

TEOSTO



2022 TRANSPARENCY REPORT

TABLE OF CONTENTS

INTRODUCTION	3
REVENUE AND EXPENSES	4
ROYALTIES DISTRIBUTED AND FUNDS DUE TO RIGHTHOLDERS	6
RELATIONSHIPS WITH OTHER COLLECTIVE MANAGEMENT ORGANISATIONS	10
SPECIAL REPORT ON SOCIAL, CULTURAL AND EDUCATIONAL SERVICES	17
REFUSALS	18
INFORMATION ON ENTITIES THAT ARE OWNED BY TEOSTO	18
SALARIES, FEES AND OTHER BENEFITS OF THE BOARD MEMBERS AND THE CEO	18
LEGAL AND ADMINISTRATIVE STRUCTURE	18
ANNUAL REPORT AND FINANCIAL STATEMENTS	19

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 2022 as referred to in the Annex to the Directive. An auditor's report has been issued on the transparency report and the financial information related to it. The auditor's report is included as an appendix to the transparency report.

COVID-19 restrictions were lifted in the first half of 2022. As a result, pent-up demand was unleashed and licensing revenue reached record levels. This had a positive effect on the distributions for 2022, especially in the events category.

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 rightholders (Table 1, column "Total distributable amount").
Distributed amounts	Attributed amounts for which rightholder-specific royalty shares have been generated by the distribution system but are yet to be paid to rightholders (Table 4, "Distributed amounts").
Paid amounts	Distributed amounts paid to individual rightholders 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 ⁽¹⁾

TABLE 1: REVENUE AND EXPENSES

References are described on the following pages.

	REVENUE FROM DAY-TO- DAY OPERATIONS (2), (6), (16)		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), (17)	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
TV ⁽¹²⁾	23,377,152	22,869,158	904,198	1,021,999	-3,140,580	-3,590,032	13.4%	15.7%	-1,268,446	-1,218,064	19,872,323	19,083,062	21,476,550	20,784,806
Radio	9,806,573	9,518,621	394,151	444,027	-1,541,658	-1,510,735	15.7%	15.9%	-519,544	-507,113	8,139,522	7,944,800	10,103,307	9,895,391
TV and radio total	33,183,725	32,387,779	1,298,349	1,466,026	-4,682,238	-5,100,766	14.1%	15.7%	-1,787,990	-1,725,177	28,011,845	27,027,862	31,579,857	30,680,196
Concerts and other events	10,847,539	5,334,576	426,548	247,501	-2,020,332	-1,283,538	18.6%	24.1%	-555,225	-257,912	8,698,529	4,040,628	8,192,155	3,753,238
Background music	10,571,475	9,313,975	425,488	435,402	-2,554,043	-2,312,098	24.2%	24.8%	-506,575	-446,235	7,936,345	6,991,043	8,421,951	7,312,938
Public performance total	21,419,014	14,648,552	852,036	682,903	-4,574,375	-3,595,636	21.4%	24.5%	-1,061,801	-704,147	16,634,875	11,031,672	16,614,106	11,066,176
Online, AV	6,689,880	6,709,944	0	0	-668,988	-670,994	10.0%	10.0%	-252,877	-253,635	5,768,014	5,785,315	4,441,222	4,589,407
Online, audio ⁽¹³⁾	10,599,927	7,794,312	0	0	-1,028,207	-659,984	9.7%	8.5%	-368,134	-180,052	10,599,927	7,794,312	10,647,419	7,800,491
Internet total	17,289,807	14,504,256	0	0	-1,697,195	-1,330,979	9.8%	9.2%	-621,012	-433,687	16,367,942	13,579,626	15,088,642	12,389,898
Reproduction and synchronisation ⁽¹⁴⁾	901,225	780,527	0	0	-153,208	-131,128	17.0%	16.8%	0	0	748,017	649,398	520,018	445,682
OUT OF CATEGORY														
Compensation for private copying	1,281,160	1,231,237	0	0	-190,893	-189,610	14.9%	15.4%	0	0	1,090,267	1,041,626	1,090,267	1,041,626
Compensation for private copying – collective share ⁽¹⁵⁾	944,090	1,113,000	0	0	0	0			0	0	0	0	0	0
Remuneration for public lending	494,152	535,582	0	0	-89,936	-102,832	18.2%	19.2%	0	0	404,216	432,750	404,216	432,750
	75,513,173	65,200,932	2,150,385	2,148,928	-11,387,845	-10,450,952			-3,470,802	-2,863,011	63,257,162	53,762,934	65,297,106	56,056,329
ALSO IN THE PROFIT AND LOSS STATEMENT														
Performing right royalties from abroad	3,134,430	3,157,573	0	0	-89,480	-81,868	2.9%	2.6%	0	0	3,044,950	3,075,705	3,044,950	3,075,705
Rebroadcasting (Nacka) TV Finland	100,989	115,460	0	0	-5,049	-5,773	5.0%	5.0%	0	0	95,939	109,687	95,939	109,687
Gramex performance and reproduction	175,736	86,408	0	0	0	0			0	0	175,736	86,408	175,736	86,408
NCB	1,736,547	1,532,797	0	0	0	0			0	0	1,736,547	1,532,797	1,689,055	1,483,917
NMP / Online from abroad														
Online, audio – expenses ⁽¹³⁾					1,028,207	659,984								
	80,660,875	70,093,169	2,150,385	2,148,928	-10,454,167	-9,878,609	12.6%	13.7%	-3,470,802	-2,863,011	68,310,334	58,567,531	70,302,786	60,812,046

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 EUR 453,103. 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 a 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 3.5%). 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 rightholder from rights revenue in 2022, with a breakdown per category of rights managed and type of use. (2.c.i.)

(11) Total amount attributed to rightholder in 2022, 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 expenses only for the distributed amounts, which is why the cost percentage shown here is 9.7%. The commissions received by Teosto from NMP are treated as cost adjustments in the financial statements. The amount shown here is the expenses for the Online, audio area before adjustment (EUR 1,028,207) and the corresponding amount is presented as an adjustment item before the total expenses 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.

(16) Total amount collected but not yet attributed to rightholders for the financial year 2022. (2.c.iv)

(17) Total amount attributed to rightholders but not yet distributed for the financial years 2019–2022. In addition to the distributable amount for the period (EUR 68,310,334), the amount includes the reversal of provisions for the previous financial years, totalling EUR 1,992,451. 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 RIGHTHOLDERS

TABLE 2: FUNDS DUE TO RIGHTHOLDERS

	2022	2021
Revenue from day-to-day operations	80,660,875	70,093,169
Total distributable amount	70,302,786	60,812,046
Distributed amounts (18)	63,531,946	55,035,807
Paid amounts (19)	66,976,403	53,363,571

DISTRIBUTED BUT NOT YET PAID	2022	2021
Foreign collective management organisations (20)	40,984	5,148,283
Teosto's rightholders (21)	2,282,145	2,199,849
TOTAL	2,323,129	7,348,132

	COLLECTION YEAR			TOTAL	
ATTRIBUTED BUT NOT YET DISTRIBUTED	2022	2021	2020 or earlier	2022	2021
CATEGORY OF RIGHTS/TYPE OF USE					
Concerts and other events	7,340,204	142,815	0	7,483,019	3,725,555
Background music	6,790,870	6,227	0	6,797,097	5,863,875
Public performance total	14,131,074	149,042	0	14,280,116	9,589,429
TV	13,922,869	0	123,059	14,045,927	14,509,157
Radio	6,580,943	0	0	6,580,943	6,761,357
Radio and TV total	20,503,812	0	123,059	20,626,870	21,270,514
Online, audio	3,278,754	1,992,353	2,400,321	7,671,428	7,457,379
Online, AV	4,441,222	548,528	0	4,989,751	5,132,104
Internet total	7,719,977	2,540,882	2,400,321	12,661,179	12,589,484
Copying and synchronisation	500,939	0	0	500,939	445,682
Lending compensation	0	0	0	0	0
Compensation for private copying	1,090,267	0	10,026	1,100,293	1,051,652
Areas that are not covered by the categories of rights, total	1,090,267	0	10,026	1,100,293	1,051,652
Gramex royalties	36,593	0	0	36,593	27,777
Other	36,593	0	0	36,593	27,777
TOTAL	43,982,661	2,689,924	2,533,406	49,205,990	44,974,538
Performing right royalties from abroad	1,275,947	144,295	296,257	1,716,499	2,208,246
Subject to clearance and non-members (22)	2,344,371	2,019,169	2,048,539	6,412,079	6,446,006
Withheld (22)	205,278	112,565	1,066,352	1,384,195	1,604,853
TOTAL	47,808,256	4,965,952	5,944,554	58,718,762	55,233,643

(18) 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 rightholder, or disputes between rightholders, or the rightholder distribution amount does not exceed the minimum payment amount specified in the Distribution Rules. (2.c.vi)

(19) Total amount paid to rightholders. 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 rightholder, 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.)

