



TEOSTO

2020 TRANSPARENCY REPORT

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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 2020 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.

The global coronavirus pandemic had a major negative impact on Teosto's licensing revenue, decreasing it by more than 9 per cent. Excluding the non-recurring item recognised as revenue on the basis of the legal proceedings with the Finnish broadcasting company MTV, totalling €2.2 million, the decrease in revenue would have exceeded 12 per cent. The most significant decrease was witnessed in event licensing. Comparable licensing revenue related to commercial TV and radio and background music also decreased significantly compared to the previous year.

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

Category	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 ⁽¹⁾

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)	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
TV ⁽¹²⁾	22,751,741	22,290,807	362,082	951,901	-4,082,095	-4,173,249	17.9%	18.7%	-1,141,905	-1,144,242	17,889,824	17,925,217	19,238,590	18,895,749
Radio	8,744,630	9,287,581	144,175	417,638	-1,556,319	-1,566,807	17.8%	16.9%	-439,950	-488,338	6,892,537	7,650,074	8,258,955	8,898,265
TV and radio total	31,496,371	31,578,388	506,258	1,369,539	-5,638,413	-5,740,057	17.9%	18.2%	-1,581,854	-1,632,580	24,782,361	25,575,290	27,497,545	27,794,013
Concerts and other events	4,809,692	11,360,758	78,344	495,456	-1,335,330	-2,277,668	27.8%	20.0%	-213,162	-574,767	3,339,543	9,003,780	2,868,350	8,148,663
Background music	8,563,808	9,562,488	141,535	431,719	-2,278,493	-2,437,602	26.6%	25.5%	-385,611	-453,427	6,041,239	7,103,178	6,312,332	7,465,170
Public performance total	13,373,500	20,923,246	219,878	927,176	-3,613,822	-4,715,270	27.0%	22.5%	-598,773	-1,028,194	9,380,782	16,106,957	9,180,682	15,613,834
Online, AV	5,459,014	4,934,046	0	0	-545,901	-493,405	10.0%	10.0%	-206,351	-184,350	4,706,762	4,256,291	3,857,309	3,629,437
Online, audio ⁽¹³⁾	6,088,924	4,525,498	0	0	-522,109	-362,458	8.6%	8.0%	-170,002	-172,780	5,918,922	4,352,718	5,985,021	4,418,162
Internet total	11,547,938	9,459,544	0	0	-1,068,010	-855,863	9.2%	9.0%	-376,353	-357,131	10,625,684	8,609,009	9,842,330	8,047,599
Reproduction and synchronisation ⁽¹⁴⁾	694,061	764,861	0	0	-131,872	-114,729	19.0%	15.0%	0	0	562,189	650,132	428,863	458,847
OUT OF CATEGORY														
Compensation for private copying	1,115,774	1,116,332	0	0	-198,608	-184,195	17.8%	16.5%	0	0	917,167	932,137	917,167	932,137
Compensation for private copying – collective share ⁽¹⁵⁾	1,136,225	1,090,200	0	0	0	0			0					
Remuneration for public lending	578,926	622,981	0	0	-122,732	-116,497	21.2%	18.7%	0	0	456,193	506,483	456,193	506,483
	59,942,795	65,555,553	726,136	2,296,714	-10,773,458	-11,726,611			-2,556,980	-3,017,905	46,724,376	52,380,009	48,322,779	53,352,914
ALSO IN THE PROFIT AND LOSS STATEMENT														
Performing right royalties from abroad	3,755,254	3,322,821	0	0	-106,400	-94,241	2.8%	3%	0	0	3,648,854	3,228,580	3,648,854	3,228,580
Rebroadcasting (Nacka) TV Finland	12,168	109,371	0	0	-608	-5,469	5.0%	5%	0	0	11,559	103,902	11,559	103,902
Gramex performance and reproduction	96,849	159,426	0	0	0	0			0	0	96,849	159,426	96,849	159,426
NCB	1,760,579	2,965,218	0	0	0	0			0	0	1,760,579	2,965,218	1,677,480	2,899,773
NMP / Online from abroad														
Online, audio – expenses ⁽¹³⁾					522,109	362,458								
	65,567,645	72,112,388	726,136	2,296,714	-10,358,358	-11,463,863	15.6%	15.4%	-2,556,980	-3 017 905	52,242,218	58,837,135	53,757,522	59,744,595

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 4–12 (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 €354,956 (estimate of 31 March 2021). 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 2.8%). 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 2020, with a breakdown per category of rights managed and type of use (2.c.i.)

(11) Total amount attributed to rightsholders in 2020, 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 8.0%. 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 (€522,109) 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 2021.

