

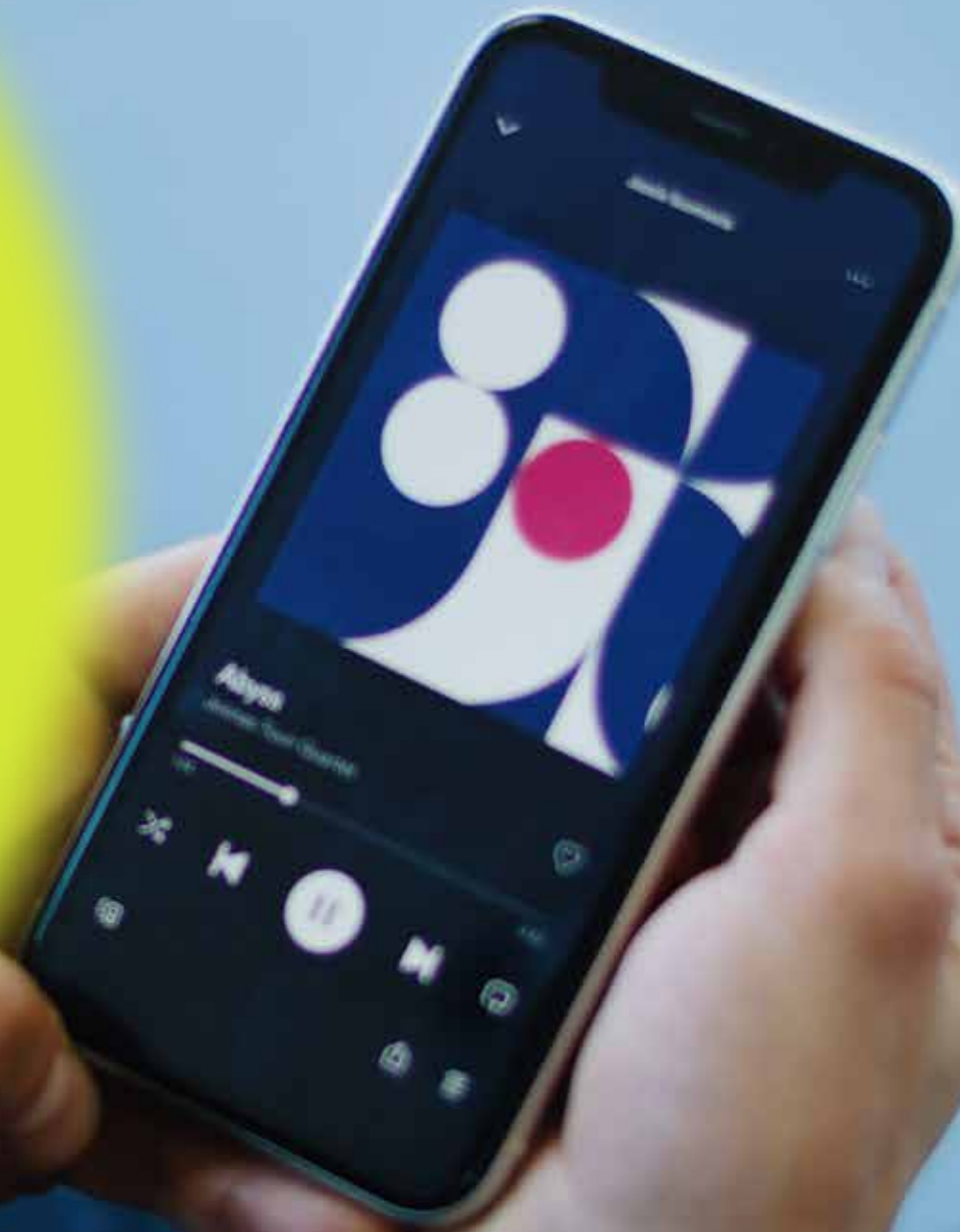
TEOSTO

2023 FINANCIAL STATEMENT

MUSIC MAKER TIMO LASSY

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PROFIT AND LOSS STATEMENT

	2023	2022
DAY-TO-DAY OPERATIONS		
Income		
Royalties collected by Teosto	75,716,399.84	72,793,771.21
Other copyright royalties	5,433,630.66	5,147,701.64
Lending compensation	485,877.03	494,151.97
Compensation for private copying	2,179,582.73	2,225,249.91
Other income	330,286.25	374,429.62
	84,145,776.51	81,035,304.35
Costs		
Personnel expenses	-5,828,732.15	-5,749,025.81
Depreciation	-968,184.26	-718,618.59
Other costs	-9,608,013.42	-7,930,410.98
	-16,404,929.83	-14,398,055.38
	67,740,846.68	66,637,248.97
FUNDRAISING		
Membership fees	170,972.00	156,900.00
	67,911,818.68	66,794,148.97
INVESTMENTS AND FINANCING		
Income	4,763,231.61	4,729,874.06
Costs	-2,973,249.57	-2,043,764.66
	1,789,982.04	2,686,109.40
	69,701,800.72	69,480,258.37
Transfer for distribution to rightholders	-68,732,057.90	-68,310,334.29
Changes to the self-financed reserve	-969,742.82	-1,169,924.08
SURPLUS/DEFICIT FOR THE FINANCIAL YEAR	0.00	0.00

BALANCE SHEET

ASSETS	2023	2022
NON-CURRENT ASSETS		
Intangible assets		
Other long-term expenditure	3,948,095.22	3,127,150.16
	3,948,095.22	3,127,150.16
Tangible assets		
Machinery and equipment	78,881.53	143,802.88
	78,881.53	143,802.88
Investments		
Shares and similar rights of ownership	37,078,895.69	37,100,188.53
Other investments	950,000.00	950,000.00
	38,028,895.69	38,050,188.53
TOTAL NON-CURRENT ASSETS	42,055,872.44	41,321,141.57
ASSETS IN THE SELF-FINANCED RESERVE		
Shares and similar rights of ownership	39,297,154.76	36,889,714.08
Other receivables	419,939.21	2,908,241.06
Cash in hand and at bank	139,505.51	201,867.31
	39,856,599.48	38,886,856.66
CURRENT ASSETS		
Current receivables		
Trade receivables	7,844,523.86	6,880,318.43