(20) Amounts distributed to foreign collective management organisations but not yet paid The figures for 2021 included amounts distributed to foreign collective management organisations in December 2021, which were paid in January 2022. In 2022, the corresponding December distributions were paid before the turn of the year. For this reason, the total amount of royalties distributed to foreign collective management organisations but not yet paid is significantly smaller than in the previous year.

(21) Itemisation of the amounts distributed to Teosto's rightholders but not yet paid by the category of rights and the type of use is not possible due to IT system limitations.

(22) Total non-distributable amounts and an explanation of the use to which those amounts have been put: Non-members are domestic or foreign rightholders 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 rightholders by means of a distribution system and the subsequent payment of individual shares of royalties to rightholders. 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 rightholders 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 rightholders they represent.

The table shows the frequency of royalty distributions by category of rights and type of use (23).

TABLE 3: FREQUENCY OF ROYALTY DISTRIBUTIONS BY CATEGORY OF RIGHTS AND TYPE OF USE (23)

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

(23) 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 2022			DISTRIBUTED TOTAL	
		2022	2021	2020 or earlier	Total 2022	Total 2021
DISTRIBUTION OF ROYALTIES COLLECTED FROM FINLAND						
Category of rights	Type of use					
Performance	Concerts and other events	833,731	3,526,313	45,960	4,406,004	2,880,670
	Background music	1,545,842	5,719,797	86,056	7,351,696	6,228,060
Public performance total		2,379,573	9,246,110	132,017	11,757,700	9,108,731
Radio and TV	TV	7,011,530	13,566,530	263,402	20,841,462	19,037,498
	Radio	3,327,904	6,589,848	169,868	10,087,621	8,572,032
Radio and TV total		10,339,434	20,156,378	433,271	30,929,083	27,609,530
Internet	Online, audio	6,405,700	1,644,223	1 365,099	9,415,023	5,787,692
	Online, AV	0	4,404,025	45,322	4,449,346	6,593,276
Internet total		6,405,700	6,048,248	1,410,421	13,864,369	12,380,969
Reproduction and synchronisation		21,576	333,902	6,232	361,710	371,303
Areas that are not covered by the categories of rights	Lending compensation	395,811	0	2,545	398,356	430,839
	Compensation for private copying	0	1,034,179	4,891	1,039,070	912,816
Areas that are not covered by the categories of rights, total		395,811	1,034,179	7,436	1,437,426	1,343,654
TOTAL		19,542,095	36,818,818	1,989,376	58,350,289	50,814,187
AMOUNTS RECEIVED AND DISTRIBUTED FROM ABROAD						
	Performing right royalties	1,830,029	1,544,461	70,621	3,445,111	2,688,824
	Mechanical reproduction royalties (24)	1,736,547			1,736,547	1,532,797
Total		3,566,576	1,544,461	70,621	5,181,657	4,221,620
DISTRIBUTED AMOUNTS, TOTAL		23,108,671	38,363,279	2,059,997	63,531,946	55,035,807

(24) Total amount of reproduction royalties distributed. Providing a break-down 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 (25), (26)

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	REPRODUCTION	LENDING COMPENSATION	COMPENSATION FOR PRIVATE COPYING	Total 2022	Total 2021
ABRAMUS	BRAZIL	113	340	391	511	0	275	0	0	0	1,630	1,131
ACAM	COSTA RICA	0	0	4	0	0	1	0	0	0	5	40
ACDAM	CUBA	131	78	66	69	0	30	0	0	0	375	189
ACUM	ISRAEL	549	356	16,059	1,061	0	553	125	0	0	18,704	16,330
AEPI	GREECE	0	6	2	17	0	0	0	0	0	24	11
AGADU	URUGUAY	8	13	260	12	0	20	0	0	0	313	194
AKKA/LAA	LATVIA	545	563	2,310	1,125	0	27	286	36	0	4,891	6,798
AKM	AUSTRIA	2,598	3,699	34,994	6,451	0	3,211	1,717	65	0	52,736	42,889
ALBAUTOR	ALBANIA	0	1	235	22	0	1	13	0	0	272	11
AMAR	BRAZIL	24	66	8	97	0	1	0	0	0	196	219
AMCOS	AUSTRALIA	0	0	0	0	0	3,981	0	0	0	3,981	5,925
AMRA	US	1,941	19,204	4,629	19,987	0	1,176	119	0	0	47,055	47,035
AMUS	BOSNIA AND HERZEGOVINA	0	40	3	98	0	0	0	0	0	141	0
ANCO	MOLDOVA	0	0	969	0	0	0	155	0	0	1,124	8
APA	PARAGUAY	0	1	0	3	0	1	0	0	0	5	10
APDAYC	PERU	30	48	212	126	0	52	0	0	0	468	438
APRA	AUSTRALIA AND NEW ZEALAND	4,461	41,305	386,472	52,850	0	36,967	434	0	0	522,489	502,788
ARMAUTHOR-NGO	ARMENIA	17	50	2	188	0	0	0	0	0	257	193
ARTISJUS	HUNGARY	836	638	2,096	1,226	0	80	177	77	218	5,348	5,428
ASCAP	US	153,179	511,472	1,676,939	647,348	0	564,154	11,739	0	0	3,564,830	3,421,801
ASSIM	BRAZIL	0	7	144	9	0	9	0	0	0	170	0
AUME	AUSTRIA	0	0	0	0	0	131	0	0	1,098	1,228	748
AUTODIA	GREECE	7	369	1,880	397	0	11	0	12	0	2,675	662
BBDA	BURKINA FASO	15	3	0	7	0	0	6	0	0	31	19
BGDA	GUINEA	0	1	0	0	0	13	0	0	0	14	2
BMI	US	93,311	510,158	1,460,486	664,163	0	620,272	7,700	0	0	3,356,091	3,392,592
BSDA	SENEGAL	6	255	297	384	0	2	0	0	0	945	951
BUBEDRA	BENIN	0	2	0	3	0	0	0	0	0	6	22
BUMA	THE NETHERLANDS	3,365	23,954	86,199	34,738	0	4,137	936	1,328	0	154,657	171,699
BUMDA	MALI	138	57	9	61	0	9	13	0	0	287	242
Capasso	SOUTH AFRICA	0	0	0	0	0	137	0	0	0	137	3
CASH	HONG KONG	80	43	1,467	100	0	193	0	0	0	1,883	2,624
COMPASS	SINGAPORE	0	10	10,297	29	0	19	0	0	0	10,355	8,265
COSCAP	BARBADOS	0	3	13	0	0	0	0	0	0	17	19
COSGA	GHANA	0	0	0	0	0	0	0	0	0	0	3

DISTRIBUTIONS TO OTHER COLLECTIVE MANAGEMENT ORGANISATIONS

TABLE 5: DISTRIBUTION OF ROYALTIES COLLECTED FROM FINLAND TO FOREIGN COLLECTIVE MANAGEMENT ORGANISATIONS (25), (26)

