

PAITSI KELLO

TEOSTO

2024 TRANSPARENCY REPORT

TABLE OF CONTENTS

INTRODUCTION	3
REVENUE AND EXPENSES	4
ROYALTIES DISTRIBUTED AND FUNDS DUE TO RIGHTHOLDERST	6
RELATIONSHIPS WITH OTHER COLLECTIVE MANAGEMENT ORGANISATIONS	10
SPECIAL REPORT ON SOCIAL, CULTURAL AND EDUCATIONAL SERVICES	16
REFUSALS	17
INFORMATION ON ENTITIES THAT ARE OWNED BY TEOSTO	17
SALARIES, FEES AND OTHER BENEFITS OF THE BOARD MEMBERS AND THE CEO	17
LEGAL AND ADMINISTRATIVE STRUCTURE	17
ANNUAL REPORT AND FINANCIAL STATEMENTS	18

This transparency report must be retained until 31 December 2034.
Finnish Composers' Copyright Society Teosto
Business ID: 0117040-7

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 2024 as referred to in the Annex to the Directive. An auditor's report has been issued on the transparency report and the financial information related to it. The auditor's report is included as an appendix to the transparency report.

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 of rights	Types of use
Performance	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 Lending compensation

TERMINOLOGY RELATED TO THE MANAGEMENT OF COPYRIGHT ROYALTIES

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

REVENUE AND EXPENSES ⁽¹⁾

TABLE 1: REVENUE AND EXPENSES

References are described on the following pages.

	REVENUE FROM DAY-TO-DAY OPERATIONS (2), (6), (16)		OTHER INCOME (2), (4)		OPERATING COSTS (3), (4), (5), (7), (25)		COST% (8)		CULTURAL CONTRIBUTIONS (7), (9), (25)		DISTRIBUTABLE AMOUNT FOR THE PERIOD (10)		TOTAL DISTRIBUTABLE AMOUNT (11), (17)	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
TV ⁽¹²⁾	22,075,835	22,236,533	901,085	516,442	-3,695,954	-3,906,512	16.7%	17.6%	-1,156,858	-1,130,788	18,124,109	17,715,676	19,493,202	18,912,192
Radio	10,149,050	9,849,274	435,328	244,781	-1,663,148	-1,743,781	16.4%	17.7%	-535,274	-501,016	8,385,957	7,849,257	10,449,642	9,793,578
TV and radio total	32,224,886	32,085,807	1,336,413	761,223	-5,359,102	-5,650,293	16.6%	17.6%	-1,692,131	-1,631,804	26,510,065	25,564,933	29,942,844	28,705,770
Concerts and other events	14,848,825	12,247,092	596,965	301,977	-2,658,341	-2,486,384	17.9%	20.3%	-767,247	-603,761	12,020,202	9,458,923	11,013,291	8,872,885
Background music	11,786,724	11,100,055	506,209	276,387	-2,843,375	-2,830,992	24.1%	25.5%	-566,973	-512,727	8,882,584	8,032,723	9,838,133	8,670,708
Public performance total	26,635,548	23,347,147	1,103,174	578,364	-5,501,716	-5,317,377	20.7%	22.8%	-1,334,220	-1,116,488	20,902,786	17,491,646	20,851,424	17,543,592
Online, AV	8,438,416	8,509,869	0	0	-843,842	-850,987	10.0%	10.0%	-318,972	-321,673	7,275,602	7,337,209	5,944,574	6,371,442
Online, audio ⁽¹³⁾	12,258,848	10,950,161	0	0	-1,153,083	-936,302	9.4%	8.6%	-410,114	-330,286	12,258,848	10,950,161	12,363,146	11,003,437
Internet total	20,697,264	19,460,029	0	0	-1,996,925	-1,787,289	9.6%	9.2%	-729,086	-651,959	19,534,450	18,287,369	18,307,720	17,374,879
Reproduction and synchronisation ⁽¹⁴⁾	761,278	823,416	0	0	-142,359	-153,979	18.7%	18.7%	0	0	618,919	669,437	440,362	448,620
OUT OF CATEGORY														
Compensation for private copying	1,132,286	1,218,443	0	0	-197,018	-209,572	17.4%	17.2%	0	0	935,268	1,008,871	935,268	1,008,871
Compensation for private copying – collective share ⁽¹⁵⁾	922,696	961,140	0	0	0	0			0	0	0	0	0	0
Remuneration for public lending	460,941	485,877	0	0	-90,805	-90,859	19.7%	18.7%	0	0	370,136	395,018	370,136	395,018
	82,834,898	78,381,860	2,439,587	1,339,587	-13,287,925	-13,209,369			-3,755,437	-3,400,252	68,871,624	63,417,274	70,847,756	65,476,750
ALSO IN THE PROFIT AND LOSS STATEMENT														
Performing right royalties from abroad	4,804,243	3,839,612	0	0	-106,663	-113,296	2.2%	3.0%	0	0	4,697,580	3,726,315	4,697,580	3,726,315
Rebroadcasting (Nacka) TV Finland	129,939	111,016	0	0	-6,497	-5,551	5.0%	5.0%	0	0	123,442	105,465	123,442	105,465
Gramex performance and reproduction	237,524	194,346	0	0	0	0			0	0	237,524	194,346	237,524	194,346
NCB	1,197,247	1,288,657	0	0	0	0			0	0	1,197,247	1,288,657	1,092,949	1,235,381
NMP / Online from abroad														
Online, audio –expenses ⁽¹³⁾					1,153,083	936,302								
	89,203,852	83,815,490	2,439,587	1,339,587	-12,248,002	-12,391,914	13.4%	14.6%	-3,755,437	-3,400,252	75,127,418	68,732,058	76,999,251	70,738,257

Table column content

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

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

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

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

(4) Operating and financial costs related specifically to rights management, see footer 3. Income arising from the investment of rights revenue (Other income) is presented as net income. Expenses related to the management of investment activities totalled EUR 370,051. 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 expense percentage for each type of use presented here is the average expense 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 expense percentage. (2.b.vi.)

(9) Funds have been deducted for cultural contributions at a rate of 6.0% after the deduction of operating costs. The following types of use constitute exceptions to this rate: Online, AV (rate of deduction 4.2%) and Online, audio (rate of deduction 3.3%). The lower rates applied to online uses are due to the fact that online royalties also include mechanical reproduction royalties, which are not subject to the deduction of funds for cultural contributions. (2.b.vi.)

(10) Total amount attributed to rightholders from rights revenue in 2024, with a breakdown per category of rights managed and type of use (2.c.i.)

(11) Total amount attributed to rightholders in 2024, 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 expense percentage is 10%. Teosto has recognised the revenue on an accrual basis but expenses only for the distributed amounts, which is why the expense percentage shown here is 9.4%. The commissions received by Teosto from NMP are treated as cost adjustments in the financial statements. The amount shown here is the expenses for the Online, audio area before adjustment (EUR 1,153,083) and the corresponding amount is presented as an adjustment item before the total expenses amount.

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

(15) Transferred to be used for the promotion of creative musical art through various organisations (Finnish Music Foundation, etc.) in 2025.