(19) Total amount collected but not yet attributed to rightsholders for the financial year 2020. (2.c.iv)

(20) Total amount attributed to rightsholders but not yet distributed for the financial years 2015–2020. In addition to the distributable amount for the period (€52,242,218), the amount includes the reversal of provisions for 2015–2017, totalling €1,515,305. 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

	2020	2019
Revenue from day-to-day operations	65,567,645	72,112,388
Total distributable amount	53,757,522	59,744,595
Distributed amounts (21)	52,761,135	51,376,192
Paid amounts (17)	51,450,535	51,282,410
DISTRIBUTED BUT NOT YET PAID		
Teosto's rightsholders	2,132,448	1,909,072
Other rightsholders	4,312,235	3,354,027
Total	6,444,683	5,263,100
ATTRIBUTED BUT NOT YET DISTRIBUTED		
Performing right royalties, domestic	32,854,837	35,521,451
Performing right royalties, international	1,736,255	1,729,213
Subject to clearance and non-members (22)	6,815,173	6,179,972
Withheld (22)	1,537,133	1,327,677
Rectifying royalty distributions	46,155	46,941
Performing right royalties, total	42,989,552	44,805,254
Mechanical reproduction royalties	2,036,092	2,016,050
Compensation for private copying	927,193	942,163
Gramex royalties	9,906	9,454
Online/Music services	6,616,812	6,285,782
TOTAL	52,579,555	54,058,704

(17) 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. (2.c.ii.)

(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. (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	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
	Remuneration for public lending	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

		COLLECTION YEARS FOR AMOUNTS DISTRIBUTED IN 2020			DISTRIBUTED TOTAL	
		2020	2019	2018 or earlier	Total 2020	Total 2019
DISTRIBUTION OF ROYALTIES COLLECTED FROM FINLAND						
Category of rights	Type of use					
	Performing					
	Concerts and other events	166,230	7,128,393	40,817	7,335,441	6,999,125
	Background music	2,089,248	4,386,006	33,670	6,508,923	6,471,796
Public performance total		2,255,478	11,514,399	74,487	13,844,364	13,470,921
Radio and TV	TV	5,509,170	11,880,161	131,530	17,520,861	16,907,119
	Radio	2,908,925	4,758,838	66,549	7,734,311	7,987,285
Radio and TV total		8,418,095	16,638,999	198,079	25,255,173	24,894,403
Online	Audio services	1,902,963	2,171,979	528,462	4,603,404	3,182,866
	AV services	0	2,257,469	76,452	2,333,922	2,114,117
Internet total		1,902,963	4,429,448	604,914	6,937,326	5,296,983
Areas that are not covered by the categories of rights	Remuneration for public lending	446,109	0	1,702	447,811	494,980
	Compensation for private copying	0	923,580	2,521	926,101	1,069,198
Areas that are not covered by the categories of rights, total		446,109	923,580	4,223	1,373,912	1,564,178
TOTAL		13,022,645	33,506,426	881,703	47,410,774	45,226,486
AMOUNTS RECEIVED AND DISTRIBUTED FROM ABROAD						
	Performing right royalties	2,375,795	1,197,503	16,484	3,589,782	3,184,489
	Mechanical reproduction royalties (16)	1,760,579			1,760,579	2,965,218
Total					5,350,361	6,149,707
DISTRIBUTED AMOUNTS, TOTAL					52,761,135	51,376,192