Loan receivables	117,203.71	182,587.05
Prepayments and accrued income	11,007,448.99	9,053,754.36
	18,969,176.56	16,116,659.84
Financial securities		
Shares	7,021,892.60	0.00
Cash in hand and at bank	1,046,287.58	9,417,964.59
TOTAL CURRENT ASSETS	27,037,356.74	25,534,624.43
TOTAL ASSETS	108,949,82.66	105,742,622.66

BALANCE SHEET

LIABILITIES	2023	2022
EQUITY		
Self-financed reserve		
Teosto Fund	39,856,599.48	38,886,856.66
Surplus/deficit for the financial year	0.00	0.00
TOTAL CAPITAL AND RESERVES	39,856,599.48	38,886,856.66
DEBTS		
Trade debts	1,337,474.93	892,175.67
Other debts	4,636,112.07	4,273,953.07
Accruals and deferred income	4,251,008.68	3,720,841.66
Distribution funds to rightholders	58,868,633.50	57,968,795.60
TOTAL DEBTS	69,093,229.18	66,855,766.00
TOTAL LIABILITIES	108,949,828.66	105,742,622.66

CASH FLOW STATEMENT

	2023	2022
CASH FLOW FROM OPERATING ACTIVITIES:		
Cash received for sales	79,156,544	78,335,711
Cash received from fundraising	170,972	156,900
Cash paid for operating costs	-13,653,532	-13,546,400
Cash flow from operating activities	65,673,984	64,946,211
CASH FLOW FROM INVESTMENT ACTIVITIES:		
Investments in tangible and intangible assets	-1,724,208	-997,181
Other investments	-1,786,559	-1,401,696
Cash flow from investment activities	-3,510,767	-2,398,877
Cash received for investments	1,789,982	2,686,109
Cash flow from operating activities and investment activities	63,953,199	65,233,443
CASH FLOW FROM DISTRIBUTED ROYALTIES:		
Royalties distributed by Teosto to Finnish and international rightholders in total	-65,365,346	-66,976,403
Change in cash	-1,412,147	-1,742,960
Cash at the start of the financial year	-9,619,832	-11,362,792
Cash at the end of the financial year	8,207,686	9,619,832
	-1,412,146	-1,742,960

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 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.