(16) Total amount collected but not yet attributed to rightholders for the financial year 2024. (2.c.iv)

(17) Total amount attributed to rightholders but not yet distributed for the financial years 2021–2024. In addition to the distributable amount for the period (EUR 75,127,418), the amount includes the reversal of provisions for the previous financial years, totalling EUR 1,871,833. 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

	2024	2023
Revenue from day-to-day operations	89,203,852	83,815,490
Total distributable amount	76,999,251	70,738,257
Distributed amounts (18)	67,608,140	65,941,046
Paid amounts (19)	68,814,353	65,365,346

	2024	2023
DISTRIBUTED BUT NOT YET PAID		
Foreign collective management organisations (20)	121,487	82,598
Teosto's rightholders (21)	1,980,912	2,187,280
TOTAL	2,102,399	2,269,878

	COLLECTION YEAR			TOTAL	
ATTRIBUTED BUT NOT YET DISTRIBUTED	2024	2023	2022 or earlier	2024	2023
Category of rights/Type of use					
Concerts and other events	9,610,678	86,079	0	9,696,757	8,301,153
Background music	7,452,478	0	0	7,452,478	6,628,556
Public performance total	17,063,156	86,079	0	17,149,235	14,929,708
TV	13,206,810	0	0	13,206,810	12,417,901
Radio	6,230,494	0	0	6,230,494	6,047,855
Radio and TV total	19,437,304	0	0	19,437,304	18,465,756
Online, audio	5,136,095	1,277,188	2,304,537	8,717,820	8,464,701
Online, AV	5,072,215	572,670	0	5,644,886	6,866,771
Internet total	10,208,310	1,849,858	2,304,537	14,362,706	15,331,471
Copying and synchronisation	431,420	0	0	431,420	447,694
Lending compensation	8,425	9,163	0	17,588	9,163
Compensation for private copying	945,294	0	0	945,294	1,018,897
Areas that are not covered by the categories of rights, total	953,720	9,163	0	962,882	1,028,059
Gramex royalties	61,236	0	0	61,236	51,224
Rebroadcasting of Finnish TV channels	123,442	0	5,407	128,849	0
Other	184,678	0	5,407	190,085	51,224
TOTAL	48,278,588	1,945,100	2,309,944	52,533,632	50,253,912
Performing right royalties from abroad	1,938,789	130,911	530,024	2,599,724	1,887,178
Subject to clearance and non-members (22)	2,225,183	2,136,815	1,898,950	6,260,948	6,148,419
Withheld (22)	242,861	155,882	1,079,510	1,478,253	1,408,299
TOTAL	52,685,422	4,368,707	5,818,428	62,872,557	59,697,808

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

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

(20) Amounts distributed to foreign collective management organisations but not yet paid.

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

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

DISTRIBUTION

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

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

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

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

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

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

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

DISTRIBUTED AMOUNTS

TABLE 4: DISTRIBUTED AMOUNTS

		COLLECTION YEARS FOR AMOUNTS DISTRIBUTED IN 2024			DISTRIBUTED TOTAL	
		2024	2023	2022 or earlier	Total 2024	Total 2023
AMOUNTS RECEIVED AND DISTRIBUTED FROM FINLAND						
Category of rights	Type of use					
Performance	Concerts and other events	1,375,635	6,380,307	32,854	7,788,797	7,936,731
	Background music	2,272,860	8,126,214	46,528	10,445,603	8,635,617
Public performance total		3,648,496	14,506,522	79,382	18,234,399	16,572,348
Radio and TV	TV	5,887,984	11,593,764	125,898	17,607,646	19,683,675
	Radio	4,001,755	5,876,362	93,552	9,971,669	10,037,019
Radio and TV total		9,889,739	17,470,126	219,450	27,579,315	29,720,694
Internet	Online, audio	8,699,297	2,108,040	27,251	10,834,588	8,664,671
	Online, AV	0	5,776,356	19,359	5,795,715	4,368,896
Internet total		8,699,297	7,884,396	46,610	16,630,303	13,033,567
Reproduction and synchronisation		0	341,205	10,855	352,060	379,412
Areas that are not covered by the categories of rights	Lending compensation	349,234	0	946	350,179	379,949
	Compensation for private copying	0	1,001,805	2,531	1,004,336	1,086,424
Areas that are not covered by the categories of rights, total		349,234	1,001,805	3,477	1,354,515	1,466,374
TOTAL		22,586,766	41,204,054	359,774	64,150,594	61,172,394
AMOUNTS RECEIVED AND DISTRIBUTED FROM ABROAD						
	Performing right royalties	2,374,966	1,468,176	26,193	3,869,334	3,479,994
	Reproduction royalties (24)	1,197,247			1,197,247	1,288,657
Total		3,572,213	1,468,176	26,193	5,066,581	4,768,652
DISTRIBUTED AMOUNTS, TOTAL		26,158,978	42,672,230	385,967	69,217,175	65,941,046

(24) Total amount of 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 (25), (26)

ORGANISATION	COUNTRY	PERFORMANCE		TV AND RADIO		INTERNET		AREAS THAT ARE NOT COVERED BY THE CATEGORIES OF RIGHTS		TOTAL	
		CONCERTS AND OTHER EVENTS	BACK-GROUND MUSIC	TV	RADIO	ONLINE AV	REPRODUCTION	LENDING COMPENSATION	COMPENSATION FOR PRIVATE COPYING	Total 2024	Total 2023
ABRAMUS	BRAZIL	142	396	510	520	294	0	0	0	1,861	2,653
ACDAM	CUBA	42	77	37	112	78	0	0	0	348	811
ACUM	ISRAEL	1,521	657	14,203	1,227	1,941	32	0	0	19,582	18,644
AGADU	URUGUAY	0	7	1,553	15	49	0	0	0	1,625	420
AKKA/LAA	LATVIA	2,116	1,049	4,418	1,563	11	36	0	0	9,194	13,023
AKM	AUSTRIA	8,092	7,132	98,245	9,513	4,858	0	0	0	127,839	81,870
ALBAUTOR	ALBANIA	0	1	495	2	2	47	0	0	546	70
AMAR	BRAZIL	225	73	298	54	3	20	0	0	673	331
AMCOS	AUSTRALIA	0	0	0	0	7,450	0	0	0	7,450	2,335
AMRA	USA	1,880	18,891	4,137	15,602	1,585	0	0	0	42,095	47,014
AMUS	BOSNIA AND HERZEGOVINA	0	0	0	0	0	0	0	0	0	192
ANCO	MOLDOVA	0	2	968	1	0	16	0	0	986	1,410
APDAYC	PERU	8	35	12	41	173	0	0	0	269	245
APRA	AUSTRALIA AND NEW ZEALAND	20,963	42,650	403,698	46,485	74,113	0	0	0	587,909	489,736
ARMAUTHOR-NGO	ARMENIA	4	30	475	77	0	44	0	0	629	606
ARTISJUS	HUNGARY	937	1,052	1,091	1,665	199	57	0	177	5,177	5,999
ASCAP	USA	297,132	537,986	1,060,091	587,025	740,793	0	43	0	3,223,070	3,297,839
AUME	AUSTRIA	0	0	0	0	116	0	0	1,221	1,337	765
AUTODIA	GREECE	196	385	35	247	60	0	0	0	923	990
BBDA	BURKINA FASO	97	4	0	5	0	0	0	0	106	247
BMI	USA	312,263	558,019	949,815	605,108	889,941	0	1	0	3,315,146	3,305,602
BSDA	SENEGAL	1	146	65	275	11	0	0	0	497	773
BUMA	NETHERLANDS	13,597	29,787	101,378	37,733	4,639	0	169	0	187,302	173,800
BUMDA	MALI	17	87	20	204	6	0	0	0	333	300
CASH	HONG KONG	7	55	1,019	130	169	0	0	0	1,379	1,595
COMPASS	SINGAPORE	22	27	2,691	78	94	0	0	0	2,912	3,154
COTT	TRINIDAD AND TOBAGO	2	29	184	65	130	0	0	0	410	383
EAÜ	ESTONIA	4,779	3,555	1,1618	6,903	87	137	306	0	27,384	29,082
GCA	GEORGIA	65	30	95	15	0	0	0	0	205	298
GEMA	GERMANY	76,163	113,976	323,097	143,050	35,769	7,600	396	9,375	709,426	799,147
HDS-ZAMP	CROATIA	208	271	6,130	474	44	191	0	0	7,319	5,715
IMRO	IRELAND	5,995	13,686	88,395	12,165	7,516	0	0	0	127,757	121,290
IPRS	INDIA	5	234	257	601	196	0	0	0	1,293	511