(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 2020	Total 2019
ABRAMUS	BRAZIL	71	134	64	190	0	15		0	475	668
ACAM	COSTA RICA			5		0	2		0	6	34
ACDAM	CUBA	383	98	141	111	0	49		0	781	404
ACUM	ISRAEL	1,223	521	4,483	995	0	382		0	7,605	7,741
ADDAF	BRAZIL					0	0		0	0	0
AEPI	GREECE					0	4		0	4	21
AGADU	URUGUAY	26	23	24	33	0	39		0	145	4,463
AKKA-LAA	LATVIA	1,017	1,033	991	1,760	0	26	35	0	4,862	4,092
AKM	AUSTRIA	8,184	3,510	18,956	4,145	0	1,364	63	0	36,222	34,694
ALBAUTOR	ALBANIA			22		0	0		0	22	29
AMAR	BRAZIL	104	109	101	209	0	1		0	524	929
AMCOS	AUSTRALIA					0	1,927		0	1,927	2,374
AMRA	USA	4,037	16,130	8,057	17,781	0	578		0	46,584	54,963
APA	PARAGUAY			34		0	0		0	34	4
APDAYC	PERU	107	200	109	421	0	98		0	935	137
APRA	AUSTRALIA AND NEW ZEALAND	16,549	31,900	204,272	46,806	0	14,449		0	313,975	269,702
ARMAUTHOR NGO	ARMENIA		0	500	29	0			0	528	1,045
ARTISJUS	HUNGARY	658	645	1,628	1,030	0	60	83	195	4,299	6,393
ASCAP	USA	272,772	405,780	1,316,119	501,884	0	276,282		0	2,772,837	2,946,489
ASDAC	MOLDOVA					0			0	0	0
AUME	AUSTRIA					0	135		766	901	920
AUTODIA	GREECE	3	30	426	41	0		2	0	502	167
BBDA	BURKINA FASO		15	5	39	0			0	58	435
BGDA	GUINEA		0	0	1	0	0		0	1	1
BMI	USA	280,720	372,225	1,199,211	475,540	0	374,404		0	2,702,100	2,791,624
BSCAP	BELIZE					0			0	0	0
BSDA	SENEGAL	27	525	210	469	0	1		0	1,232	1,251
BUBEDRA	BENIN					0			0	0	0
BUMA	THE NETHERLANDS	25,274	21,255	127,411	26,234	0	1,963	1,631	0	203,769	170,491
BUMDA	MALI		82	76	143	0	5		0	306	491
BURIDA	CÔTE D'IVOIRE		2	1	10	0			0	13	43
CASH	HONG KONG	15	26	656	46	0	226		0	970	761
COMPASS	SINGAPORE		3	5,974	7	0	7		0	5,991	2,793
COSCAP	BARBADOS		13	12	31	0	0		0	56	21
COSGA	GHANA		1		1	0	0		0	2	61

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 2020	Total 2019
COSOMA	MALAWI		2		7	0			0	9	
COTT	TRINIDAD AND TOBAGO	52	41	35	28	0	88		0	243	339
EAÜ	ESTONIA	5,461	3,607	11,467	5,998	0	99	188	0	26,820	25,403
ECCO	SAINT LUCIA		0	0	0	0	4		0	5	11
GCA	GEORGIA	14	69	8	209	0			0	299	623
GEMA	GERMANY	74,796	88,526	367,940	106,983	0	24,743	5,085	11,112	679,184	645,494
HDS-ZAMP	CROATIA	85	116	1,975	256	0	19	3	0	2,454	1,292
HMS	SAINT LUCIA					0			0	0	0
IMRO	IRELAND	3,147	5,349	48,875	6,612	0	1,522	294	0	65,799	73,796
IPRS	INDIA	10	35	178	67	0	50		0	341	349
JACAP	JAMAICA	34	43	70	87	0	10		0	243	288
JASRAC	JAPAN	5,602	1,739	78,876	1,733	0	14,725		0	102,674	95,010
KAZAK	KAZAKHSTAN					0			0	0	0
KCI	INDONESIA		2	28	3	0			0	33	9
KODA	DENMARK	72,240	67,438	821,816	87,479	0	52,044	1,341	31,761	1,134,119	970,967
KOMCA	SOUTH KOREA	951	758	1,038	1,719	0	5,277		0	9,744	8,215
LATGA-A	LITHUANIA	91	208	443	382	0	6	2	0	1,132	1,716
MACP	MALAYSIA	2		101	0	0	2		0	105	16
MCPS	UNITED KINGDOM					0	4,970		0	4,970	6,467
MCSC	CHINA	17	34	5,035	71	0	47		0	5,205	6,438
MCSK	KENYA		6	7	17	0	1		0	30	173
MCT	THAILAND			71		0	14		0	85	14
MESAM	TURKEY	2,807	634	607	132	0	12		0	4,192	554
MUSICAUTOR	BULGARIA	377	252	190	250	0	11	5	0	1,085	1,418
MÜST	TAIWAN	105	66	273	115	0	19		0	579	133
NCB	NORDIC COUNTRIES					0			0	0	227
NGO-UACRR	UKRAINE		11	71	19	0			0	102	406
OSA	CZECH	1,106	707	3,315	953	0	251	100	0	6,430	8,248
PRS	UNITED KINGDOM	234,042	467,674	2,533,399	613,113	0	153,236	33,068	55,354	4,089,887	4,295,869
RAO	RUSSIA	15,454	7,500	9,599	6,036	0	107		0	38,696	30,699
SABAM	BELGIUM	8,013	6,330	14,844	8,818	0	2,604	741	0	41,349	35,523
SACEM	FRANCE	101,065	62,669	562,004	93,352	0	39,731	3,033	13,976	875,830	766,815
SACM	MEXICO	3,842	2,321	3,658	1,959	0	435		0	12,215	9,869
SACVEN	VENEZUELA	246	154	209	183	0	8		0	800	227
SADAIC	ARGENTINA	4,072	1,723	3,705	2,025	0	6,911		0	18,436	12,685