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	REPRODUCTION	LENDING COMPENSATION	COMPENSATION FOR PRIVATE COPYING	Total 2022	Total 2021
COSOMA	MALAWI	0	0	0	1	0	1	0	0	0	2	0
COSON	NIGERIA	0	3	0	5	0	0	0	0	0	8	0
COSOTA	TANZANIA	0	0	42	0	0	0	0	0	0	43	0
COTT	TRINIDAD AND TOBAGO	4	28	209	55	0	116	0	0	0	412	355
EAÜ	ESTONIA	1,829	2,999	30,115	6,747	0	342	1,600	112	0	43,744	31,427
ECCO	SAINT LUCIA	0	0	0	0	0	4	0	0	0	4	23
FILSCAP	THE PHILIPPINES	88	19	7	29	0	37	0	0	0	179	3
GCA	GEORGIA	10	25	1,687	66	0	0	206	0	0	1,994	25
GEMA	GERMANY	28,705	93,190	403,500	140,826	0	34,328	7,408	4,468	10,771	723,195	763,039
HDS-ZAMP	CROATIA	116	185	1,166	370	0	55	12	9	0	1,911	3,036
IMRO	IRELAND	5,586	15,767	82,703	17,414	0	4,994	108	249	0	126,821	81,341
IPRS	INDIA	0	61	91	157	0	73	0	0	0	381	431
JACAP	JAMAICA	4	59	40	82	0	4	0	0	0	189	163
JASRAC	JAPAN	1,849	1,171	136,610	1,841	0	22,241	310	0	0	164,022	139,629
KAZAK	KAZAKHSTAN	0	0	94	0	0	0	0	0	0	94	2
KCI	INDONESIA	0	0	0	0	0	0	0	0	0	0	20
KODA	DENMARK	46,044	74,131	916,443	107,460	0	80,723	6,007	1,023	35,528	1,267,359	1,253,837
KOMCA	SOUTH KOREA	1,056	4,962	80,457	11,966	0	14,290	119	0	0	112,849	28,139
LATGA-A	LITHUANIA	92	311	414	712	0	5	34	8	0	1,575	1,944
MACP	MALAYSIA	0	6	388	9	0	3	0	0	0	407	56
MASA	MAURITIUS	0	0	0	0	0	3	0	0	0	3	0
MCPS	UNITED KINGDOM	52	0	0	0	0	14,268	0	20	0	14,340	20,756
MCSC	CHINA	11	7	2,477	12	0	70	0	0	0	2,578	751
MCSK	KENYA	5	33	4	86	0	5	0	0	0	133	55
MCSN	NIGERIA	0	0	104	0	0	33	0	0	0	137	0
MCT	THAILAND	0	10	15	27	0	17	0	0	0	69	153
MESAM	TURKEY	63	111	917	265	0	162	0	0	0	1,519	647
MSG	TURKEY	1	108	279	260	0	244	0	0	0	892	0
MUSICAUTOR	BULGARIA	222	102	399	147	0	32	5	6	0	913	1,073
MÜST	TAIWAN	62	10	112	17	0	27	0	0	0	227	459
NASCAM	NAMIBIA	0	0	13	0	0	0	0	0	0	13	0
NCB	NORDIC COUNTRIES	0	0	0	0	0	0	0	0	0	0	1,320
NCIP	BELARUS	0	1	1	0	0	0	0	0	0	2	0
NGO-UACRR	UKRAINE	29	73	1,337	263	0	0	75	0	0	1,777	1,473

DISTRIBUTIONS TO OTHER COLLECTIVE MANAGEMENT ORGANISATIONS

TABLE 5: DISTRIBUTION OF ROYALTIES COLLECTED FROM FINLAND TO FOREIGN COLLECTIVE MANAGEMENT ORGANISATIONS (25), (26)

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	REPRODUCTION	LENDING COMPENSATION	COMPENSATION FOR PRIVATE COPYING	Total 2022	Total 2021
OMDA	MADAGASCAR	0	0	0	0	0	0	0	0	0	0	2
OSA	CZECH REPUBLIC	774	516	13,819	901	0	1,334	70	110	0	17,524	11,750
ONDA	MEXICO	0	0	84	0	0	1	0	0	0	85	0
PRS	UNITED KINGDOM	204,322	593,058	3,057,759	819,958	0	318,863	15,520	31,237	52,807	5,093,526	4,312,550
RAO	RUSSIA	9,305	6,368	13,732	8,336	0	5,364	389	0	0	43,494	36,485
SABAM	BELGIUM	5,197	8,198	51,055	13,821	0	24,770	1,088	733	0	104,861	45,146
SACEM	FRANCE	41,969	63,670	844,497	108,624	0	130,022	6,519	3,790	16,324	1,215,413	949,600
SACENC	FRANCE	0	0	0	0	0	1	0	0	0	1	1
SACM	MEXICO	1,798	2,474	3,853	3,811	0	2,250	50	0	0	14,236	9,585
SACVEN	VENEZUELA	35	57	25	131	0	13	0	0	0	260	267
SADAIC	ARGENTINA	1,821	1,488	2,693	3,679	0	4,879	289	0	0	14,848	17,318
SADEMBRA	BRAZIL	0	0	0	0	0	0	0	0	0	0	55
SAMRO	SOUTH AFRICA	236	4,510	7,198	4,255	0	329	42	0	0	16,570	14,162
SAYCE	ECUADOR	1	0	0	0	0	0	0	0	0	2	0
SAYCO	COLOMBIA	215	144	878	247	0	568	2	0	0	2,054	2,662
SAZAS	SLOVENIA	44	29	3,068	54	0	73	12	4	0	3,286	2,175
SBACEM	BRAZIL	36	89	125	211	0	22	0	0	0	482	276
SCD	CHILE	237	186	175	386	0	52	71	0	0	1,108	3,239
SESAC	US	4,978	38,849	224,005	55,436	0	169,623	281	0	0	493,172	446,826
SGAE	SPAIN	5,756	9,578	177,550	13,974	0	36,520	425	398	2,607	246,807	181,265
SIAE	ITALY	15,689	39,137	191,198	61,094	0	21,879	1,462	2,703	0	333,162	284,795
SICAM	BRAZIL	40	18	204	16	0	14	0	0	0	291	72
SOBODAYC	BOLIVIA	0	1	7	2	0	5	0	0	0	16	0
SOCAN	CANADA	7,455	54,172	650,685	69,352	0	88,929	917	0	0	871,510	880,377
SOCINPRO	BRAZIL	22	31	33	49	0	3	0	0	0	137	146
SODRAC	CANADA	0	0	0	0	0	2,821	0	0	0	2,821	9,590
SOKOJ	SERBIA	303	343	794	658	0	5	85	0	0	2,188	3,308
SOZA	SLOVAKIA	6	57	619	144	0	7	0	0	0	833	127
SPA	PORTUGAL	1,965	1,315	1,999	2,268	0	152	23	70	0	7,792	5,186
SPAC	PANAMA	0	0	6	0	0	0	0	0	0	6	0
SPACEM	FRENCH POLYNESIA	0	0	0	0	0	0	0	0	0	0	27
SON	BOSNIA AND HERZEGOVINA	0	0	0	0	0	0	0	0	0	0	12
STEF	ICELAND	453	984	6,305	2,420	0	1,855	904	124	777	13,822	16,642
STEMRA	THE NETHERLANDS	0	0	0	0	0	655	0	10	2,243	2,908	5,157

DISTRIBUTIONS TO OTHER COLLECTIVE MANAGEMENT ORGANISATIONS

TABLE 5: DISTRIBUTION OF ROYALTIES COLLECTED FROM FINLAND TO FOREIGN COLLECTIVE MANAGEMENT ORGANISATIONS (25), (26)

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	REPRODUCTION	LENDING COMPENSATION	COMPENSATION FOR PRIVATE COPYING	Total 2022	Total 2021
STIM	SWEDEN	520,630	2,057,807	5,543,453	2,740,241	0	2,018,051	47,667	10,495	21,699	12,960,043	12,456,558
SUISA	SWITZERLAND	4,390	6,535	19,994	11,439	0	4,534	793	248	0	47,934	40,239
TONO	NORWAY	13,996	45,113	212,885	58,222	0	16,645	1,475	1,285	0	349,622	302,041
UBC	BRAZIL	1,121	2,131	651	4,846	0	383	6	0	0	9,137	7,670
UCMR-ADA	ROMANIA	1	319	406	516	0	84	31	8	0	1,365	1,757
UNISON	SPAIN	24	2	1	1	0	48	0	0	0	75	0
WAMI	INDONESIA	3	15	103	23	0	44	0	0	0	188	239
VCPMC	VIETNAM	0	16	915	28	0	0	0	0	0	960	185
ZAIS	POLAND	1,645	1,071	15,145	2,957	0	1,657	3	127	0	22,606	18,340
ZAMCOPS	ZAMBIA	0	19	0	45	0	6	0	0	0	70	18
ZAMP	MACEDONIA	9	12	131	57	0	4	23	0	0	236	464
ZIMURA	ZIMBABWE	0	11	15	27	0	1	0	0	0	54	44
		1,191,656	4,244,434	16,392,130	5,708,126	0	4,260,008	117,451	58,756	144,070	32,116,633	30,025,807

Expenses 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	LENDING COMPENSATION	COMPENSATION FOR PRIVATE COPYING	Total 2022 Other	Total 2021 Other
GRAMEX (27)										166,920	68,552

(25) Royalties distributed to foreign collective management organisations in December 2022 were paid in December 2022.