DISTRIBUTIONS TO OTHER COLLECTIVE MANAGEMENT ORGANISATIONS

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

ORGANISATION	COUNTRY	PERFORMANCE		TV AND RADIO		INTERNET		AREAS THAT ARE NOT COVERED BY THE CATEGORIES OF RIGHTS		TOTAL	
		CONCERTS AND OTHER EVENTS	BACK-GROUND MUSIC	TV	RADIO	ONLINE AV	REPRODUCTION	LENDING COMPENSATION	COMPENSATION FOR PRIVATE COPYING	Total 2024	Total 2023
JACAP	JAMAICA	30	74	18	80	23	0	0	0	226	166
JASRAC	JAPAN	10,672	2,483	45,558	2,238	13,727	40	0	0	74,719	117,919
KODA	DENMARK	91,544	81,040	910,552	96,554	94,617	12,141	21	37,163	1,323,633	1,543,417
KOMCA	SOUTH KOREA	7,326	5,413	15,648	14,274	8,907	0	0	0	51,567	71,741
LATGA-A	LITHUANIA	378	381	9,985	602	2	17	0	0	11,364	2,717
MCPS	UNITED KINGDOM	0	0	0	0	33,198	0	0	0	33,198	17,725
MCSC	CHINA	59	48	473	30	116	0	0	0	726	1,447
MCSK	KENYA	2	61	6	181	0	0	0	0	249	37
MCT	THAILAND	0	18	34	57	64	0	0	0	173	139
MESAM	TURKEY	169	143	373	149	102	110	0	0	1,045	939
MSG	TURKEY	0	24	149	42	612	0	0	0	827	429
MUSICAUTOR	BULGARIA	466	156	1,254	189	12	0	0	0	2,076	1,391
NCB	NORDIC COUNTRIES	0	0	0	0	0	0	0	0	0	1,255
NCIP	BELARUS	0	0	0	0	0	0	0	0	0	717
NGO-UACRR	UKRAINE	970	260	2,321	127	0	227	0	0	3,905	4,273
OSA	CZECH REPUBLIC	2,242	900	6,556	1,014	767	23	0	0	11,501	14,394
PRS	UNITED KINGDOM	552,296	640,483	2,984,582	753,764	520,892	0	105	50,601	5,502,724	4,949,089
RAO	RUSSIA	11,932	7,593	5,784	7,164	6,904	58	0	0	39,435	40,780
SABAM	BELGIUM	11,473	12,128	36,732	13,916	5,177	881	0	0	80,307	94,118
SACEM	FRANCE	86,644	70,821	715,229	94,698	119,353	11,535	685	15,086	1,114,052	1,218,554
SACM	MEXICO	2,902	2,781	2,447	3,812	1,817	0	0	0	13,759	16,755
SACVEN	VENEZUELA	92	87	17	130	9	0	0	0	335	483
SADAIC	ARGENTINA	1,723	1,154	1,289	2,081	4,754	146	0	0	11,147	13,766
SAMRO	SOUTH AFRICA	925	5,166	1,327	4,218	807	0	0	0	12,443	15,481
SAYCO	COLOMBIA	193	159	191	357	675	0	0	0	1,575	1,389
SAZAS	SLOVENIA	54	119	1,930	244	65	36	0	0	2,449	1,099
SBACEM	BRAZIL	217	130	96	182	48	1	0	0	674	785
SCD	CHILE	35	143	276	373	179	0	0	0	1,006	1,150
SESAC	USA	17,811	46,264	190,803	51,528	166,910	168	0	0	473,484	482,840
SGAE	SPAIN	18,603	14,485	203,587	20,829	25,902	777	0	3,334	287,517	198,909
SIAE	ITALY	35,886	44,380	152,417	58,562	17,213	1,410	0	0	309,869	432,464
SOCAN	CANADA	31,772	53,848	402,575	61,698	122,636	0	0	0	672,529	846,626
SOCINPRO	BRAZIL	34	32	27	38	12	0	0	0	145	278
SODRAC	CANADA	0	0	0	0	2,649	0	0	0	2,649	2,710

DISTRIBUTIONS TO OTHER COLLECTIVE MANAGEMENT ORGANISATIONS

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

		PERFORMANCE		TV AND RADIO		INTERNET		AREAS THAT ARE NOT COVERED BY THE CATEGORIES OF RIGHTS		TOTAL	
ORGANISATION	COUNTRY	CONCERTS AND OTHER EVENTS	BACK-GROUND MUSIC	TV	RADIO	ONLINE AV	REPRODUCTION	LENDING COMPENSATION	COMPENSATION FOR PRIVATE COPYING	Total 2024	Total 2023
SOKOJ	SERBIA	197	251	644	523	33	3	0	0	1,650	1,111
SOZA	SLOVAKIA	24	38	403	59	8	0	0	0	532	1,500
SPA	PORTUGAL	4,980	1,744	1,358	2,479	37	28	0	0	10,626	8,679
STEF	ICELAND	2,005	1,506	18,835	1,744	3,185	310	0	1,133	28,718	44,507
STEMRA	NETHERLANDS	0	0	0	0	940	0	0	3,128	4,069	3,870
STIM	SWEDEN	1,363,787	2,219,463	4,253,356	2,542,651	2,519,800	82,780	6,629	20,555	13,009,020	12,867,948
SUISA	SWITZERLAND	9,047	8,415	19,956	11,780	3,755	699	0	0	53,651	66,555
TONO	NORWAY	26,968	62,047	235,656	66,078	19,912	2,091	175	0	412,927	396,384
UBC	BRAZIL	1,442	2,616	7,091	5,156	943	66	0	0	17,313	11,927
UCMR-ADA	ROMANIA	43	396	375	580	99	35	0	0	1,528	2,593
UNISON	SPAIN	14	8	0	11	86	0	0	0	119	199
WAMI	INDONESIA	72	7	69	15	58	0	0	0	222	192
VCPMC	VIETNAM	0	1	12	1	38	0	0	0	52	168
ZAIS	POLAND	3,042	1,702	8,484	2,884	4,805	2,443	0	0	23,360	52,365
ZAMP	NORTH MACEDONIA	2	13	54	32	6	0	0	0	107	1,913
TOTAL		3,044,551	4,619,304	13,313,559	5,294,078	5,472,179	124,206	8,530	141,774	32,018,181	31,962,744

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

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

		PERFORMANCE		TV AND RADIO		INTERNET		AREAS THAT ARE NOT COVERED BY THE CATEGORIES OF RIGHTS		TOTAL	
ORGANISATION	COUNTRY	CONCERTS AND OTHER EVENTS	BACKGROUND MUSIC	TV	RADIO	ONLINE AUDIO	ONLINE AV	LENDING COMPENSATION	COMPENSATION FOR PRIVATE COPYING	2024 total Other	2023 total Other
GRAMEX (27)										227,512	179,715

(25) The paid amounts do not include amounts below the minimum payment level (EUR 100). (2.d.i)

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

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

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

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

Organisation	Country	Performance	TV and radio	Internet	Reproduction	Unknown	Areas that are not covered by the categories of rights	Total 2024	Total 2023
ACUM	ISRAEL	8,073	5,852	1,416	0	571	0	15,912	4,688
AKKA/LAA	LATVIA	9,311	2,577	77	0	65	442	12,472	8,773
AKM	AUSTRIA	167,832	48,847	5,182	0	-69	0	221,792	149,892
APA	PARAGUAY	0	0	354	0	0	0	354	0
APDAYC	PERU	443	72	769	236	82	0	1,602	3,660
APRA	AUSTRALIA AND NEW ZEALAND	16,044	29,873	38,517	0	2,319	0	86,753	68,997
ARTISJUS	HUNGARY	12,039	4,306	785	0	6,249	5,457	28,836	27,522
ASCAP	USA	88,683	87,679	107,599	0	613	0	284,575	234,849
AUTODIA	GREECE	8,971	1,387	752	0	0	0	11,110	9,297
BMI	USA	16,769	19,790	55,371	0	4,816	0	96,746	69,025
BUMA	NETHERLANDS	88,399	56,471	16,187	0	108	0	161,164	129,503
CASH	HONG KONG	676	1,016	613	0	2,099	0	4,405	4,042
EAÜ	ESTONIA	32,276	11,708	188	0	0	0	44,172	60,488
GCA	GEORGIA	0	0	0	0	0	0	0	530
GEMA	GERMANY	412,900	309,846	77,598	0	1,018	51,479	852,842	753,135
HDS-ZAMP	CROATIA	0	2,279	0	0	2,346	0	4,625	4,146
IMRO	IRELAND	4,304	4,745	1,589	23	1,710	0	12,371	6,570
IPRS	INDIA	1,867	240	81	0	118	0	2,306	0
JASRAC	JAPAN	27,977	22,551	86,933	0	76	0	137,537	73,393
KODA	DENMARK	52,423	36,112	43,771	1,925	13,829	2,940	151,000	125,060
KOMCA	SOUTH KOREA	2,176	12,875	50,919	0	2,763	0	68,733	75,918
LATGA-A	LITHUANIA	4,425	13,406	1	0	0	0	17,832	12,526
MACP	MALAYSIA	17	60	838	0	1,003	0	1,918	1,390
MCSC	CHINA	8,509	629	0	0	4,168	0	13,306	11,805
MCT	THAILAND	497	547	1,227	0	0	0	2,271	1,408
MESAM	TURKEY	684	684	529	0	0	0	1,898	3,834
MÜST	TAIWAN	1,097	1,137	6,200	0	355	0	8,790	2,796
OSA	CZECH REPUBLIC	13,105	12,714	1,754	0	1,875	264	29,712	42,707
PRS	UNITED KINGDOM	108,764	86,391	60,356	0	92,843	0	348,354	345,257
SABAM	BELGIUM	38,673	37,982	1,417	0	22	0	78,095	58,518