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 2020	Total 2019
SADEMBRA	BRAZIL	133	57	4	3	0	1		0	199	198
SAMRO	SOUTH AFRICA	103	2,064	4,177	1,967	0	140		0	8,450	11,563
SAYCO	COLOMBIA	30	100	1,195	198	0	575		0	2,098	947
SAZAS	SLOVENIA	1,701	30	556	89	0	280	1	0	2,657	2,032
SBACEM	BRAZIL	53	94	263	181	0	20		0	611	370
SCD	CHILE	977	348	218	494	0	49		0	2,086	1,388
SESAC	USA	12,873	28,148	94,970	42,708	0	74,437		0	253,137	281,215
SGAE	SPAIN	13,554	8,750	61,445	12,058	0	21,835	432	2,001	120,076	111,202
SIAE	ITALY	36,583	35,223	184,555	39,946	0	11,360	2,866	0	310,533	247,504
SICAM	BRAZIL	0	0	5	3	0	2		0	11	62
SOCAN	CANADA	16,045	31,806	340,000	47,112	0	39,822		0	474,785	368,231
SOCINPRO	BRAZIL	117	54	61	54	0	4		0	289	260
SODRAC	CANADA					0	2,623		0	2,623	2,397
SOKOJ	SERBIA	115	133	1,094	286	0	1		0	1,629	2,017
SOZA	SLOVAKIA	74	69	145	121	0	6		0	414	165
SPA	PORTUGAL	5,305	880	1,220	1,558	0	6	79	0	9,049	6,709
SPACEM	FRENCH POLYNESIA					0			0	0	12
SPACEMF	FRENCH POLYNESIA					0			0	0	0
SON	BOSNIA AND HERZEGOVINA					0	0		0	0	0
STEF	ICELAND	4,119	1,395	14,144	1,464	0	1,293	36	1,016	23,467	26,324
STEMRA	THE NETHERLANDS					0	406		4,853	5,259	5,626
STIM	SWEDEN	962,793	1,602,783	4,488,788	2,041,435	0	1,037,126	13,483	32,301	10,178,709	10,699,360
SUISA	SWITZERLAND	8,046	5,851	14,356	6,817	0	2,415	257	0	37,743	35,240
TONO	NORWAY	30,996	39,021	200,286	56,180	0	7,784	1,984	0	336,252	346,432
UACRR	UKRAINE					0			0	0	0
UBC	BRAZIL	824	1,509	1,282	2,794	0	361		0	6,770	6,565
UCMR-ADA	ROMANIA	165	199	269	397	0	130	2	0	1,162	1,238
UPRS	UGANDA					0	0		0	0	0
VCPMC	VIETNAM	3		8		0	2		0	12	17
ZAIS	POLAND	1,868	1,175	4,255	2,337	0	502	126	0	10,263	26,692
ZAMCOPS	ZAMBIA					0	6		0	6	3
ZAMP	MACEDONIA	4	1	491	22	0	4		0	522	859
ZIMURA	ZIMBABWE		7	3	12	0			0	22	28
Total		2,241,280	3,331,972	12,773,113	4,274,798	0	2,180,156	64,942	153,335	25,019,595	25,487,187

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 2020 Other	Total 2019 Other
GRAMEX (26)										96,849	159,426