(26) 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)

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

ROYALTIES DISTRIBUTED TO TEOSTO BY OTHER COLLECTIVE MANAGEMENT ORGANISATIONS ⁽²⁸⁾

TABLE 7: ROYALTY DISTRIBUTIONS FROM FOREIGN COLLECTIVE MANAGEMENT ORGANISATIONS BY CATEGORY OF RIGHTS ^{(29), (30)}

Organisation	Country	Performance	TV and radio	Internet	Reproduction	Unknown	Areas that are not covered by the categories of rights	Total 2022	Total 2021
ACUM	ISRAEL	679	2,902	840	0	624	0	5,045	8,069
AKKA/LAA	LATVIA	2,856	2,161	278	0	0	363	5,658	4,562
AKM	AUSTRIA	31,153	24,365	625	0	-91	0	56,051	88,669
APDAYC	PERU	0	0	0	0	0	0	0	746
APRA	AUSTRALIA AND NEW ZEALAND	9,862	42,685	31,755	0	6,485	0	90,787	35,260
ARMAUTHOR-NGO	ARMENIA	64	27	0	0	4	0	95	0
ARTISJUS	HUNGARY	2,932	2,407	586	0	3,616	4,293	13,833	14,167
ASCAP	US	94,985	44,279	83,115	0	0	0	222,379	200,566
AUTODIA	GREECE	5,518	1,660	10	0	0	0	7,187	5,892
BMI	US	1,167	24,103	22,231	0	20,853	0	68,354	79,645
BUMA	THE NETHERLANDS	59,969	45,419	6,827	0	-7,355	0	104,860	91,822
CASH	HONG KONG	17	832	2,185	0	593	0	3,626	3,329
EAÜ	ESTONIA	21,103	16,048	4	0	0	0	37,155	21,248
GEMA	GERMANY	86,513	242,182	107,266	0	9,765	42,974	488,699	625,815
HDS-ZAMP	CROATIA	0	2,548	0	0	1,305	0	3,853	7,432
IMRO	IRELAND	791	4,145	2,357	0	231	0	7,524	9,368
JASRAC	JAPAN	10,295	43,291	61,420	0	75	0	115,081	91,222
KODA	DENMARK	26,676	61,893	37,788	8	1,480	311	128,156	115,643
KOMCA	SOUTH KOREA	1,890	14,680	77,854	0	3,369	0	97,793	37,526
LATGA-A	LITHUANIA	1,088	10,186	0	0	0	0	11,274	6,481
MACP	MALAYSIA	0	687	1,538	0	192	0	2,417	3,108
MCSC	CHINA	8,521	245	0	0	5,389	0	14,155	32,630
MCT	THAILAND	1,620	532	261	0	0	0	2,413	0
MESAM	TURKEY	66	324	95	0	1,202	0	1,687	3,567
MÜST	TAIWAN	336	655	2,458	0	445	0	3,893	5,385
OSA	CZECH REPUBLIC	8,481	11,883	530	0	3,220	4,828	28,942	51,683
PRS	UNITED KINGDOM	49,298	87,483	48,092	0	115,872	0	300,746	249,994
SABAM	BELGIUM	12,572	36,675	7,361	0	5,074	0	61,681	49,060
SACEM	FRANCE	65,552	78,290	21,903	0	22,309	0	188,055	158,441

ROYALTIES DISTRIBUTED TO TEOSTO BY OTHER COLLECTIVE MANAGEMENT ORGANISATIONS ⁽²⁸⁾

TABLE 7: ROYALTY DISTRIBUTIONS FROM FOREIGN COLLECTIVE MANAGEMENT ORGANISATIONS BY CATEGORY OF RIGHTS ^{(29), (30)}

Organisation	Country	Performance	TV and radio	Internet	Reproduction	Unknown	Areas that are not covered by the categories of rights	Total 2022	Total 2021
SACM	MEXICO	199	553	6,305	0	59	0	7,117	5,496
SADAIC	ARGENTINA	413	926	1,488	0	0	0	2,826	635
SAMRO	SOUTH AFRICA	0	2,397	323	0	0	0	2,720	2,364
SAYCO	COLOMBIA	0	227	690	6	62	0	985	825
SAZAS	SLOVENIA	589	2,800	0	0	0	0	3,389	6,715
SCD	CHILE	5	1,389	0	248	103	0	1,744	2,351
SESAC	US	2	3,333	0	0	-57	0	3,278	7,429
SGAE	SPAIN	38,848	16,587	6,566	0	-368	0	61,633	30,776
SIAE	ITALY	42,819	44,141	7,312	0	21,551	0	115,823	132,310
SOCAN	CANADA	913	26,085	22,115	0	11	0	49,124	42,403
SOKOJ	SERBIA	326	58,242	50	0	403	0	59,021	11,938
SOZA	SLOVAKIA	1,084	14,194	255	0	13	0	15,546	11,470
SPA	PORTUGAL	5,816	2,619	207	0	0	0	8,642	2,627
STEMRA	THE NETHERLANDS	0	0	0	0	0	7,310	7,310	24,714
STIM	SWEDEN	21,342	295,686	114,857	10,031	11,752	780	454,448	561,702
SUISA	SWITZERLAND	46,282	63,184	4,410	0	5,219	14,854	133,950	112,615
TONO	NORWAY	46,320	67,811	19,645	0	1,656	948	136,381	189,491
UBC	BRAZIL	998	6,028	2,796	0	789	0	10,610	11,361
UCMR-ADA	ROMANIA	2,292	4,073	458	0	5,541	0	12,364	8,621
VCPMC	VIETNAM	0	0	0	0	0	0	0	1,023
WAMI	INDONESIA	0	54	0	0	1,613	0	1,668	1,181
ZAIS	POLAND	5,770	5,642	1,943	0	1,106	11	14,471	21,932
ZAMP	MACEDONIA	0	237	0	0	0	0	237	485
TOTAL		718,022	1,418,794	706,795	10,294	244,111	76,673	3,174,688	3,191,793

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

Organisation	Country	Performance	TV and radio	Internet	Reproduction	Unknown	Other royalties	Total 2022	Total 2021
KOPIOSTO (31)			1,744,267		81,223			1,825,490	1,948,851

(28) Amounts distributed directly to rightholders originating from other collective management organisations: There are no such payments. In the event that a rightholder 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 relationship.s (2.d.iv)

(29) Based on the distribution amounts reported by foreign collective management organisations in 2022. 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)

(30) An administrative expenses 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)

(31) 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 administrative expenses and cultural contributions included in it. (2.d.iii)

SPECIAL REPORT ON SOCIAL, CULTURAL AND EDUCATIONAL SERVICES

TABLE 9: IN 2022, EUR 3,470,802 OF CULTURAL CONTRIBUTIONS WERE TRANSFERRED TO THE TEOSTO FUND AND USED AS FOLLOWS (32), (33), (34), (35), (36), (37):

KANSALLISET VARAT	2022	2021
MEMBER ORGANISATIONS		
Finnish Music Creators' Association	278,042	272,590
The Society of Finnish Composers	219,144	214,847
The Finnish Music Publishers Association	219,144	214,847
INTERNATIONAL PUBLIC AFFAIRS		
ECSA	15,000	15,000
ICMP	4,873	5,000
Project funding	40,000	0
OTHER COMPOSER ORGANISATIONS		
Finnish Church Music Composers	6,000	6,000
FOUNDATIONS AND FUNDS IN THE AREA OF MUSIC		
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
MUSIC PROMOTION		
Music Finland	232,000	232,000
Finnish Music Foundation (MES)	152,000	128,775
COVID-19 financial support (34)	1,000,200	3,026,381
Other (35)	494,485	570,969
TOTAL USE OF CULTURAL CONTRIBUTIONS	2,830,888	4,856,409
Transfer of cultural contributions to the reserve fund	639,914	-1,993,399
CULTURAL CONTRIBUTIONS TOTAL	3,470,802	2,863,011
Deduction % for cultural contributions	6.0%	6.0%

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

(33) 3.a. Deductions for cultural purposes totalled EUR 3,470,802. This amount was transferred to the Teosto Fund. Of the total amount, EUR 2,830,888 was used for various purposes and allocated uniformly between all categories of rights and types of use (see itemisation on page 4). The remaining balance was left in the Teosto Fund.