The impact of the war in Ukraine and inflation on revenue and costs

Russia's war of aggression against Ukraine, which started in February 2022, and the consequent international sanctions against Russia are still having 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. Despite this, revenue in the events category reached record levels in 2023.

The increase in the general price level has also led to increased costs for Teosto (e.g. system and property costs).

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 collective management organisation in the country in question. Conversely, Teosto distributes royalties received from foreign organisations to Finnish rightholders.

	2023	2022
ROYALTIES COLLECTED BY TEOSTO		
Operating income	75,716,399.84	72,793,771.21
Operating costs*	-12,002,747.80	-10,065,001.55
Fundraising	170,972.00	156,900.00
Investments and financing*	1,168,614.63	1,987,189.59
Other income	330,286.25	374,429.62
Net income to rightholders	65,383,524.92	65,247,288.87
Percentage of operating income	86,4 %	89,6 %
Promotion of Finnish music (national funds transferred to reserves)		
	3,400,251.56	3,470,802.22
Percentage of performing right royalty income in Finland	6,0 %	6,0 %
Transfer for distribution to rightholders		
	61,983,273.36	61,776,486.65
OTHER COPYRIGHT ROYALTIES		
Royalties from other organisations	5,433,630.66	5,147,701.64
Remuneration for public lending	485,877.03	494,151.97
Compensation for private copying*	1,218,442.73	1,281,159.91
Costs	-389,165.88	-389,165.88
Transfer for distribution to rightholders	6,748,784.54	6,533,847.64
TOTAL TRANSFER FOR DISTRIBUTION TO RIGHTHOLDERS	68,732,057.90	68,310,334.29

*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

	2023	2022
2 NOTES TO THE PROFIT AND LOSS STATEMENT		
ROYALTIES COLLECTED BY TEOSTO		
Television*	22,236,533.02	23,377,151.80
Radio	9,830,714.41	9,792,885.39
Online, AV**	8,528,428.53	6,703,567.38
Online, audio	10,950,160.57	10,599,927.22
Events***	12,237,427.66	10,840,796.37
Background music	11,109,719.57	10,578,217.63
Copying and synchronisation	823,416.08	901,225.42
	75,716,399.84	72,793,771.21
OTHER COPYRIGHT ROYALTIES		
NCB, Denmark	1,288,657.49	1,736,546.82
GEMA, Germany	671,429.43	491,881.71
STIM, Sweden	499,296.87	457,848.45
PRS, UK	358,873.28	313,377.20
SACEM, France	292,904.74	194,875.70
ASCAP, USA	251,372.59	218,338.92
SUISA, Switzerland	174,169.93	126,640.44
AKM, Austria	161,291.89	71,138.04
BUMA, Netherlands	150,511.78	125,916.30
KODA, Denmark	127,778.03	136,769.61
SOCAN, Canada	113,683.26	45,027.35
TONO, Norway	100,208.45	134,634.16
SIAE, Italy	92,535.30	49,897.24
KOMCA, South Korea	78,672.04	89,839.31
JASRAC, Japan	76,055.66	119,256.10
Other	690,828.33	558,989.45
TOTAL	3,839,611.58	3,134,429.98
Broadcasting of Finnish TV channels abroad	111,015.80	100,988.56
Gramex royalties	194,345.79	175,736.28
OTHER COPYRIGHT ROYALTIES TOTAL	5,433,630.66	5,147,701.64

	2023	2022
LENDING COMPENSATION		
Remuneration paid by the government to authors for lending of works from public libraries	485,877.03	494,151.97
COMPENSATION FOR PRIVATE COPYING		
Compensation for private copying paid by the Government to Teosto rightholders	1,218,442.73	1,281,159.91
Compensation for private copying paid by the Government for authors' shared purposes via the Teosto Fund	961,140.00	944,090.00
	2,179,582.73	2,225,249.91
OTHER INCOME		
Cultural contributions paid by NMP to Teosto	330,286.25	368,134.12
Other	0.00	6,295.50
	330,286.25	374,429.62
DEPRECIATION		
Other long-term expenditure	903,303.23	650,230.41
Machinery and equipment	64,881.03	68,388.18
	968,184.26	718,618.59
FEES TO AUDITING COMPANIES		
Auditing fees	38,536.74	37,138.00
Counselling on taxes	47,818.30	5,597.05
Other services	7,360.00	12,956.00
	93,715.04	55,691.05
INVESTMENTS AND FINANCING		
Revenue		
Interest	29,424.48	379,417.17
Sales profit	3,203,980.56	4,283,836.95
Restoration of value decrease	1,529,826.57	66,619.94
	4,763,231.61	4,729,874.06
Costs		
Sales loss	-203,401.23	-411,365.02
Value decrease	-2,747,905.29	-1,529,826.56
Other costs	-21,943.05	-102,573.08
	-2,973,249.57	-2,043,764.66
TOTAL FOR INVESTMENTS AND FINANCING	1,789,982.04	2,686,109.40