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

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

Organisation	Country	Performance	TV and radio	Internet	Reproduction	Unknown	Areas that are not covered by the categories of rights	Total 2024	Total 2023
SACEM	FRANCE	140,630	112,023	24,849	0	85,491	0	362,992	282,653
SACM	MEXICO	7,594	467	11,913	0	1,616	0	21,589	17,295
SADAIC	ARGENTINA	1,114	276	1,038	0	1	0	2,428	4,590
SAMRO	SOUTH AFRICA	5	3,108	840	0	0	0	3,953	3,655
SAYCE	ECUADOR	830	125	1,406	0	2,099	0	4,461	0
SAYCO	COLOMBIA	1,384	610	1,038	0	0	0	3,033	2,269
SAZAS	SLOVENIA	2,525	4,997	0	0	0	0	7,522	7,800
SCD	CHILE	1,734	2,843	0	207	2,325	0	7,108	2,988
SESAC	USA	0	7,867	0	0	0	0	7,867	3,107
SGAE	SPAIN	31,290	20,319	8,468	0	-215	0	59,862	68,283
SIAE	ITALY	24,698	41,525	12,168	0	18,154	0	96,545	89,129
SOCAN	CANADA	2,256	78,359	42,546	0	51,778	0	174,939	74,607
SOKOJ	SERBIA	563	20,187	0	0	11	0	20,761	13
SOZA	SLOVAKIA	1,645	9,000	2	0	233	0	10,881	11,820
SPA	PORTUGAL	3,267	1,227	73	0	0	0	4,568	4,213
SPAC	PANAMA	62	172	9	0	342	0	585	0
STEMRA	NETHERLANDS	0	0	0	0	0	2,425	2,425	2,084
STIM	SWEDEN	83,257	101,064	118,193	0	2,154	0	304,669	468,112
SUISA	SWITZERLAND	130,709	67,361	3,114	0	181	0	201,365	158,548
TONO	NORWAY	62,599	49,279	22,722	0	3,021	499	138,121	99,697
UBC	BRAZIL	4,256	5,589	15,522	0	14,384	0	39,750	32,655
UCMR-ADA	ROMANIA	6,508	16,779	1,946	0	9,142	0	34,374	39,989
VCPMC	VIETNAM	988	6	3	0	235	0	1,232	1,246
WAMI	INDONESIA	185	8	622	0	10	0	826	0
ZAIS	POLAND	13,692	14,532	534	30	2,824	0	31,612	26,946
ZAMP	NORTH MACEDONIA	0	196	0	0	0	0	196	529
TOTAL		1,648,727	1,369,695	828,030	2,421	332,767	63,506	4,245,146	3,691,957

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

Organisation	Country	Performance	TV and radio	Internet	Reproduction	Unknown	Other royalties	Total 2024	Total 2023
KOPIOSTO (31)			1,644,031		16,977			1,661,008	1,747,920

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

(29) Based on the distribution amounts reported by foreign collective management organisations in 2024. The actual payment to Teosto may take place later. Information received from the foreign collective management organisations by Teosto does not always contain type of use-specific itemisation, which is the reason why only the category of rights-specific itemisation is presented here. (2.d.i)

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

(31) The amounts paid to Teosto by Kopioisto are included in the categories of rights “TV and radio” and “Reproduction”. See the “Revenue and expenses” table on page 4 and the deductions of administrative expenses and cultural contributions included in it. (2.d.iii)

SPECIAL REPORT ON SOCIAL, CULTURAL AND EDUCATIONAL SERVICES

TABLE 9: IN 2024, EUR 3,755,437 OF CULTURAL CONTRIBUTIONS WERE TRANSFERRED TO THE TEOSTO FUND AND USED AS FOLLOWS (32), (33), (34), (35), (36), (37):

CULTURAL CONTRIBUTIONS	2024	2023
MEMBER ORGANISATIONS		
Finnish Music Creators' Association	370,000	300,286
The Society of Finnish Composers	280,000	236,675
The Finnish Music Publishers Association	280,000	236,675
INTERNATIONAL PUBLIC AFFAIRS		
ECSA	15,000	15,000
ICMP	5,489	0
Project funding	0	35,893
OTHER COMPOSER ORGANISATIONS		
Finnish Church Music Composers	7,000	7,000
FOUNDATIONS AND FUNDS IN THE AREA OF MUSIC		
The Sibelius Fund	50,000	50,000
The Malmsten Foundation	50,000	50,000
The fund of the Finnish Music Publishers Association	50,000	50,000
The Commission Grant Committee	50,000	50,000
MUSIC PROMOTION		
Music Finland	232,000	232,000
Finnish Music Foundation (MES)	248,860	320,910
Initial capital of the Teosto Cultural Foundation	400,000	0
Support activities of the Teosto Cultural Foundation	500,000	0
Back taxes on COVID-19 financial support (36)	0	950,000
Other (37)	573,851	534,487
TOTAL USE OF CULTURAL CONTRIBUTIONS	3,112,200	3,068,926
Transfer of cultural contributions to the reserve fund	643,238	331,325
CULTURAL CONTRIBUTIONS TOTAL	3,755,437	3,400,252
Deduction % for cultural contributions	6.0%	6.0%

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

(33) 3.a. Deductions for cultural purposes totalled EUR 3,755,437. This amount was transferred to the Teosto Fund. Of the total amount, EUR 3,112,200 was used for various purposes and allocated uniformly between all categories of rights and types of use (see itemisation on page 4). The remaining balance was left in the Teosto Fund.

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

(35) Based on reciprocal representation agreements with foreign collective management organisations and on Teosto's membership agreements, Teosto has the right to deduct a maximum of 10% of the performing right royalties collected in Finland as cultural contributions for the promotion of Finnish music culture. In 2024, the rate of deduction was 6.0% of the distributed performing right royalties. The accrued funds are transferred to a fund and Teosto's General Meeting decides on their use. The funds are transferred to a self-financed reserve.

(36) COVID-19 financial support was originally interpreted as a tax-exempt grant. However, the Finnish Tax Administration made a decision in 2023 that COVID-19 financial support is taxable income for the recipient. At Teosto's General Meeting on 13 December 2023, it was decided that authors who received COVID-19 financial support would be compensated for the back taxes, which resulted in an expense provision of EUR 950,000 being made in the profit and loss statement. In 2024, EUR 664,216 of the provision was used for the compensation of back taxes on COVID-19 financial support.

(37) In the "Other" category, funds in the reserve were used in 2024 for purposes including support for the promotion of Finnish music, the Teosto Prize and developing the music industry's joint promotion of interests efforts.

OTHER INFORMATION

Information on refusals (1.c.)