(34) 3.b. An explanation of the use of the cultural contributions is provided in the table above.

(35) Based on reciprocal representation agreements with foreign collective management organisations and on Teosto's membership agreements, Teosto has the right to deduct a maximum of 10% of the performing right royalties collected in Finland as cultural contributions for the promotion of Finnish music culture. In 2022, the rate of deduction was 6% of the distributed performing right royalties. The accrued funds are transferred to a fund and Teosto's General Meeting decides on their use. The funds are transferred to a self-financed reserve.

(36) To compensate for rights revenue that rightholders have lost due to the COVID-19 pandemic, Teosto's General Meeting decided on 15 December 2021 to grant EUR 1 million out of cultural contributions as support for Teosto's rightholder members in spring 2022. Approximately 1,500 applications for financial support were submitted. 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 in April, with the amounts ranging from EUR 270 to EUR 5,000.

(37) In the "Other" category, funds in the reserve were used in 2022 for purposes including support for the promotion of Finnish music, the Teosto Prize, developing the music industry's joint promotion of interests efforts and the project to turn the Teosto Fund into a foundation.

OTHER INFORMATION

Information on refusals (1.c.)

In 2022, 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 Musiikkiluvat Oy
As. Oy Vierumäen Kuntorinne

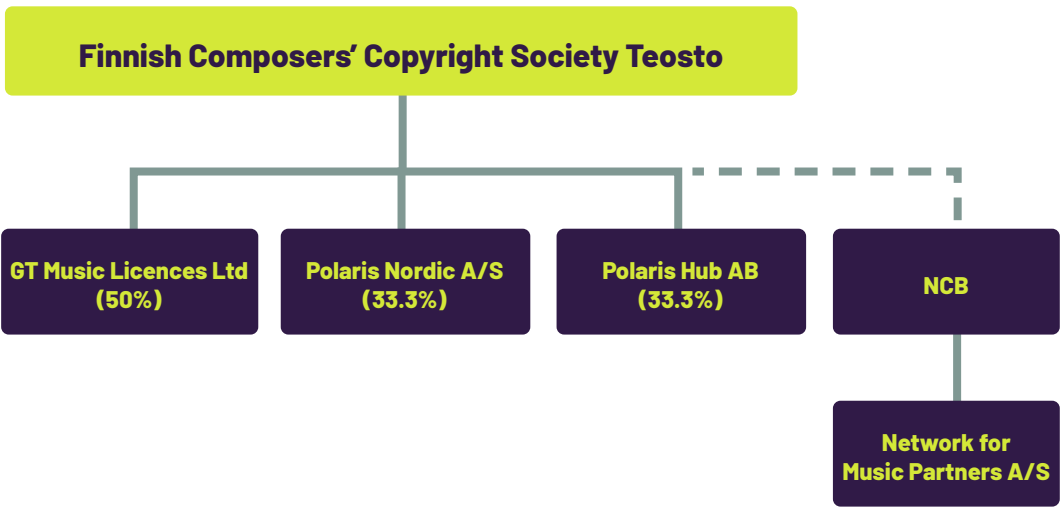
Teosto is a member of the Copyright Information and Anti-Piracy Centre and holds a seat on its Board of Directors.

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 2022, the total remuneration of the Chairman of the Board of Directors, the members of the Board and the CEO amounted to EUR 353,168. 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.) (38)



Administrative structure (1.d.) (38)

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

Teosto has 897 voting 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 musical arts,
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.

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

TEOSTO'S ANNUAL REPORT 2022

Teosto's operations

The Finnish Composers' Copyright Society Teosto manages music copyrights and promotes Finnish creative musical art. We want 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. We take responsibility for the future of Finnish music culture.

Teosto's rightholder members include composers, lyricists, arrangers and music publishers. We grant licences on the rightholders' 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.

When it comes to cross-border online services, Polaris Hub AB is responsible for licensing. 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 2022

COVID-19 restrictions were gradually lifted in the first half of 2022 and the music licensing market returned to its pre-COVID-19 level, partially even exceeding it. There were lots of events in the summer, and many new event promoters also entered the market after the COVID-19 period. On the other hand, Russia's war of aggression against Ukraine,

which began in February, and the subsequent high inflation and rise in interest rates caused great financial insecurity, particularly towards the end of the year. In 2023, the economy is expected to go into recession at least briefly.

Teosto collected more royalties than ever before, EUR 72.8 million (2021: EUR 62.3 million). The same goes for the total royalties, which were EUR 80.7 million (2021: EUR 70.1 million).

Operating expenses also increased slightly. However, the increase in expenses was much more modest than budgeted, which was due to the longer than expected planning phase of development investments. The expense percentage of Teosto's operations was at a record low, 12.6% (2021: 13.7%). The total distribution was the largest ever at EUR 70.3 million (2021: EUR 60.8 million).

Teosto completed its new strategy in spring 2022. We started implementing the new strategy immediately. In accordance with our new vision, we increase the cultural and commercial importance of music. The new strategy is based on five strategic objectives, two of which are strategic enablers. Our goal is to be a preferred community for professional music authors. Our goal is also that music user customers choose music represented by Teosto. Taking responsibility for the future of Finnish music culture is an important strategic objective and investment that highlights Teosto's role as a non-profit cultural organisation. Our new strategy's key enabling objectives are growth in business operations that improves our competitiveness and data capabilities that promote growth and service ability. The strategy period 2022-2025 is divided into annual goals, the progress of which is monitored regularly.

The increasing of Teosto staff's intellectual capital in line with the strategy continued in 2022. New expertise was acquired by both developing Teosto's existing staff and recruiting new people. We also offered various career development opportunities to our existing staff. For example, we found the best candidate for the new roles of Head of

Public and International Affairs, Data Lead and Project Manager within Teosto. We measured the quality of work life at Teosto every three months using the Quality of Work Life survey, and the year ended with a record index of 79.4%.

We also continued to invest in digital services in line with our strategy. Our biggest individual investment decision in 2022 was the decision to overhaul our distribution and reporting systems in the next 2-3 years. This overhaul had been in preparation since 2018. The preparation and preliminary analysis process was carried out in cooperation with Koda from Denmark, Tono from Norway and IMRO from Ireland. The overhaul project began in November after the investment decision by Teosto's Board of Directors. The new system will be introduced gradually in 2024-2025. The supplier of the system is the Irish company Spanish Point Technologies Ltd. The project stage of the Teosto web service overhaul, which began in 2018, was completed in late autumn, after which we started overhauling the music publishers' web service. In addition, we also carried out several smaller digitalisation projects.

As for the project to turn the Teosto Fund into a foundation, we reached a milestone in December as we submitted an advance ruling application to the Central Tax Board regarding the non-profit nature of the foundation. We also submitted the rules of the future foundation to the Finnish Patent and Registration Office for preliminary checking.