	2023	2022
TRANSFER FOR DISTRIBUTION TO RIGHTHOLDERS		
Performing right royalties collected by Teosto	48,096,123.13	48,608,466.88
Mechanical reproduction royalties collected by Teosto	2,967,101.86	2,554,284.67
Performing right royalties from other organisations	3,831,780.45	3,140,889.03
Mechanical reproduction royalties from other organisations	1,288,657.49	1,736,546.82
Lending compensation	395,018.03	404,216.31
Compensation for private copying	1,008,870.58	1,090,267.08
Gramex royalties collected by Teosto	194,345.79	175,736.28
Online royalties collected by NMP	10,950,160.57	10,599,927.22
	68,732,057.90	68,310,334.29
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	4,224,784.00	4,697,133.08
Accumulated depreciation	-1,097,633.90	-1,912,111.05
Amount at the beginning of the financial year on 1 January	3,127,150.10	2,785,022.03
Increases in the financial year	1,724,248.31	992,358.54
Deductions in the financial year	0.00	0.00
Depreciation in the financial year	-903,303.23	-650,230.41
Book value on 31 December	3,948,095.17	3,127,150.16
Machinery and equipment		
Acquisition cost at the beginning of the financial year on 1 January	567,044.14	571,871.86
Accumulated depreciation	-423,241.26	-364,502.80
Amount at the beginning of the financial year on 1 January	143,802.88	207,369.06
Increases in the financial year	0.00	4,822.00
Deductions in the financial year	-40.32	0.00
Depreciation in the financial year	-64,881.03	-68,388.18
Book value on 31 December	78,881.53	143,802.88
SHARES AND SIMILAR RIGHTS OF OWNERSHIP		
Quoted shares and rights of ownership		
Total market value	40,710,542.53	40,864,913.08
Corresponding book value	36,778,331.78	36,799,624.62
Difference	3,932,210.75	4,065,288.46
Other shares and rights of ownership	300,563.91	300,563.91
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	38,028,895.69	38,050,188.53

	2023	2022
ASSETS IN THE SELF-FINANCED RESERVE		
Quoted shares and rights of ownership		
Total market value	45,026,087.94	41,660,907.40
Corresponding book value	39,297,154.88	36,889,714.08
Difference	5,728,933.06	4,771,193.33
TOTAL SHARES AND SIMILAR RIGHTS OF OWNERSHIP	39,297,154.88	36,889,714.08
Other receivables		
Teosto Fund's internal receivable from Teosto	419,939.21	1,795,275.27
	419,939.21	1,795,275.27
CURRENT RECEIVABLES		
Accounts receivable		
Royalties collected by Teosto	7,839,420.41	6,878,907.68
Other collective management organisations	5,103.45	1,410.75
	7,844,523.86	6,880,318.43
Loan receivables		
Loans to Teosto rightholders	117,203.71	182,587.05
	117,203.71	182,587.05
Prepayments and accrued income		
Copyright royalties	2,024,323.60	1,230,270.12
Online royalties collected by Polaris Hub/NMP	7,907,429.44	7,093,145.81
Other	1,075,695.95	730,338.43
	11,007,448.99	9,053,754.36

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.