In 2024, Teosto did not refuse to grant licenses to use music in the areas of use that 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

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

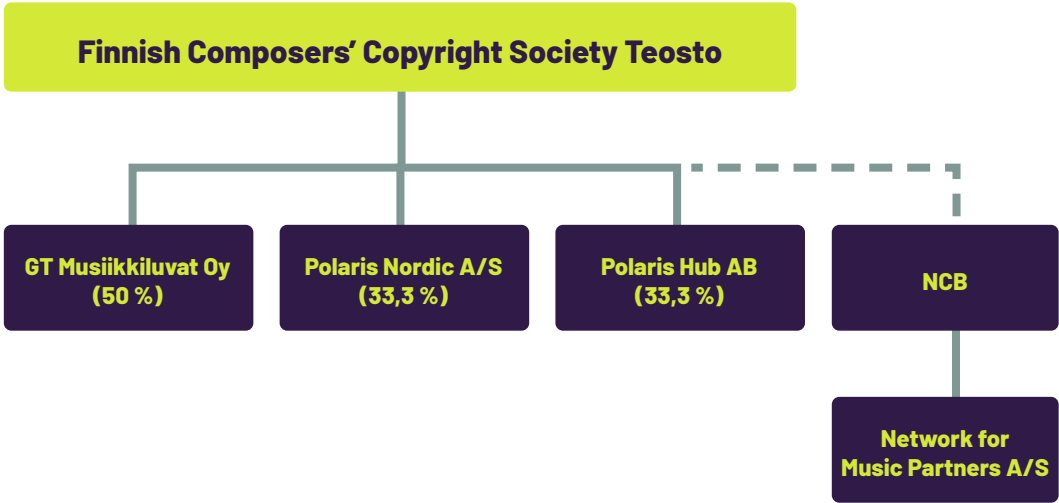
Teosto has the right to appoint half of the members of the Board of Directors of Musiikin Edistämssäätiö (MES, Finnish Music Foundation) and the Chairman together with Gramex. Teosto also holds a seat on the Board of Directors of Music Finland.

Teosto can appoint one member to the Board of Directors of the Teosto Cultural Foundation.

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

In 2024, the total remuneration of the Chairman of the Board of Directors, the members of the Board and the CEO amounted to EUR 408,747. The remuneration of the Chairman of the Board of Directors also includes a telephone benefit. The CEO's remuneration includes the following benefits: telephone, lunch voucher, sports voucher, culture voucher and car benefit.

Legal structure (1.d.) (38)



Administrative structure (1.d.) (38)

Teosto's General Meeting is the association's supreme decision-making body. At the General Meeting, the 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 1,187 voting members. Teosto also has institutional members including, among others, the Society of Finnish Composers, the Finnish Music Creators' Association, the Finnish Music Publishers Association and the Union of Finnish Writers. Each member has one vote at the General Meeting.

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

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

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

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

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

TEOSTO'S ANNUAL REPORT 2024

Teosto's operations

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

Teosto's rightholder members include composers, lyricists, arrangers and music publishers. We grant licenses on the rightholders' behalf for public performance and reproduction of music and for communicating music to the public. Teosto has transferred the administration of mechanical reproduction rights to the Nordisk Copyright Bureau (NCB), a joint Nordic agency.

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

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

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

Most significant events in 2024

In 2024, the general economic situation was uncertain due to the continuation of Russia's war of aggression against Ukraine, which began in 2022, and the United States presidential election. Nevertheless, Teosto collected more royalties than ever before, EUR 80.3 million (2023: EUR 75.7 million). Similarly, the total amount of accumulated royalties

was at a record-high level, EUR 89.2 million (2023: EUR 83.8 million).

Operating expenses were slightly lower than in the previous year. As revenue increased substantially and expenses decreased slightly, Teosto's operating expense percentage was substantially lower than in the previous year at 13.4% (2023: 14.6%). The total distribution of royalties set a new record of EUR 77.0 million (2023: EUR 70.7 million).

Teosto's strategy has been very effective in guiding our work and operations, and our vision – we increase the cultural and commercial importance of music – is more relevant than ever. In 2024, we focused particularly on developing our international operations, developing cooperation with our music users and producing diverse sustainability communications.

Developing the competence of Teosto's personnel is a continuous process. Changes in the operating environment and the needs of our customers also shape our competence needs, and new kinds of competencies are needed each year to implement the strategy and develop strategic capabilities. We developed competence through various training activities and enabled self-directed learning. We supported work ability in a number of different ways, which were selected together with the personnel.

We also continued to invest in digital services in line with our strategy. We had three large ongoing projects during 2024, the largest of which was the project to overhaul our distribution and reporting systems. The aim is to deploy the new system in 2025–2026. The system is delivered by the Irish company Spanish Point Technologies Ltd. We also continued the reform of Teosto's web services. The work will continue in 2025 with the reform of event licence reporting and restaurant reporting. We also deployed a new financial administration system, Business Central, in May 2024. The system was delivered by Innofactor Plc.

In December 2023, Teosto's Extraordinary General Meeting authorised the CEO and the Board of Directors to establish the Teosto Cultural Foundation. We established the foundation in January 2024 and, during 2024, donated approximately EUR 10 million in investment assets, in the form of fund units, to the foundation as the initial capital. We also donated EUR 0.35 million in working capital to the foundation and EUR 0.5 million to be used for support activities. In the dispute between Teosto and the Finnish broadcasting company MTV regarding AV content pricing, the Market Court issued its ruling on 31 October 2023, dismissing the case and rejecting the claims for compensation presented to MTV by Teosto. We applied for leave to appeal from the Supreme Court, but it was not granted. The ruling became final on 30 April 2024.

In 2020–2022, we paid COVID-19 financial support to authors and publishers. In accordance with the original interpretation, we processed the financial support as tax-free grants paid for the purpose of supporting artistic activities pursuant to section 82 of the Income Tax Act, and no withholding tax was deducted. However, the Tax Administration interpreted the case in 2023 so that the support was taxable income for the recipients. In December 2023, Teosto's General Meeting decided that Teosto will compensate the authors for the direct additional taxes caused by the COVID-19 financial support from the Teosto Fund. Due to this, a cost provision of EUR 0.95 million was recognised in Teosto's result in 2023. We used approximately EUR 0.7 million of this provision in 2024 to pay back taxes directly resulting from COVID-19 financial support on behalf of authors.

The development of the investment market was varied in 2024 due to global events and their consequences. Equity markets had a strong year, especially in North America. In real estate investments, the year was very difficult: impairment was recognised on real estate investments in the portfolios of both Teosto and the Teosto Fund. Supported by the positive performance of equity markets, the total accounting return on Teosto's investments came to approximately

EUR +2.3 million in 2024 (2023: EUR 1.2 million). For the Teosto Fund, impairment recognised on real estate investments was significant, which is why the total accounting return on the Teosto Fund's investments was only approximately EUR 0.3 million (2023: EUR 0.6 million).

The focus of the joint promotion of interests of Teosto and its member organisations was on advocacy efforts related to the Government Programme. The advocacy efforts were particularly focused on lobbying related to the Artificial Intelligence Regulation and its implementation, issues related to social security and combined unemployment insurance for authors, and advocacy related to the growth opportunities of the music industry. Teosto also established contacts with Finnish members of the newly elected European Parliament.

Teosto also engaged in advocacy cooperation with other copyright societies, within the Luovan työn tekijät ja yrittäjät ry cooperation network and at the international level through our European umbrella organisation GESAC.

Future development

Teosto is undergoing a period of comprehensive technological renewal. It is necessary to upgrade the outdated systems in order to ensure operational continuity. In the context of technological solutions, the transition involves the increasing use of services purchased from third parties. Operating expenses will continue to increase, as expected, from 2025 onwards due to technology projects. Another factor that contributes to the rise in expenses is the increased service fees by Teosto's service partners and the general development of costs.

In January 2025, Teosto deployed the new Cube system by ICE International Copyright Enterprise Germany GmbH, which provides work documentation services to Teosto, which will increase the overall cost level of services from 2025 onwards. Similarly, the overhaul of the distribution and reporting systems will increase system expenses.

The charter of the Teosto Cultural Foundation, which focuses on supporting Finnish creative musical art and improving the general conditions for it, was signed in January 2024. According to the initial plans, Teosto will support the foundation's operations in the coming years by donating significant amounts of assets to the foundation from the Teosto Fund.

On possible operational risks

Insecurities in the general operating environment are also reflected in Teosto's operating environment. The ongoing economic uncertainty is also reflected in the use of music and remunerations. The investment environment will also remain uncertain in 2025.

In addition, Teosto's own operating environment is constantly changing. For example, the media industry's transition to more online-based business models is speeding up. This brings further changes to competition in the media industry and has an impact on the value creation mechanisms of copyright. There is an increasing number of alternative solutions to music represented by Teosto when it comes to background music or music played in the background of programmes, which affects licence sales. Rightholders that own or manage large repertoires are continuously trying to make the management of their rights more efficient and streamline value chains.