In the dispute between Teosto and the Finnish broadcasting company MTV regarding pricing, both Teosto and MTV lodged an appeal against the decision of the Market Court in 2019 with the Supreme Court, as the Market Court decision left many key questions unanswered. However, the Supreme Court would not handle the dispute itself, but agreed to assess the related question of unjust enrichment and recovery of overpayment. On 27 June 2022, the Supreme Court gave a ruling on the matter, with which it approved MTV's request for the recovery of overpayment and obligated Teosto to return the stated difference from 2017 and 2018 with interest, a total of EUR 455,000. In its ruling, the

Supreme Court states that, despite the recovery request being approved, Teosto still won the case at the Market Court both quantitatively and in terms of the most important parts of the case. As a result of the ruling by the Supreme Court, MTV paid Teosto's legal fees with interest, a total of about EUR 576,000, in October 2022. Teosto had reserved money for the recovery of overpayment in the 2020 financial statements, which means that the amount returned in 2022 did not affect the result in 2022.

Despite the court case, MTV and Teosto are still not in agreement about the pricing to be applied to paid audiovisual services. Due to the dispute, MTV had not paid some of the royalties for paid services in accordance with Teosto's price list also in 2019–2022. To resolve the dispute, Teosto submitted an application for a summons to the Market Court regarding the pricing of music royalties in the pay TV and Video on Demand services category in January 2022.

In 2022, the investment market was turbulent due to events in international relations and their consequences. It was a weak year for investment activities: as a result of the substantial decline in stock prices and the rise in interest rates, the return on Teosto and the Teosto Fund's investment portfolios was slightly negative when measured by market value. In both portfolios, only alternative investments had good returns. The accounting returns were positive for both portfolios.

In 2022, Teosto's promotion of interests focused on influencing efforts related to the national implementation of the Copyright Directive (DSM). Teosto actively made statements and was heard by several parliamentary committees during the bill drafting process for the reform of the Copyright Act. In addition, we published blog posts and other communications related to the Copyright Act for our stakeholders. The main goal of Teosto, its member organisations (the Society of Finnish Composers, the Finnish Music Creators' Association and the Finnish Music Publishers Association) and other copyright societies is that the Finnish Copyright Act match the wordings and purpose of the EU directive as far as possible and strengthen the property rights of music authors. The Finnish Parliament approved the reform of the

Copyright Act on 27 February 2023. The reformed act follows the wordings and spirit of the Copyright Directive and is therefore in line with Teosto's objectives for the most part.

As the COVID-19 pandemic became less severe, influencing related to COVID-19 restrictions could be decreased. At the same time, we wanted to remind people of the long-term effects of COVID-19 restrictions on the creative industry, and the COVID-19 theme remained part of our promotion of interests efforts for nearly all of 2022. We communicated the importance of the music industry through the new Musiikkiala.fi website, which we opened together with other music industry actors, such as Gramex.

In early 2022, Teosto was able to reach its long-term promotion of interests goal when it was decided, on the basis of a proposal by the Ministry of Social Affairs and Health, that royalties would no longer affect the unemployment benefits of music authors. In spring, Teosto started preparing for the next parliamentary elections. Teosto drafted goals for the government programme together with its three member organisations (the Society of Finnish Composers, the Finnish Music Creators' Association and the Finnish Music Publishers Association) and started working systematically to communicate these to the parties. We also cooperated extensively with other copyright societies and within the Lyhty cooperation network.

Future development

- In 2023, operating expenses will increase from the exceptionally low level of the COVID-19 pandemic years due to, for example, the normalisation of the operating environment and the agreed strategic investments. Another factor that increases expenses is the increased service fees by Teosto's service partners as a result of, for example, general cost increases.

The planned transition to the new system by ICE International Copyright Enterprise Germany GmbH, which provides work documentation services to Teosto, will increase the overall cost level of services in the coming years. Similarly, the overhaul of the distribution and reporting systems will increase system expenses in the coming years.

- Our goal is to propose setting up a foundation focused on promoting Finnish creative musical art to Teosto's General Meeting during 2023. The final schedule depends on matters such as how long it will take to assess the taxation status of the new foundation.

On possible operational risks

Insecurities in the general operating environment are also reflected in Teosto's operating environment. Russia's war of aggression, the rise in interest rates, inflation and the expected recession may also affect the consumption of music. The investment environment will remain insecure in 2023.

In addition, Teosto's own operating environment is constantly changing. For example, the media industry's transition to more online-based business models is speeding up. This brings further changes to competition in the media industry. Alternative background music solutions compete with music represented by Teosto, which affects licence sales. Rightholders that own or manage large repertoires are continuously trying to make the management of their rights more efficient. A possible risk that would affect Teosto's operations is the expansion of international direct repertoire licensing to new categories of use, especially digital audiovisual services (such as Video on Demand services). The direct licensing mechanism would significantly reduce the royalties collected by Teosto in this category.

Teosto and MTV's dispute regarding the pricing of music royalties in the pay TV and Video on Demand services category is pending in the Market Court. The case will be heard at court in the spring. The result of the court case is still uncertain.

Transparency report

Teosto will publish a transparency report for 2022 in accordance with the Act on the Collective Management of Copyright in May 2023.

PROFIT AND LOSS STATEMENT

	2022	2021
DAY-TO-DAY OPERATIONS		
Income		
Royalties collected by Teosto	72,793,771.21	62,321,112.96
Other copyright royalties	5,147,701.64	4,892,237.84
Lending compensation	494,151.97	535,582.04
Compensation for private copying	2,225,249.91	2,344,236.64
Other income	374,429.62	519,330.77
	81,035,304.35	70,612,500.25
Costs		
Personnel expenses	-5,749,025.81	-5,111,626.01
Depreciation	-718,618.59	-732,380.32
Other costs	-7,930,410.98	-10,072,916.45
	-14,398,055.38	-15,916,922.78
	66,637,248.97	54,695,577.47
FUNDRAISING		
Membership fees	156,900.00	183,400.00
	66,794,148.97	54,878,977.47
INVESTMENTS AND FINANCING		
Income	4,729,874.06	6,813,323.17
Costs	-2,043,764.66	-166,970.47
	2,686,109.40	6,646,352.70
	69,480,258.37	61,525,330.17
Transfer for distribution to rightholders	-68,310,334.29	-58,567,530.92
Changes to the self-financed reserve	-1,169,924.08	-2,957,799.25
SURPLUS/DEFICIT FOR THE FINANCIAL YEAR	0.00	0.00

BALANCE SHEET

ASSETS	2022	2021
NON-CURRENT ASSETS		
Intangible assets		
Other long-term expenditure	3,127,150.16	2,785,022.03
	3,127,150.16	2,785,022.03
Tangible assets		
Machinery and equipment	143,802.88	207,369.06
	143,802.88	207,369.06
Investments		
Shares and similar rights of ownership	37,100,188.53	37,315,107.70
Other investments	950,000.00	0.00
	38,050,188.53	37,315,107.70
TOTAL NON-CURRENT ASSETS	41,321,141.57	40,307,498.79
ASSETS IN THE SELF-FINANCED RESERVE		
Shares and similar rights of ownership	36,889,714.08	35,294,954.99
Other receivables	2,908,241.06	2,232,878.28
Cash in hand and at bank	201,867.31	189,099.31
	39,999,822.45	37,716,932.58
CURRENT ASSETS		
Non-current receivables		
Other receivables	0.00	950,000.00
	0.00	950,000.00
Current receivables		
Trade receivables	6,880,318.43	7,493,917.66
Loan receivables	182,587.05	396,934.93
Prepayments and accrued income	9,053,754.36	8,739,836.17
	16,116,659.84	16,630,688.76
Financial securities		
Shares	0.00	10,439,753.24
Cash in hand and at bank	9,417,964.59	733,939.18
TOTAL CURRENT ASSETS	25,534,624.43	28,754,381.18
TOTAL ASSETS	106,855,588.45	106,778,812.55

BALANCE SHEET

LIABILITIES	2022	2021
EQUITY		
Self-financed reserve		
Teosto Fund	38,886,856.66	37,716,932.58
Surplus/deficit for the financial year	0.00	0.00
TOTAL CAPITAL AND RESERVES	38,886,856.66	37,716,932.58
Mandatory provisions		
Other mandatory provisions	0.00	442,151.13
	0.00	442,151.13
DEBTS		
Trade debts	892,175.67	562,695.28
Other debts	4,273,953.07	8,933,818.44
Accruals and deferred income	4,833,807.45	3,765,794.62
Distribution funds to rightholders	57,968,795.60	55,357,420.50
TOTAL DEBTS	67,968,731.79	68,619,728.84
TOTAL LIABILITIES	106,855,588.45	106,778,812.55