	2023	2022
4 NOTES TO THE BALANCE SHEET, LIABILITIES		
CHANGES TO THE CAPITAL OF THE SELF-FINANCED RESERVE		
Capital of the Teosto Fund at 1 Jan	38,886,856.66	37,716,932.58
Return on Fund assets	635,237.79	711,726.02
Fund costs	-13,870.38	-12,806.21
Use of Fund assets	-4,013,016.15	-3,943,887.95
Compensation for private copying for 2022	961,140.00	944,090.00
Cultural contributions transferred to the Fund	3,400,251.56	3,470,802.22
Capital of the Teosto Fund at 31 Dec	39,856,599.48	38,886,856.66
OTHER DEBTS		
Foreign copyright organisations	82,598.22	40,983.85
Finnish rightholders	2,186,437.37	2,281,199.50
Withholding tax	1,795,262.41	1,618,931.61
VAT	402,285.34	298,052.04
Other	169,528.73	34,786.07
	4,636,112.07	4,273,953.07
ACCRUALS AND DEFERRED INCOME		
Holiday pay	819,593.61	803,323.98
Promotion of Finnish music	225,000.00	225,000.00
Additional taxes on COVID-19 financial support	950,000.00	0.00
Legal fees, reservation	647,922.90	0.00
Other*	1,608,492.17	2,692,517.68
	4,251,008.68	3,720,841.66
DISTRIBUTION FUNDS TO RIGHTHOLDERS		
Performing right royalties	47,191,152.14	47,404,772.05
Mechanical reproduction royalties	2,967,101.86	2,554,284.67
Lending compensation	9,162.51	0.00
Compensation for private copying	1,018,896.77	1,100,293.27
Online royalties collected by NMP	7,631,096.50	6,872,852.21
Gramex royalties collected by Teosto	51,223.72	36,593.40
	58,868,633.50	57,968,795.60

*In the 2022 financial statements, a total of EUR 1,112,965.79 in excess funds was mistakenly stated to have been transferred from Teosto to the Teosto Fund. The amount in question has been corrected in the comparative figures for 2022 in accruals and deferred income and the assets in the self-financed reserve.

	2023	2022
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	545,676.12	506,967.24
To be paid later	1,773,447.39	2,154,610.77
Total	2,319,123.51	2,661,578.01
LEASING LIABILITIES		
Payments outstanding in connection with leasing agreements		
Payments to be made in the next financial period	101,193.46	103,281.31
To be paid later	130,372.62	29,601.02
Total	231,566.08	132,882.33
TOTAL SECURITY AND CONTINGENT LIABILITIES	2,674,777.59	2,918,548.34
6 NOTES ON PERSONNEL		
Average number of personnel	68	64
Personnel expenses		
Salaries	4,636,284.01	4,587,991.69
Fees	224,189.23	213,198.12
Pension costs	810,908.02	815,652.44
Other personnel costs	157,350.89	132,183.56
	5,828,732.15	5,749,025.81
Board of Directors		
Fees paid to Board members	131,500.00	125,000.00
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 EUR 70,738,257.29 as the total distribution for 2023.	2023	2022
THE DISTRIBUTABLE AMOUNT IS MADE UP AS FOLLOWS		
Performing right royalties collected by Teosto	48,096,123.13	48,608,466.88
Mechanical reproduction royalties collected by Teosto	2,967,101.86	2,554,284.67
Performing right royalties from other organisations	3,831,780.45	3,140,889.03
Mechanical reproduction royalties from other organisations	1,288,657.49	1,736,546.82
Lending compensation	395,018.03	404,216.31
Compensation for private copying	1,008,870.58	1,090,267.08
Gramex royalties collected by Teosto	194,345.79	175,736.28
Online royalties collected by NMP	10,950,160.57	10,599,927.22
	68,732,057.90	68,310,334.29
Distribution reserves from previous years	2,006,199.39	1,992,451.34
TOTAL DISTRIBUTION TO Rightholders	70,738,257.29	70,302,785.63

SIGNATURES TO THE ANNUAL REPORT AND FINANCIAL STATEMENT

Espoo 15 March 2024

Antti Auvinen

Chair of the Board of Directors

Risto Salminen

CEO

Ilja Pajula

Saara Konttinen

Jiri Kuronen

Riku Salomaa

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

The organisation's general ledger accounting is done in the Wintime accounting system, the banking software is Nomentia and travel expense reports were processed until 2023 in the Populus system and after that in the InvoiceReady 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, BI	electronically: Wintime + Workflow + Archive (WF) and InvoiceReady (BI)
Sales invoices	MLLASKU, MLWIN, MLVAKLA, MLWINEL, MLWINLL, TI	electronically: Posti Messaging
Payroll accounting receipts	PT	electronically: Mepco
Travel expense receipts	PO, BT	electronically: Populus + binder (PO), electronically: InvoiceReady + binder (BT)
Payments of 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