



**TEOSTO**

**2023 TRANSPARENCY REPORT**

# TABLE OF CONTENTS

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

This transparency report must be retained until 31 December 2033.  
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 2023 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

Categories	Types of use
Performing	Concerts and other events Background music
Radio and TV	Radio TV
Internet	Online, AV Online, audio
Reproduction	
Synchronisation	
Areas that are not covered by the categories of rights	Compensation for private copying Lending compensation

### STAGES OF THE MANAGEMENT PROCESS AT TEOSTO

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

# REVENUE AND EXPENSES <sup>(1)</sup>

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)	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
TV <sup>(12)</sup>	22,236,533	23,377,152	516,442	904,198	-3,906,512	-3,140,580	17.6%	13.4%	-1,130,788	-1,268,446	17,715,676	19,872,323	18,912,192	21,476,550
Radio	9,849,274	9,806,573	244,781	394,151	-1,743,781	-1,541,658	17.7%	15.7%	-501,016	-519,544	7,849,257	8,139,522	9,793,578	10,103,307
<b>TV and radio total</b>	<b>32,085,807</b>	<b>33,183,725</b>	<b>761,223</b>	<b>1,298,349</b>	<b>-5,650,293</b>	<b>-4,682,238</b>	<b>17.6%</b>	<b>14.1%</b>	<b>-1,631,804</b>	<b>-1,787,990</b>	<b>25,564,933</b>	<b>28,011,845</b>	<b>28,705,770</b>	<b>31,579,857</b>
Concerts and other events	12,247,092	10,847,539	301,977	426,548	-2,486,384	-2,020,332	20.3%	18.6%	-603,761	-555,225	9,458,923	8,698,529	8,872,885	8,192,155
Background music	11,100,055	10,571,475	276,387	425,488	-2,830,992	-2,554,043	25.5%	24.2%	-512,727	-506,575	8,032,723	7,936,345	8,670,708	8,421,951
<b>Public performance total</b>	<b>23,347,147</b>	<b>21,419,014</b>	<b>578,364</b>	<b>852,036</b>	<b>-5,317,377</b>	<b>-4,574,375</b>	<b>22.8%</b>	<b>21.4%</b>	<b>-1,116,488</b>	<b>-1,061,801</b>	<b>17,491,646</b>	<b>16,634,875</b>	<b>17,543,592</b>	<b>16,614,106</b>
Online, AV	8,509,869	6,689,880	0	0	-850,987	-668,988	10.0%	10.0%	-321,673	-252,877	7,337,209	5,768,014	6,371,442	4,441,222
Online, audio <sup>(13)</sup>	10,950,161	10,599,927	0	0	-936,302	-1,028,207	8.6%	9.7%	-330,286	-368,134	10,950,161	10,599,927	11,003,437	10,647,419
<b>Internet total</b>	<b>19,460,029</b>	<b>17,289,807</b>	<b>0</b>	<b>0</b>	<b>-1,787,289</b>	<b>-1,697,195</b>	<b>4.4%</b>	<b>9.8%</b>	<b>-651,959</b>	<b>-621,012</b>	<b>18,287,369</b>	<b>16,367,942</b>	<b>17,374,879</b>	<b>15,088,642</b>
Reproduction and synchronisation <sup>(14)</sup>	823,416	901,225	0	0	-153,979	-153,208	18.7%	17.0%	0	0	669,437	748,017	448,620	520,018
<b>OUT OF CATEGORY</b>														
Compensation for private copying	1,218,443	1,281,160	0	0	-209,572	-190,893	17.2%	14.9%	0	0	1,008,871	1,090,267	1,008,871	1,090,267
Compensation for private copying – collective share <sup>(15)</sup>	961,140	944,090	0	0	0	0			0	0	0	0	0	0
Remuneration for public lending	485,877	494,152	0	0	-90,859	-89,936	18.7%	18.2%	0	0	395,018	404,216	395,018	404,216
	<b>78,381,860</b>	<b>75,513,173</b>	<b>1,339,587</b>	<b>2,150,385</b>	<b>-13,209,369</b>	<b>-11,387,845</b>			<b>-3,400,252</b>	<b>-3,470,802</b>	<b>63,417,274</b>	<b>63,257,162</b>	<b>65,476,750</b>	<b>65,297,106</b>
<b>ALSO IN THE PROFIT AND LOSS STATEMENT</b>														
Performing right royalties from abroad	3,839,612	3,134,430	0	0	-113,296	-89,480	3.0%	2.9%	0	0	3,726,315	3,044,950	3,726,315	3,044,950
Rebroadcasting (Nacka) TV Finland	111,016	100,989	0	0	-5,551	-5,049	5.0%	5.0%	0	0	105,465	95,939	105,465	95,939
Gramex performance and reproduction	194,346	175,736	0	0	0	0			0	0	194,346	175,736	194,346	175,736
NCB	1,288,657	1,736,547	0	0	0	0			0	0	1,288,657	1,736,547	1,235,381	1,689,055
NMP / Online from abroad														
Online, audio – expenses <sup>(13)</sup>					936,302	1,028,207								
	<b>83,815,490</b>	<b>80,660,875</b>	<b>1,339,587</b>	<b>2,150,385</b>	<b>-12,391,914</b>	<b>-10,454,167</b>	<b>14.6%</b>	<b>12.6%</b>	<b>-3,400,252</b>	<b>-3,470,802</b>	<b>68,732,058</b>	<b>68,310,334</b>	<b>70,738,257</b>	<b>70,302,786</b>