CASH FLOW STATEMENT

	2022	2021
CASH FLOW FROM OPERATING ACTIVITIES:		
Cash received for sales	78,335,711	65,948,446
Cash received from fundraising	156,900	183,400
Cash paid for operating costs	-13,546,400	-15,188,463
Cash flow from operating activities	64,946,211	50,943,383
CASH FLOW FROM INVESTMENT ACTIVITIES:		
Investments in tangible and intangible assets	-997,181	-1,188,568
Other investments	-1,401,696	-6,884,602
Cash flow from investment activities	-2,398,877	-8,073,170
Cash received for investments	2,686,109	6,646,353
Cash flow from operating activities and investment activities	65,233,443	49,516,566
CASH FLOW FROM DISTRIBUTED ROYALTIES:		
Royalties distributed by Teosto to Finnish and international rightholders in total	-66,976,403	-53,363,571
Change in cash	-1,742,960	-3,847,005
Cash at the start of the financial year	-11,362,792	-15,209,797
Cash at the end of the financial year	9,619,832	11,362,792
	-1,742,960	-3,847,005

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 rightholders.

Using reciprocal representation agreements, Teosto has assigned the licensing and collection of foreign performing right royalties to foreign collective management organisations. The royalties distributed by them to Teosto's rightholders 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, 6 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.

The impact of the COVID-19 pandemic, the war in Ukraine and inflation on income

Most COVID-19 restrictions were lifted in early 2022, which means that the market was open for nearly the entire year. Last summer, the pent-up demand was unleashed and there was a large number of events. This had a positive effect on the live music category. Despite this, 2022 saw changes in consumer behaviour, meaning that people often made the decision to attend an event at the last minute.

Russia's war of aggression against Ukraine, which started in February 2022, and the consequent international sanctions against Russia have had an effect on some foreign artists' decisions on whether or not to perform in Finland, as it used to be possible to extend the tour to St. Petersburg, Russia, via Finland. The sanctions have changed tours and, as a result, Finland has been excluded from the tours of many international artists.

The general increase in the cost of living (caused by, for example, the semiconductor shortage and the energy crisis) has also led to increased costs for Teosto (e.g. system and property costs). The increased costs also affect the ticket prices of events, and it remains to be seen whether this will have an effect on ticket sales.

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 rightholders in Finland and abroad. Royalty payments to foreign rightholders are distributed through the copyright organisation in the country in question. Conversely, Teosto distributes royalties received from foreign organisations to Finnish rightholders.

	2022	2021
ROYALTIES COLLECTED BY TEOSTO		
Operating income	72,793,771.21	62,321,112.96
Operating costs*	-10,065,001.55	-9,537,071.82
Fundraising	156,900.00	183,400.00
Investments and financing*	1,987,189.59	1,671,929.73
Other income	374,429.62	526,057.51
Net income to rightholders	65,247,288.87	55,165,428.38
Percentage of operating income	89.6 %	88.2 %
Promotion of Finnish music (national funds transferred to reserves)	3,470,802.22	2,863,010.59
Percentage of performing right royalty income in Finland	6.0 %	6.0 %
Transfer for distribution to rightholders	61,776,486.65	52,302,417.79
OTHER COPYRIGHT ROYALTIES		
Royalties from other organisations	5,147,701.64	4,892,237.84
Remuneration for public lending	494,151.97	535,582.04
Compensation for private copying*	1,281,159.91	1,231,236.64
Costs	-389,165.88	-393,943.39
Transfer for distribution to rightholders	6,533,847.64	6,265,113.13
TOTAL TRANSFER FOR DISTRIBUTION TO Rightholders	68,310,334.29	58,567,530.92

*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

	2022	2021
Television*	23,377,151.80	22,869,157.91
Radio	9,792,885.39	9,498,483.45
Online, AV**	6,703,567.38	6,730,081.54
Online, audio	10,599,927.22	7,794,311.61
Events***	10,840,796.37	5,327,905.36
Background music	10,578,217.63	9,320,646.54
Copying and synchronisation	901,225.42	780,526.55
	72,793,771.21	62,321,112.96

OTHER COPYRIGHT ROYALTIES

NCB, Denmark	1 736 546.82	1 532 796.51
GEMA, Germany	491,881.71	632,459.25
STIM, Sweden	457,848.45	542,536.28
PRS, UK	313,377.20	259,066.64
ASCAP, USA	218,338.92	204,945.84
SACEM, France	194,875.70	164,187.55
KODA, Denmark	136,769.61	113,039.68
TONO, Norway	134,634.16	104,424.83
SUISA, Switzerland	126,640.44	138,946.50
BUMA, Netherlands	125,916.30	98,045.05
JASRAC, Japan	119,256.10	94,531.26
KOMCA, South Korea	89,839.31	41,365.27
APRA, Australia	80,339.51	57,700.70
AKM, Austria	71,138.04	82,909.55
Other	573,574.53	623,414.94
TOTAL	3,134,429.98	3,157,573.34
Broadcasting of Finnish TV channels abroad	100,988.56	115,459.50
Gramex royalties	175,736.28	86,408.49
OTHER COPYRIGHT ROYALTIES TOTAL	5,147,701.64	4,892,237.84

	2022	2021
LENDING COMPENSATION		
Remuneration paid by the government to authors for lending of works from public libraries	494,151.97	535,582.04
COMPENSATION FOR PRIVATE COPYING		
Compensation for private copying paid by the Government to Teosto rightholders	1,281,159.91	1,231,236.64
Compensation for private copying paid by the Government for authors' shared purposes via the Teosto Fund	944,090.00	1,113,000.00
	2,225,249.91	2,344,236.64
OTHER INCOME		
Cultural contributions paid by NMP to Teosto	368,134.12	180 052.13
Contract fees related to lease	0.00	339 278.64
Other	6,295.50	0.00
	374,429.62	519,330.77
DEPRECIATION		
Other long-term expenditure	650,230.41	663,034.67
Machinery and equipment	68,388.18	69,345.66
	718,618.59	732,380.33
FEES TO AUDITING COMPANIES		
Auditing fees	37,138.00	37,954.00
Counselling on taxes	5,597.05	8,495.00
Other services	12,956.00	8,100.00
	55,691.05	54,549.00
INVESTMENTS AND FINANCING		
Revenue		
Interest	379,417.17	35,738.01
Sales profit	4,283,836.95	6,610,749.50
Restoration of value decrease	66,619.94	166,835.66
	4,729,874.06	6,813,323.17
Costs		
Sales loss	-411,365.02	-87,578.53
Value decrease	-1,529,826.56	-66,619.94
Other costs	-102,573.08	-12,772.00
	-2,043,764.66	-166,970.47
TOTAL FOR INVESTMENTS AND FINANCING	2,686,109.40	6,646,352.70

	2022	2021
TRANSFER FOR DISTRIBUTION TO RIGHTHOLDERS		
Performing right royalties collected by Teosto	48,608,466.88	42,033,015.81
Mechanical reproduction royalties collected by Teosto	2,554,284.67	2,461,082.99
Performing right royalties from other organisations	3,140,889.03	3,185,391.95
Mechanical reproduction royalties from other organisations	1 736,546.82	1,532,796.51
Lending compensation	404,216.31	432,750.29
Compensation for private copying	1,090,267.08	1,041,626.20
Gramex royalties collected by Teosto	175,736.28	86,392.69
Online royalties collected by NMP	10,599,927.22	7,794,474.48
	68,310,334.29	58,567,530.92
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	4,697,133.08	4,082,073.85
Accumulated depreciation	-1,912,111.05	-1,776,244.65
Amount at the beginning of the financial year on 1 January	2,785,022.03	2,305,829.20
Increases in the financial year	992,358.54	1,142,227.50
Deductions in the financial year	0.00	0.00
Depreciation in the financial year	-650,230.41	-663,034.67
Book value on 31 December	3,127,150.16	2,785,022.03
Machinery and equipment		
Acquisition cost at the beginning of the financial year on 1 January	571,871.86	809,642.51
Accumulated depreciation	-364,502.80	-639,885.73
Amount at the beginning of the financial year on 1 January	207,369.06	169,756.78
Increases in the financial year	4,822.00	106,957.94
Deductions in the financial year	0.00	0.00
Depreciation in the financial year	-68,388.18	-69,345.66
Book value on 31 December	143,802.88	207,369.06
SHARES AND SIMILAR RIGHTS OF OWNERSHIP		
Quoted shares and rights of ownership		
Total market value	40,864,913.08	45,084,711.62
Corresponding book value	36,799,624.62	37,014,543.79
Difference	4,065,288.46	8,070,167.82
Other shares and rights of ownership	300,563.91	300,563.91
Invested unrestricted equity fund loan / GT Music Licences Ltd	950,000.00	0.00
Other investments	950,000.00	0.00
TOTAL SHARES AND SIMILAR RIGHTS OF OWNERSHIP	38,050,188.53	37,315,107.70