(23) Royalties distributed to foreign collective management organisations in December 2019 were paid in 2020. Royalties distributed to foreign collective management organisations in December 2020 were paid in January 2021. 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 2020	Total 2019
ABRAMUS	BRAZIL	0	0	0	0	0	0	0	0
ACUM	ISRAEL	1,933	3,537	296	0	1,579	0	7,345	5,315
AGADU	URUGUAY	20	130	1	0	1,138	0	1,288	0
AEPI	GREECE	0	0	0	0	0	0	0	0
AKKA-LAA	LATVIA	4,088	1,584	24	0	81	396	6,174	7,200
AKM	AUSTRIA	97,277	26,621	1,346	0	0	0	125,243	148,308
APDAYC	PERU	633	192	1,025	374	56	0	2,281	0
APRA	AUSTRALIA AND NEW ZEALAND	4,297	38,948	25,447	0	6,878	0	75,569	65,222
ARMAUTHOR NGO	ARMENIA	0	0	0	0	0	0	0	0
ARTISJUS	HUNGARY	9,257	4,603	187	0	8,049	10,731	32,827	38,508
ASCAP	USA	94,405	39,773	50,355	0	0	0	184,534	194,189
AUTODIA	GREECE	943	0	0	0	0	0	943	248
BMI	USA	20,701	31,851	12,650	0	7,937	0	73,139	48,491
BUMA	THE NETHERLANDS	66,377	31,454	28,013	0	731	0	126,575	117,109
CASH	HONG KONG	0	1,429	240	0	1,217	0	2,886	2,560
COMPASS	SINGAPORE	0	0	0	0	0	0	0	0
EAÜ	ESTONIA	13,254	8,026	0	0	0	0	21,280	42,863
ECCO	SAINT LUCIA	0	0	0	0	0	0	0	0
GCA	GEORGIA	102	123	0	0	120	0	344	0
GEMA	GERMANY	247,121	347,221	147,287	0	22,375	148,217	912,221	984,992
HDS-ZAMP	CROATIA	0	859	0	0	1,277	0	2,136	2,381
IMRO	IRELAND	5,354	3,548	702	124	540	0	10,267	6,587
IPRS	INDIA	0	1	0	0	107	0	108	3
JACAP	JAMAICA	28	5	0	0	9	0	43	0
JASRAC	JAPAN	30,708	49,642	26,038	0	3,432	0	109,821	70,619
KAZAK	KAZAKHSTAN	0	0	0	0	0	0	0	0
KODA	DENMARK	34,915	27,761	15,145	0	1,994	554	80,370	97,263
KOMCA	SOUTH KOREA	359	3,473	11,037	0	716	0	15,585	25,548
LATGA-A	LITHUANIA	2,502	7,370	0	0	0	0	9,872	7,978
MACP	MALAYSIA	0	0	173	0	0	0	173	984
MCSC	CHINA	0	350	0	0	6,105	0	6,455	4,161
MESAM	TURKEY	0	183	1,838	0	0	0	2,022	963
MUSICAUTOR	BULGARIA	0	0	0	0	0	0	0	3,454

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 2020	Total 2019
MÜST	TAIWAN	0	0	3,344	0	413	0	3,757	3,845
NGO-UACRR	UKRAINE	0	0	0	0	0	0	0	1,017
OSA	CZECH	2,121	2,556	1,096	0	659	3	6,435	46,209
PRS	UNITED KINGDOM	45,887	173,307	143,944	0	34,341	0	397,478	273,314
RAO	RUSSIA	0	0	0	0	0	0	0	16,375
SABAM	BELGIUM	42,071	97,737	14,029	0	0	0	153,836	42,166
SACEM	FRANCE	34,157	90,844	35,150	0	20,773	0	180,924	205,637
SACM	MEXICO	581	1,151	7,122	0	139	0	8,993	3,672
SADAIC	ARGENTINA	4,098	1,299	969	0	9	0	6,375	2,239
SAMRO	SOUTH AFRICA	17	1,684	10	0	0	0	1,712	4,968
SAYCO	COLOMBIA	0	18	0	0	1,340	0	1,358	628
SAZAS	SLOVENIA	3,187	3,509	61	0	0	0	6,756	9,479
SCD	CHILE	7	384	0	19	1,661	0	2,070	2,544
SESAC	USA	0	1,580	0	0	12	0	1,592	14,060
SGAE	SPAIN	55,877	19,886	8,533	0	0	0	84,295	67,120
SIAE	ITALY	50,242	59,924	17,247	0	-316	0	127,097	0
SOCAN	CANADA	2,809	52,043	20,784	0	935	0	76,571	56,686
SOKOJ	SERBIA	327	8,812	6	0	3	0	9,148	14,212
SOZA	SLOVAKIA	1,038	8,396	27	0	0	0	9,461	15,405
SPA	PORTUGAL	2,600	1,334	16	0	149	0	4,098	6,777
STEMRA	THE NETHERLANDS	0	0	0	0	0	0	0	-1
STIM	SWEDEN	20,624	150,684	194,594	6,712	7,941	0	380,555	628,746
SUISA	SWITZERLAND	72,552	58,257	7,775	0	4,463	0	143,047	92,670
TONO	NORWAY	47,678	46,038	11,061	0	-509	370	104,639	142,549
UBC	BRAZIL	588	2,593	1,806	0	1,932	0	6,920	13,756
UCMR-ADA	ROMANIA	2,536	3,434	171	0	10,467	0	16,608	19,611
VCPMC	VIETNAM	0	0	0	0	0	0	0	0
ZAIS	POLAND	8,190	7,980	1,501	0	2,626	1	20,298	31,866
ZAMP	MACEDONIA	0	496	0	0	0	0	496	289
Total		1,031,460	1,422,628	791,051	7,229	151,378	160,274	3,564,020	3,590,784