A potential risk that would affect Teosto's operations is the expansion of international direct repertoire licensing to new categories of use, especially digital audiovisual services (such as Video on Demand services) and large concerts. The direct licensing mechanism would significantly reduce the royalties collected by Teosto in these categories. In addition, cuts targeted at Yleisradio Oy's funding will affect the accumulation of remunerations in the coming years.

PROFIT AND LOSS STATEMENT

	2024	2023
DAY-TO-DAY OPERATIONS		
Income		
Royalties collected by Teosto	80,318,975.60	75,716,399.84
Other copyright royalties	6,368,953.61	5,433,630.66
Lending compensation	460,941.03	485,877.03
Compensation for private copying	2,054,981.76	2,179,582.73
Other income	423,120.51	330,286.25
	89,626,972.51	84,145,776.51
Costs		
Personnel expenses	-6,166,773.50	-5,828,732.15
Depreciation	-991,175.69	-968,184.26
Other costs	-9,163,392.11	-9,608,013.42
	-16,321,341.30	-16,404,929.83
	73,305,631.21	67,740,846.68
FUNDRAISING		
Membership fees	175,734.25	170,972.00
Donations granted	-8,406,003.72	0.00
	-8,230,269.47	170,972.00
	65,075,361.74	67,911,818.68
INVESTMENTS AND FINANCING		
Income	6,929,276.90	4,763,231.61
Costs	-4,374,911.50	-2,973,249.57
	2,554,365.40	1,789,982.04
	67,629,727.14	69,701,800.72
Transfer for distribution to rightholders	-75,127,417.66	-68,732,057.90
Changes to the self-financed reserve	7,497,690.52	-969,742.82
SURPLUS/DEFICIT FOR THE FINANCIAL YEAR	0.00	0.00

BALANCE SHEET

ASSETS	2024	2023
NON-CURRENT ASSETS		
Intangible assets		
Other long-term expenditure	4,662,551.41	3,948,095.22
	4,662,551.41	3,948,095.22
Tangible assets		
Machinery and equipment	97,504.37	78,881.53
	97,504.37	78,881.53
Investments		
Shares and similar rights of ownership	37,309,106.80	37,078,895.69
Other investments	950,000.00	950,000.00
	38,259,106.80	38,028,895.69
TOTAL NON-CURRENT ASSETS	43,019,162.58	42,055,872.44
ASSETS IN THE SELF-FINANCED RESERVE		
Shares and similar rights of ownership	28,447,061.10	39,297,154.76
Other receivables	3,577,504.70	419,939.21
Cash in hand and at bank	334,343.23	139,505.51
	32,358,909.03	39,856,599.48
CURRENT ASSETS		
Current receivables		
Trade receivables	7,837,908.34	7,844,523.86
Loan receivables	54,343.31	117,203.71
Prepayments and accrued income	12,649,305.54	11,007,448.99
	20,541,557.19	18,969,176.56
Financial securities		
Shares	8,294,558.75	7,021,892.60
Cash in hand and at bank	2,415,165.54	1,046,287.58
TOTAL CURRENT ASSETS	31,251,281.48	27,037,356.74
TOTAL ASSETS	106,629,353.09	108,949,828.66

BALANCE SHEET

LIABILITIES	2024	2023
EQUITY		
Self-financed reserve		
Teosto Fund	32,358,908.96	39,856,599.48
Surplus/deficit for the financial year	0.00	0.00
TOTAL CAPITAL AND RESERVES	32,358,908.96	39,856,599.48
DEBTS		
Trade debts	841,310.99	1,337,474.93
Other debts	4,901,171.02	4,636,112.07
Accruals and deferred income	5,847,722.71	4,251,008.68
Distribution funds to rightholders	62,680,239.41	58,868,633.50
TOTAL DEBTS	74,270,444.13	69,093,229.18
TOTAL LIABILITIES	106,629,353.09	108,949,828.66

CASH FLOW STATEMENT

	2024	2023
CASH FLOW FROM OPERATING ACTIVITIES:		
Cash received for sales	84,845,662	79,156,544
Cash received from fundraising	175,734	170,972
Donations granted	-8,406,004	0
Cash paid for operating costs	-17,080,547	-13,653,532
Cash flow from operating activities	59,534,845	65,673,984
CASH FLOW FROM INVESTMENT ACTIVITIES:		
Investments in tangible and intangible assets	-1,724,255	-1,724,208
Other investments	11,285,779	-1,786,559
Cash flow from investment activities	9,561,524	-3,510,767
Cash received for investments	2,554,365	1,789,982
Cash flow from operating activities and investment activities	71,650,735	63,953,199
CASH FLOW FROM DISTRIBUTED ROYALTIES:		
Royalties distributed by Teosto to Finnish and international rightholders in total	-68,814,353	-65,365,346
Change in cash	2,836,382	-1,412,147
Cash at the start of the financial year	-8,207,686	-9,619,832
Cash at the end of the financial year	11,044,068	8,207,686
	2,836,382	-1,412,146

NOTES TO THE FINANCIAL STATEMENTS

1 ACCOUNTING PRINCIPLEST

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 capitalised 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	Straight-line depreciation, 5 years
Distribution and reporting system	Straight-line depreciation, 10 years
Accounting system	Straight-line depreciation, 7 years

Valuation of investment assets

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

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.

	2024	2023
ROYALTIES COLLECTED BY TEOSTO		
Operating income	80,318,975.60	75,716,399.84
Operating costs*	-11,847,018.72	-11,958,319.09
Fundraising	175,734.25	170,972.00
Investments and financing*	2,250,845.69	1,168,614.63
Other income	423,120.51	330,286.25
Net income to rightholders	71,321,657.33	65,427,953.63
Percentage of operating income	88.8%	86.4%
Promotion of Finnish music (national funds transferred to reserves)	3,755,437.23	3,400,251.56
Percentage of performing right royalty income in Finland	6.0%	6.0%
Transfer for distribution to rightholders	67,566,220.10	62,027,702.07
OTHER COPYRIGHT ROYALTIES		
Royalties from other organisations	6,368,953.61	5,433,630.66
Lending compensation	460,941.03	485,877.03
Compensation for private copying*	1,132,286.05	1,218,442.73
Costs	-400,983.13	-433,594.59
Transfer for distribution to rightholders	7,561,197.56	6,704,355.83
TOTAL TRANSFER FOR DISTRIBUTION TO RIGHTHOLDERS	75,127,417.66	68,732,057.90

*Excluding self-financed reserve

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

	2024	2023
2 NOTES TO THE PROFIT AND LOSS STATEMENT		
ROYALTIES COLLECTED BY TEOSTO		
Television*	22,075,835.32	22,236,533.02
Radio	10,136,312.79	9,830,714.41
Online, AV**	8,451,153.44	8,528,428.53
Online, audio	12,258,847.87	10,950,160.57
Events***	14,838,506.62	12,237,427.66
Background music	11,797,041.69	11,109,719.57
Reproduction and synchronisation	761,277.87	823,416.08
	80,318,975.60	75,716,399.84
OTHER COPYRIGHT ROYALTIES		
NCB, Denmark	1,197,246.86	1,288,657.49
GEMA, Germany	1,009,097.86	671,429.43
STIM, Sweden	659,069.36	499,296.87
SACEM, France	376,167.41	292,904.74
PRS, UK	363,304.97	358,873.28
ASCAP, USA	301,389.04	251,372.59
AKM, Austria	210,818.83	161,291.89
SUISA, Switzerland	204,220.79	174,169.93
SOCAN, Canada	173,400.80	113,683.26
BUMA, Netherlands	171,331.15	150,511.78
KODA, Denmark	147,914.93	127,778.03
JASRAC, Japan	142,526.77	76,055.66
TONO, Norway	141,578.63	100,208.45
BMI, USA	106,739.87	69,255.25
SIAE, Italy	100,127.65	92,535.30
Other	696,555.04	700,245.12
TOTAL	4,804,243.10	3,839,611.58
Broadcasting of Finnish TV channels abroad	129,939.35	111,015.80
Gramex royalties	237,524.30	194,345.79
OTHER COPYRIGHT ROYALTIES TOTAL	6,368,953.61	5,433,630.66