	2022	2021
ASSETS IN THE SELF-FINANCED RESERVE		
Quoted shares and rights of ownership		
Total market value	41,660,907.40	41,736,071.24
Corresponding book value	36,889,714.08	35,294,954.99
Difference	4,771,193.33	6,441,116.25
TOTAL SHARES AND SIMILAR RIGHTS OF OWNERSHIP	36,889,714.08	35,294,954.99
Other receivables		
Teosto Fund's internal receivable from Teosto	2,908,241.06	2,232,878.28
	2,908,241.06	2,232,878.28
NON-CURRENT RECEIVABLES		
Other receivables		
Capital loan to GT Music Licences Ltd	0.00	950,000.00
	0.00	950,000.00
CURRENT RECEIVABLES		
Accounts receivable		
Royalties collected by Teosto	6,878,907.68	7,493,917.66
Other collective management organisations	1,410.75	0.00
	6,880,318.43	7,493,917.66
Loan receivables		
Loans to Teosto rightholders	182,587.05	396,934.93
	182,587.05	396,934.93
Prepayments and accrued income		
Copyright royalties	1,230,270.12	1,452,856.15
Online royalties collected by Polaris Hub/NMP	7,093,145.81	7,085,193.88
Other	730,338.43	201,786.14
	9,053,754.36	8,739,836.17

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 cultural contributions which Teosto deducts from its distributions for the promotion of Finnish music culture, in accordance with the agreements it has made with its rightholders and foreign collective management organisations. In addition to this, the fund can be accumulated by receiving gifts, wills, grants and benefits, or by merging other funds with it.

	2022	2021
4 NOTES TO THE BALANCE SHEET, LIABILITIES		
CHANGES TO THE CAPITAL OF THE SELF-FINANCED RESERVE		
Capital of the Teosto Fund at 1 Jan	37,716,932.58	34,759,133.33
Return on Fund assets	711,726.02	4,987,200.48
Fund costs	-12,806.21	-12,777.51
Use of Fund assets	-3,943,887.95	-5,992,634.31
Compensation for private copying for 2022	944,090.00	1,113,000.00
Cultural contributions transferred to the Fund	3,470,802.22	2,863,010.59
Capital of the Teosto Fund at 31 Dec	38,886,856.66	37,716,932.58
MANDATORY PROVISIONS		
Price dispute between Teosto and a customer	0.00	442,151.13
OTHER DEBTS		
Foreign copyright organisations	40,983.85	5,148,283.22
Finnish rightholders	2,281,199.50	2,199,743.74
Withholding tax	1,618,931.61	1,028,019.41
VAT	298,052.04	537,987.20
Other	34,786.07	19,784.87
	4,273,953.07	8,933,818.44
ACCRUALS AND DEFERRED INCOME		
Holiday pay	803,323.98	789,935.48
Promotion of Finnish music	225,000.00	225,000.00
Other	3,805,483.47	2,750,859.14
	4,833,807.45	3,765,794.62
DISTRIBUTION FUNDS TO RIGHTHOLDERS		
Performing right royalties	47,404,772.05	44,278,307.10
Mechanical reproduction royalties	2,554,284.67	2,461,082.99
Compensation for private copying	1,100,293.27	1,051,652.39
Online royalties collected by NMP	6,872,852.21	7,538,601.06
Gramex royalties collected by Teosto	36,593.40	27,776.96
	57,968,795.60	55,357,420.50

	2022	2021
5 SECURITIES AND CONTINGENT LIABILITIES		
SECURITIES		
Rent deposit	124,088.00	124,088.00
RENT LIABILITIES		
Payments outstanding in connection with leases		
Payments to be made in the next financial period	506,967.24	408,790.20
To be paid later	2,154,610.77	2,146,148.55
Total	2,661,578.01	2,554,938.75
LEASING LIABILITIES		
Payments outstanding in connection with leasing agreements		
Payments to be made in the next financial period	103,281.31	121,428.43
To be paid later	29,601.02	114,065.40
Total	132,882.33	235,493.83
TOTAL SECURITY AND CONTINGENT LIABILITIES	2,918,548.34	2,914,520.58
6 NOTES ON PERSONNEL		
Average number of personnel	64	63
Personnel expenses		
Salaries	4,587,991.69	4,019,813.13
Fees	213,198.12	176,458.08
Pension costs	815,652.44	786,558.48
Other personnel costs	132,183.56	128,796.32
	5,749,025.81	5,111,626.01
Board of Directors		
Fees paid to Board members	125,000.00	122,875.00
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 Rightholders

The Board of Directors proposes that the total amount of EUR 70,302,785.63 be distributed for 2022.	2022	2021
THE DISTRIBUTABLE AMOUNT IS MADE UP AS FOLLOWS		
Performing right royalties collected by Teosto	48,608,466.88	42,033,015.81
Mechanical reproduction royalties collected by Teosto	2,554,284.67	2,461,082.99
Performing right royalties from other organisations	3,140,889.03	3,185,391.95
Mechanical reproduction royalties from other organisations	1,736,546.82	1,532,796.51
Lending compensation	404,216.31	432,750.29
Compensation for private copying	1,090,267.08	1,041,626.20
Gramex royalties collected by Teosto	175,736.28	86,392.69
Online royalties collected by NMP	10,599,927.22	7,794,474.48
	68,310,334.29	58,567,530.92
Distribution reserves from previous years	1,992,451.34	2,244,515.08
TOTAL DISTRIBUTION TO Rightholders	70,302,785.63	60,812,046.00

SIGNATURES TO THE ANNUAL REPORT AND FINANCIAL STATEMENTS

Helsinki 15 March 2023

Antti Auvinen

Chairman of the Board of Directors

Risto Salminen

CEO

Ilja Pajula

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

Kirsi Aromäki

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 Nomentia and travel expense reports are processed using the Populus system.

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

DOCUMENTATION PERTAINING TO THE NOTES TO THE FINANCIAL STATEMENTS

Royalties collected by Teosto	Note 1
Other copyright royalties	Notes 1–2
Lending compensation	Note 1
Compensation for private copying	Note 1
Depreciation	Note 1
Fees to auditing companies	Note 3
Investments and financing	Notes 4–5
Transfer for distribution to rightholders	Note 1
Other long-term expenditure	Note 6
Machinery and equipment	Note 7
Shares and similar rights of ownership	Note 4
Assets of the self-financed reserve	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 rightholders	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 rightholders	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 2022. 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, 15 March 2023

KPMG OY AB

Kirsi Aromäki
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 2022.

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 2022 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 Accounting Manager Tomi Juntunen, Controller Marko Koskela, Distribution Manager Marja Isokangas and Distribution Service Manager Päivi Koskimaa.

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 Directive 2014/26/EU.
- We checked that the royalty revenue for 2022 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 2022.
- 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 rightholders, 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 only transactions in 2022 and 2021. In addition, the transparency report presents amounts distributed in 2022 by category of rights and the year of collection, itemised in such a way that the amounts collected in 2020 also include the amounts collected in previous years.
3. The royalty revenue for 2022 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 2022 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 rightholders 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 2023

KPMG OY AB

Kirsi Aromäki
Authorised Public Accountant

TEOSTO