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 2019	Total 2020
KOPIOSTO (28)			1,854,635		87,678			1,942,312	1,961,567

(24) Based on the distribution amounts reported by foreign collective management organisations in 2020. The actual payment to Teosto may take place later. (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 2020, FUNDS FOR CULTURAL CONTRIBUTIONS WERE TRANSFERRED TO THE TEOSTO FUND IN THE AMOUNT OF €2,556,981 AND USED AS FOLLOWS: (30), (31), (32), (33)

CULTURAL CONTRIBUTIONS	2020	2019
MEMBER ORGANISATIONS		
Finnish Music Creators' Association	267,246	237,246
The Society of Finnish Composers	210,634	206,504
The Finnish Music Publishers Association	210,634	206,504
INTERNATIONAL PUBLIC AFFAIRS		
ECSA	15,000	15,000
ICMP	3,664	4,080
ECSA event support	3,000	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	30,000
The Malmsten Foundation	40,000	30,000
The 25th Anniversary Fund of Music Publishers	40,000	30,000
The Commission Grant Committee	50,000	50,000
MUSIC PROMOTION		
Music Finland	232,000	232,000
Finnish Music Foundation (MES)	232,300	216,500
Coronavirus financial support (34)	550,578	0
Other (35)	218,349	133,091
TOTAL USE OF CULTURAL CONTRIBUTIONS	2,119,406	1,396,925
Transfer of cultural contributions to the reserve fund	437,575	1,620,980
CULTURAL CONTRIBUTIONS TOTAL	2,556,981	3,017,905
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 €2,556,981. This amount was transferred to the Teosto Fund. Of the total amount, €2,119,406 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.

(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 2020, the rate of deduction was 6.0% of the distributed performing right royalties. The accrued funds are transferred to a self-financed reserve fund and Teosto's Board of Directors decides on their use.

(34) To compensate for rights revenue that rightsholders have lost due to the coronavirus pandemic, Teosto's General Meeting decided to grant €1 million out of cultural contributions as support for Teosto's rightsholder members. Nearly 1,300 support applications were submitted and the criteria for receiving financial support were met by slightly more than 800 applicants. Support granted was paid through the funds and foundations of Teosto's member organisations at the beginning of December, with the amounts ranging from €300 to €10,000. The total amount of coronavirus financial support granted was €542,500.

(35) In the "Other" category, funds in the reserve were used in 2020 for purposes including support for the promotion of Finnish music, the Teosto Prize and Teosto's cultural ambassador activities.

OTHER INFORMATION

Information on refusals (1.c.)

In 2020, Teosto did not refuse to grant licenses for the use of music in the areas of use it has the mandate to grant licenses 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 (recreational housing company)

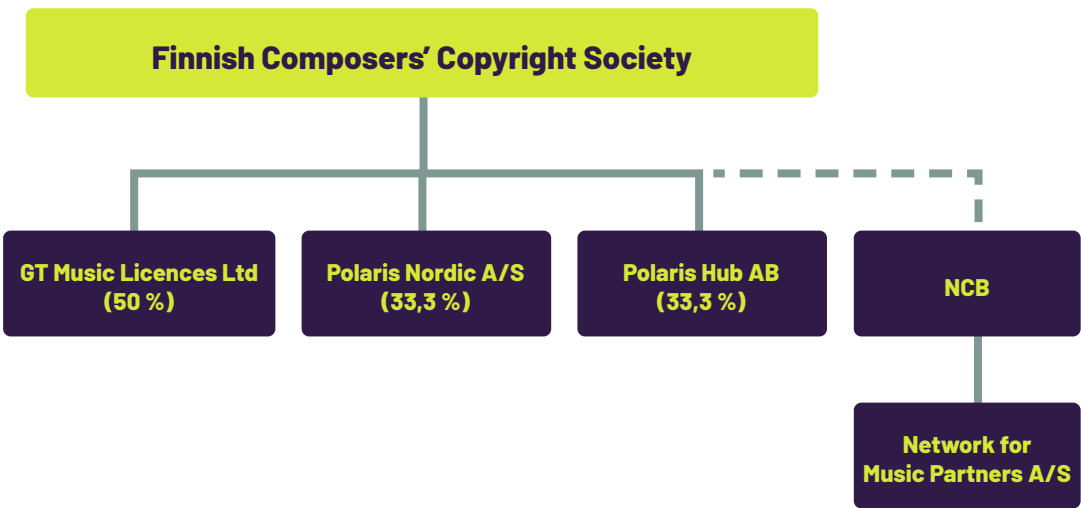
Teosto is a member of the Copyright Information and Anti-Piracy Centre and holds a seat on its Board of Directors.

