8. At the general level, the information presented in the transparency report essentially corresponds to the association's internal calculations specific to categories of rights. Dividing the amounts paid to rightsholders by category of rights and type of use is not possible due to the restriction caused by the current information systems, which has been mentioned in the transparency report. We believe that it is not appropriate or financially justified to try to change the functionalities of the current information systems that have been in use for a long time. According to the information that we have obtained, these shortcomings will be addressed in the future system development.
9. Random checks of the distribution information presented in the transparency report did not reveal any issues requiring comment.
10. The copyright royalty figures in the transparency report and for partner associations were reconciled with internal accounting on an association-specific basis using random checks at the sum level, and these checks did not reveal any issues requiring comment. The amount information received from other collective management organisations does not always contain type of use-specific statements, so the statement is presented by category of rights, which has been mentioned in the transparency report.

Our report has been prepared solely for the purpose specified in the first paragraph of this report.

This report only applies to the previously specified transparency report and it does not apply to the financial statements of the Finnish Composers' Copyright Society Teosto as a whole.

Helsinki, 5 April 2022

KPMG OY AB

Heidi Vierros  
Authorised Public Accountant



**TEOSTO**