	2024	2023
LENDING COMPENSATION		
Remuneration paid by the government to authors for lending of works from public libraries	460,941.03	485,877.03
COMPENSATION FOR PRIVATE COPYING		
Compensation for private copying paid by the Government to Teosto rightholders	1,132,286.05	1,218,442.73
Compensation for private copying paid by the Government for authors' shared purposes via the Teosto Fund	922,695.71	961,140.00
	2,054,981.76	2,179,582.73
OTHER INCOME		
Cultural contributions paid by NMP to Teosto	410,113.58	330,286.25
Other	13,006.93	0.00
	423,120.51	330,286.25
DEPRECIATION		
Other long-term expenditure	956,922.96	903,303.23
Machinery and equipment	34,252.73	64,881.03
	991,175.70	968,184.26
FEES TO AUDITING COMPANIES		
Auditing fees	40,912.02	38,536.74
Counselling on taxes	11,304.78	47,818.30
Other services	0.00	7,360.00
	52,216.80	93,715.04
DONATIONS GRANTED		
Teosto's donations to the Teosto Cultural Foundation	8,406,003.72	0.00
INVESTMENTS AND FINANCING		
Income		
Interest	45,442.64	29,424.48
Sales profit	4,135,928.96	3,203,980.56
Restoration of value decrease	2,747,905.30	1,529,826.57
	6,929,276.90	4,763,231.61
Costs		
Sales loss	-347,901.99	-203,401.23
Value decrease	-4,001,451.54	-2,747,905.29
Other costs	-25,557.97	-21,943.05
	-4,374,911.50	-2,973,249.57
TOTAL FOR INVESTMENTS AND FINANCING	2,554,365.40	1,789,982.04

	2024	2023
TRANSFER FOR DISTRIBUTION TO Rightholders		
Performing right royalties collected by Teosto	52,410,081.01	48,096,123.13
Mechanical reproduction royalties collected by Teosto	2,897,291.22	2,967,101.86
Performing right royalties from other organisations	4,821,022.47	3,831,780.45
Mechanical reproduction royalties from other organisations	1,197,246.86	1,288,657.49
Lending compensation	370,135.65	395,018.03
Compensation for private copying	935,268.28	1,008,870.58
Gramex royalties collected by Teosto	237,524.30	194,345.79
Online royalties collected by NMP	12,258,847.87	10,950,160.57
	75,127,417.66	68,732,057.90
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	6,573,131.37	4,224,784.00
Accumulated depreciation	-2,625,036.20	-1,097,633.90
Amount at the beginning of the financial year on 1 January	3,948,095.17	3,127,150.10
Increases in the financial year	1,671,379.21	1,724,248.31
Deductions in the financial year	0.00	0.00
Depreciation in the financial year	-956,922.96	-903,303.23
Book value on 31 December	4,662,551.41	3,948,095.17
Machinery and equipment		
Acquisition cost at the beginning of the financial year on 1 January	549,548.72	567,044.14
Accumulated depreciation	-470,626.87	-423,241.26
Amount at the beginning of the financial year on 1 January	78,921.85	143,802.88
Increases in the financial year	52,835.25	0.00
Deductions in the financial year	0.00	-40.32
Depreciation in the financial year	-34,252.73	-64,881.03
Book value on 31 December	97,504.37	78,881.53
SHARES AND SIMILAR RIGHTS OF OWNERSHIP		
Quoted shares and rights of ownership		
Total market value	42,036,854.04	40,710,542.53
Corresponding book value	37,008,542.98	36,778,331.78
Difference	5,028,311.06	3,932,210.75
Other shares and rights of ownership		
SVOP loan / GT Music Licences Ltd	950,000.00	950,000.00
Other investments		
	950,000.00	950,000.00
TOTAL SHARES AND SIMILAR RIGHTS OF OWNERSHIP	38,259,106.89	38,028,895.69

	2024	2023
ASSETS IN THE SELF-FINANCED RESERVE		
Quoted shares and rights of ownership		
Total market value	34,261,877.00	45,026,087.94
Corresponding book value	28,447,061.11	39,297,154.88
Difference	5,814,815.89	5,728,933.06
TOTAL SHARES AND SIMILAR RIGHTS OF OWNERSHIP	28,447,061.11	39,297,154.88
Other receivables		
Teosto Fund's internal receivable from Teosto	3,577,504.70	419,939.21
	3,577,504.70	419,939.21
CURRENT RECEIVABLES		
Accounts receivable		
Royalties collected by Teosto	7,837,908.34	7,839,420.41
Other collective management organisations	0.00	5,103.45
	7,837,908.34	7,844,523.86
Loan receivables		
Loans to Teosto rightholders	54,343.31	117,203.71
	54,343.31	117,203.71
Prepayments and accrued income		
Copyright royalties	4,008,672.49	2,024,323.60
Online royalties collected by Polaris Hub/NMP	7,983,158.99	7,907,429.44
Other	657,474.06	1,075,695.95
	12,649,305.54	11,007,448.99

The Teosto Fund was established in 2009 for the purposes of securing ideological operations and the continuity of promotion work. The primary funding source is the 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.

	2024	2023
4 NOTES TO THE BALANCE SHEET, LIABILITIES		
CHANGES TO THE CAPITAL OF THE SELF-FINANCED RESERVE		
Capital of the Teosto Fund at 1 Jan	39,856,599.48	38,886,856.66
Return on Fund assets	318,135.09	635,237.79
Fund costs	-14,615.38	-13,870.38
Use of Fund assets	-4,073,339.45	-4,013,016.15
Compensation for private copying for 2024	922,695.71	961,140.00
Teosto's donations to the Teosto Cultural Foundation	-8,406,003.72	0.00
Cultural contributions transferred to the Fund	3,755,437.23	3,400,251.56
Capital of the Teosto Fund at 31 Dec 2024	32,358,908.96	39,856,599.48
OTHER DEBTS		
Foreign copyright organisations	121,487.45	82,598.22
Finnish rightholders	1,980,954.71	2,186,437.37
Withholding tax	1,942,737.39	1,795,262.41
VAT	724,206.97	402,285.34
Other	131,784.50	169,528.73
	4,901,171.02	4,636,112.07
ACCRUALS AND DEFERRED INCOME		
Holiday pay	926,400.98	819,593.61
Promotion of Finnish music	225,000.00	225,000.00
Additional taxes on COVID-19 financial support	285,783.87	950,000.00
Legal fees, reservation	0.00	647,922.90
Teosto's debt to the Teosto Fund	3,577,504.70	0.00
Other	833,033.16	1,608,492.17
	5,847,722.71	4,251,008.68
DISTRIBUTION FUNDS TO RIGHTHOLDERS		
Performing right royalties	51,127,812.61	47,191,152.14
Mechanical reproduction royalties	2,897,291.22	2,967,101.86
Lending compensation	0.00	9,162.51
Compensation for private copying	945,294.47	1,018,896.77
Online royalties collected by NMP	7,648,605.02	7,631,096.50
Gramex royalties collected by Teosto	61,236.09	51,223.72
	62,680,239.41	58,868,633.50

	2024	2023
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	545,389.20	545,676.12
To be paid later	1,227,125.70	1,773,447.39
Total	1,772,514.90	2,319,123.51
LEASING LIABILITIES		
Payments outstanding in connection with leasing agreements		
Payments to be made in the next financial period	126,694.84	101,193.46
To be paid later	140,976.62	130,372.62
Yhteensä	267,671.46	231,566.08
TOTAL SECURITY AND CONTINGENT LIABILITIES	2,164,274.36	2,674,777.59
6 NOTES ON PERSONNEL		
Average number of personnel	74	68
Personnel expenses		
Salaries	4,979,621.48	4,636,284.01
Fees	214,811.04	224,189.23
Pension costs	874,146.67	810,908.02
Other personnel costs	98,194.31	157,350.89
	6,166,773.50	5,828,732.15
Board of Directors		
Fees paid to Board members	148,000.00	131,500.00
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 the amount of EUR 76,999,250.94 as the total distribution for 2024.	2024	2023
THE DISTRIBUTABLE AMOUNT IS MADE UP AS FOLLOWS		
Performing right royalties collected by Teosto	52,410,081.01	48,096,123.13
Mechanical reproduction royalties collected by Teosto	2,897,291.22	2,967,101.86
Performing right royalties from other organisations	4,821,022.47	3,831,780.45
Mechanical reproduction royalties from other organisations	1,197,246.86	1,288,657.49
Lending compensation	370,135.65	395,018.03
Compensation for private copying	935,268.28	1,008,870.58
Gramex royalties collected by Teosto	237,524.30	194,345.79
Online royalties collected by NMP	12,258,847.87	10,950,160.57
	75,127,417.66	68,732,057.90
Distribution reserves from previous years	1,871,833.28	2,006,199.39
TOTAL DISTRIBUTION TO Rightholders	76,999,250.9	70,738,257.29