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 2020, the total remuneration of the Chairman of the Board of Directors, the members of the Board and the CEO amounted to €351,135. 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.) (35)



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 758 members. Teosto also has institutional members including, among others, the Society of Finnish Composers, 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.

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

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.

TEOSTO'S OPERATIONS

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.

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 organisations in various countries.

Most significant events in 2020

The global coronavirus pandemic caused a significant decrease, approximately 9.1%, in Teosto's revenue. Comparable revenue decrease (excluding the €2.2 million item recognised as revenue on the basis of the legal proceedings with the Finnish broadcasting company MTV) was 12.1%. The area that was hit hardest was event licensing: concert revenue, for instance, decreased by approximately 84%.

Comparable revenue related to commercial TV and radio and background music also decreased significantly compared to the previous year. Online revenue continued to increase.

On 12 August 2020, Teosto's General Meeting decided to grant €1 million out of cultural contributions as support to compensate for financial losses that Teosto's rightsholder members have suffered due to the coronavirus pandemic. A total of 1,271 support applications were submitted and the criteria for receiving financial support were met by 824 applicants. Support granted was paid through the funds and foundations of Teosto's member organisations at the beginning of December, with the amounts ranging from €300 to €10,000. The total amount of coronavirus financial support granted was €542,500.

The coronavirus pandemic caused a lot of additional work especially in member services due to member inquiries and license changes. It also introduced a major change in the ways of working as the entire work community switched to remote work in March. Despite this, business continuity was secured and productivity and well-being at work remained at the normal level. We also managed to organise Teosto-Akatemia (Teosto Academy) training programmes and other planned competence development activities, with arrangements adapted to the exceptional circumstances.

The sudden significant decrease in revenue made it necessary to assess our operational structure and adjust our costs. The employee-employer cooperation negotiations that were carried out for the entire personnel towards the end of the year enabled us to find solutions for both short-term adjustments and long-term structural changes. As a whole, we managed to reduce our operating expenses by approximately 9.6% in 2020.

Despite the coronavirus pandemic, Teosto continued to invest in digital services in 2020. The single most significant investment was the continuation of the development of Teosto's web services. We also worked actively to otherwise shift the focus of Teosto's services to the web. We turned all

member events into webinars and also launched new digital member guidance webinars. We continued the preliminary analysis on the distribution and reporting system renewal in cooperation with the Danish copyright organisation Koda.

Progress was achieved in the dispute between Teosto and the Finnish broadcasting company MTV concerning fees for audiovisual services. In its ruling of 29 November 2019, the Market Court upheld a major part of Teosto's demands and confirmed the legitimacy of Teosto's fee schedule for free TV channels. MTV was ordered to pay additional royalties to Teosto rightsholders for 2017 and 2018, totalling €1.7 million, as well as to pay €600,000 in Teosto's legal costs.

After the Market Court's ruling, both parties applied for leave to appeal to the Supreme Court. Teosto applied for leave to appeal because the ruling, despite being mainly in favour of Teosto, still left certain key questions unanswered. The Market Court agreed with MTV's position with regard to channels subject to a fee and did not confirm the fees for video on demand services. On 18 November 2020, the Supreme Court denied both parties' applications for leave to appeal, with the exception of MTV's claim regarding the partial refund of royalties paid for pay-TV in 2017 and 2018, which is still being processed in the Supreme Court. The Supreme Court's decision on leave to appeal means that the Market Court's ruling regarding royalties associated with freely receivable channels is final and we can include the additional royalties paid by MTV in the result for 2020.

In April 2020, Teosto signed a tenancy agreement for premises in Keilaniemi, Espoo, and will move into the same premises 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 and the achievement of savings in lease expenses. The move takes place in March 2021.

In the end, the year 2020 turned out to be favourable for investment activities. After the strong decline in the spring, share prices turned into an upwards trend, driven by good

liquidity. In addition to shares, alternative investments yielded good profits and the returns for Teosto's portfolios were approximately 5.9% (Finnish Composers' Copyright Society Teosto) and 7.7% (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 Teosto's General Meeting during 2021.

In April 2020, Teosto sold its 48.65% minority holding in Mind Your Rights Oy to the German company NK Digital Solutions GmbH. The company focuses on streamlining and developing the exchange of international live music reporting information. After the transaction, Teosto has no holding in Mind Your Rights Oy.

