

TEOSTO

2022 FINANCIAL STATEMENT

COMPOSER **SAULI ZINOVJEV**, TEOSTO MEMBER SINCE 2009

TABLE OF CONTENTS

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

PROFIT AND LOSS STATEMENT

	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
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Valuation of investment assets

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

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

	2022	2021
2 NOTES TO THE PROFIT AND LOSS STATEMENT		
ROYALTIES COLLECTED BY TEOSTO		
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 + 0:/ drive
Journal and general ledger		electronically: Wintime, Painter reports
Accounts ledger itemisations	MSV, MS, MSP, OM	electronically
Bank receipts	KKA	electronically: Nomentia and 0:/ 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, 0:/ 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