SIGNATURES TO THE ANNUAL REPORT AND FINANCIAL STATEMENTS

Espoo, 14 March 2025

Antti Auvinen
Chair of the Board of Directors

Risto Salminen
CEO

Iisa Pajula

Riku Salomaa

Saara Konttinen

Jiri Kuronen

Maija Ruuskanen

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

Espoo
KPMG Oy Ab
Kirsi Aromäki
Authorised Public Accountant

LIST OF ACCOUNTING BOOKS AND DOCUMENT TYPES USED

Until 30 April 2024, the association's general ledger accounting was carried out in the Wintime accounting system, after which the general ledger accounting was carried out in the Business Central accounting system. The banking software is Nomentia. Purchase and travel invoices are processed in the InvoiceReady system.

Financial statements		safe + O:/ drive
Journal and general ledger		electronically: Business Central financial reports
Accounts ledger itemisations	MSV, MS, MSP, OM, OR	electronically
Bank receipts	KKA	electronically: Nomentia and O:/ drive
Purchase invoices	OL, BI	electronically: Business Central and InvoiceReady
Sales invoices	MLLASKU, MLWIN, MLVAKLA, MLWINEL, MLWINLL, M-LASK, M-LASK+, M-LASK TI, M-LASK TAL	electronically: Posti Messaging
Payroll accounting receipts	PT	electronically: Mepco
Travel expense receipts	BT	electronically: InvoiceReady (BT)
Payments of royalties	KAR	electronically: iTepa
Memo vouchers	KMU, DISKMU, MU	in folders and electronically, O:/drive
Documentation pertaining to the notes to the financial statements		electronically, O:/ drive

DOCUMENTATION PERTAINING TO THE NOTES TO THE FINANCIAL STATEMENTS

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

Auditor's report

To the members of the Finnish Composers' Copyright Society Teosto

Report on the audit of the financial statements

Opinion

We have audited the financial statements of the Finnish Composers' Copyright Society Teosto (Business ID: 0117040-7) for the financial year 1 January–31 December 2024. 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 scepticism throughout the audit. We also:

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

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

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

Other reporting requirements

Other information

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

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

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

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

Helsinki, Finland, 14 March 2025

KPMG OY AB

Kirsi Aromäki
Authorised Public Accountant

Auditor's report on agreed-upon procedures

For the Finnish Composers' Copyright Society Teosto

Purpose of the report on agreed-upon procedures

The purpose of our report is solely to assist in assessing whether the Finnish Composers' Copyright Society Teosto ("Client") has prepared the Transparency Report for the period 1 January 2024–31 December 2024 in accordance with the Annex to Directive 2014/26/EU of the European Parliament and of the Council.

According to Section 41 of the Act on the Collective Management of Copyright (1494/2016, later referred to as the "Act on Collective Management"), the Client must prepare an annual transparency report in accordance with the Annex to Directive 2014/26/EU of the European Parliament and of the Council on the collective management of copyright and related rights and the licensing of rights to musical works for online use across several state territories in the internal market, which includes a special report on the social, cultural and educational services provided by the collective management organisation.

This report only applies to the Transparency Report mentioned and does not apply to the Client's financial statements as a whole.

Obligations of the Client

The Client has confirmed that the agreed-upon procedures are appropriate for the purpose of the engagement.

The Finnish Composers' Copyright Society Teosto is obliged to prepare a Transparency Report in accordance with the Annex to Directive 2014/26/EU of the European Parliament and of the Council. In addition, the Client is obliged to provide us with all material and other assistance necessary for the performance of the engagement.

Obligations of the party performing the engagement

We have carried out the agreed-upon procedures engagement in accordance with the International Standard on Related Services ISRS 4400 (Revised), *Agreed-Upon Procedures Engagements*, while taking into account the transparency report guideline published by the Finnish Patent and Registration Office called "Patentti- ja rekisterihallituksen ohje tekijänoikeuden yhteishallinnoinnista annetun lain (1494/2016) 41 §:n mukaisen vuotuisen avoimuusraportin laatimiseksi". During the agreed-upon procedures engagement, we perform the procedures agreed upon with the Client and report findings that are the factual results of performing the agreed-upon procedures. We do not take a position on the appropriateness of the agreed-upon procedures.

This agreed-upon procedures engagement is not an assurance engagement. Consequently, we will not give a statement or present an assurance conclusion.

If we had performed further procedures, we might have become aware of other issues that we would have reported to you.

Professional ethics and quality management

We are independent of the Client in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit engagement, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit firm applies the International Standard on Quality Management ISQM 1, which requires the audit firm to design, implement and maintain a quality management system, including policies or procedures for compliance with ethical requirements, professional standards and applicable laws and regulations.

Procedures and findings

We have performed the agreed-upon procedures described below concerning the Transparency Report prepared by the Client. The procedures have been agreed upon with the Finnish Composers' Copyright Society Teosto.

In relation to the Transparency Report, we interviewed Chief Financial Officer Tomi Juntunen, Controller Joonatan Rauhala and Distribution Manager Marja Isokangas.

Procedures	Findings
We checked that the association's transparency report covers the items specified in Article 22(2) of Directive 2014/26/EU.	1. The Transparency Report prepared by the association covers the content specified in the Directive with the exception of undistributed amounts for previous years and financial information on the total amount paid to rightholders, with a breakdown per category of rights managed and type of use in accordance with Article 22(2) c) ii).
We checked that the royalty revenue for 2024, 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.	2. The Transparency Report mainly presents transactions that took place in 2024 and 2023. In addition, the Transparency Report presents amounts distributed in 2024 by the category of rights and the year of collection, itemised in such a way that the amounts collected in 2022 also include the amounts collected in previous years. 3. The royalty revenue for 2024, 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.
We checked that the Transparency Report includes the statutory financial statements for 2024.	4. The financial statements for 2024, presented as part of the Transparency Report, have been audited and a standardised auditor's report has been issued on the audit.
We checked that the copyright royalties distributed to partner organisations presented in the Transparency Report are disclosed in accordance with the Act on Collective Management provisions governing transparency reporting and that the royalties can be reconciled with internal calculations retrieved from the Polaris DIS distribution system.	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.
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.	6. The randomly checked data presented in the Transparency Report matched the internal accounting. 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.
We checked that the category of rights-specific information on operating expenses and other cost	8. At the general level, the information presented in the Transparency Report essentially corresponds to the association's internal calculations

deductions presented in the Transparency Report correspond to accounting or internal calculations.	specific to categories of rights. Dividing the amounts paid to rightholders by category of rights and type of use is not possible due to the limitations of the current information systems, which has been mentioned in the Transparency Report.
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.	<p>9. Random checks of the distribution information presented in the Transparency Report did not reveal any issues requiring comment.</p> <p>10. The copyright royalty figures in the Transparency Report and for partner associations were reconciled with internal accounting on an association-specific basis using random checks at the sum level, and these checks did not reveal any issues requiring comment. The amount information received from other collective management organisations does not always contain type of use-specific statements, so the statement is presented by category of rights, which has been mentioned in the Transparency Report.</p>

Limitations of the report on agreed-upon procedures

Our report is intended solely for the use and the association referred to in the first paragraph of this report and should not be used for any other purpose or disclosed to any other party. This report only applies to the previously mentioned reports and it does not apply to the financial statements of the Finnish Composers' Copyright Society Teosto as a whole.

Helsinki, 1 April 2025

KPMG OY AB

Kirsi Aromäki
Authorised Public Accountant, KHT

TEOSTO