In 2020, Teosto's activities to supervise the interests of music authors focused on the situation caused by the sudden outbreak of the coronavirus pandemic and the position of the culture and music industry during the crisis. The music industry joined forces quickly and established contacts with key ministries and the Finnish Parliament. Music Finland maintained an overview of the situation in the industry and

in April, the music industry submitted its proposal for the crisis and recovery package. At the same time, advocacy work was carried out as part of the Lyhty (Luovan alan tekijät ja yrittäjät) project, especially with regard to key legislative projects and music authors' unemployment security. Activities included, for instance, a petition on unemployment security that was handed over to the Minister of Social Affairs and Health in summer 2020.

The situation in the music industry was also discussed in the Music & Media event's extensive decision-maker panel discussion organised in autumn 2020. Teosto published several statements during the year and exercised influence in different fields, such as the allocation of the EU's COVID-19 support package and Finland's state budget proposal for 2021. Teosto's cultural ambassador activities also continued through digital webinars despite the coronavirus pandemic.

The most significant of the ongoing legislative projects is the EU's Copyright Directive (DSM). Its implementation in Finland proceeded slowly. In this context, Teosto communicated with the people doing preparatory work at the ministry and published blogs and articles. The reform of the private copying compensation system was also promoted by maintaining close contact with reform preparers at the ministry and proposing different solution models.

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 coronavirus pandemic will influence Teosto's operations also in 2021. It is uncertain how much of an impact the exceptional circumstances in society caused by the pandemic will have on Teosto's licensing income in 2021.
- In February 2021, Teosto's postponed Annual General Autumn Meeting made a decision on so-called "coronavirus financial support II" as part of the cultural contributions budget. The maximum support amount is €500,000 with intended payment in early summer 2021. The support mechanism is subject to the approval of Teosto's Annual General Spring Meeting in May 2021.
- New EU-level market changes will affect Teosto's licensing revenue for cross-border online services when the shift to repertoire-based licensing progresses further.
- The use of so-called catalogue music has increased in background music and TV broadcasts. This has a negative impact on Teosto's licensing revenue in these market areas.
- The potential expansion of international direct repertoire licensing to new areas of use, such as audiovisual content, 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 2020 in accordance with the Act on the Collective Management of Copyright in May 2021.

Investments are expected to remain on a par with the previous year. The distribution and reporting system renewal that is currently under a preliminary analysis would increase investments significantly over several years.

PROFIT AND LOSS STATEMENT

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

BALANCE SHEET

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

BALANCE SHEET

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

CASH FLOW STATEMENT

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

NOTES TO THE FINANCIAL STATEMENTS

1 ACCOUNTING PRINCIPLES

Entering performing right and mechanical reproduction royalty revenue as income

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

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

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

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

Valuation and depreciation and intangible and tangible assets

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

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

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

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

Valuation of investment assets

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

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

Profit and loss statement by activity

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

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

*Excluding self-financed reserve

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

2 NOTES TO THE PROFIT AND LOSS STATEMENT

ROYALTIES COLLECTED BY TEOSTO

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

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

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

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

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

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

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

PROPOSAL FOR DISTRIBUTION TO RIGHTSHOLDERS

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

SIGNATURES TO THE ANNUAL REPORT AND FINANCIAL STATEMENTS

Helsinki 10 March 2021

Kim Kuusi

Chairman of the Board of Directors

Risto Salminen

CEO

Antti Auvinen

Saara Konttinen

Jiri Kuronen

Tommi Tuomainen

Kaija Kärkinen

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

Helsinki

KPMG Oy Ab

Heidi Vierros

Authorised Public Accountant

LIST OF ACCOUNTING BOOKS AND DOCUMENT TYPES USED

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

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

DOCUMENTATION PERTAINING TO THE NOTES TO THE FINANCIAL STATEMENTS

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

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 2020. 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, design and perform 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, 9 April 2021

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 2020.

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 includes a total of five categories of rights, which were defined at Teosto's General Meeting in spring 2017.

The category-specific information used in transparency reporting was collected manually from the 2020 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 Soile Taavitsainen, Distribution Service Manager Päivi Koskimaa 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 2020 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 2020.
- 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 only transactions in 2019 and 2020. In addition, the transparency report presents amounts distributed in 2020 by category of rights and the year of collection, itemised in such a way that the amounts collected in 2018 also include the amounts collected in previous years.
3. The royalty revenue for 2020 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 2020 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.
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.

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, 12 April 2021

KPMG OY AB

Heidi Vierros

Authorised Public Accountant

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