## 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 418,104. 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 3.0%). 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 2023, with a breakdown per category of rights managed and type of use. (2.c.i.)

**(11)** Total amount attributed to rightholders in 2023, 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 8.6%. 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 936,302) and the corresponding amount is presented as an adjustment item before the total expenses amount.

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

**(15)** Transferred to The Finnish Music Foundation for the promotion of creative musical art during 2024.

**(16)** Total amount collected but not yet attributed to rightholders for the financial year 2023. (2.c.iv)

**(17)** Total amount attributed to rightholders but not yet distributed for the financial years 2020–2023. In addition to the distributable amount for the period (EUR 68,732,058), the amount includes the reversal of provisions for the previous financial years, totalling EUR 2,006,199. 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

	2023	2022
Revenue from day-to-day operations	83,815,490	80,660,875
Total distributable amount	70,738,257	70,302,786
Distributed amounts (18)	65,941,046	63,531,946
Paid amounts (19)	65,365,346	66,976,403

DISTRIBUTED BUT NOT YET PAID	2023	2022
Foreign collective management organisations (20)	82,598	40,984
Teosto's rightholders (21)	2,187,280	2,282,145
<b>TOTAL</b>	<b>2,269,878</b>	<b>2,323,129</b>

ATTRIBUTED BUT NOT YET DISTRIBUTED CATEGORY OF RIGHTS/TYPE OF USE	COLLECTION YEAR			TOTAL	
	2023	2022	2021 and earlier	2023	2022
Concerts and other events	7,785,036	516,117	0	8,301,153	7,483,019
Background music	6,628,556	0	0	6,628,556	6,797,097
<b>Public performance total</b>	<b>14,413,592</b>	<b>516,117</b>	<b>0</b>	<b>14,929,708</b>	<b>14,280,116</b>
TV	12,290,486	4,356	123,059	12,417,901	14,045,927
Radio	6,047,855	0	0	6,047,855	6,580,943
<b>Radio and TV total</b>	<b>18,338,341</b>	<b>4,356</b>	<b>123,059</b>	<b>18,465,756</b>	<b>20,626,870</b>
Online, audio	4,562,882	2,332,454	1,569,365	8,464,701	7,671,428
Online, AV	6,361,675	505,095	0	6,866,771	4,989,751
<b>Internet total</b>	<b>10,924,557</b>	<b>2,837,550</b>	<b>1,569,365</b>	<b>15,331,471</b>	<b>12,661,179</b>
<b>Copying and synchronisation</b>	<b>448,620</b>	<b>-926</b>	<b>0</b>	<b>447,694</b>	<b>500,939</b>
Lending compensation	9,163	0	0	9,163	0
Compensation for private copying	1,008,871	0	10,026	1,018,897	1,100,293
<b>Areas that are not covered by the categories of rights, total</b>	<b>1,018,033</b>	<b>0</b>	<b>10,026</b>	<b>1,028,059</b>	<b>1,100,293</b>
Gramex royalties	51,224	0	0	51,224	36,593
<b>Other</b>	<b>51,224</b>	<b>0</b>	<b>0</b>	<b>51,224</b>	<b>36,593</b>
<b>TOTAL</b>	<b>45,194,367</b>	<b>3,357,096</b>	<b>1,702,449</b>	<b>50,253,912</b>	<b>49,205,990</b>
Performing right royalties from abroad	1,328,115	134,142	424,921	1,887,178	1,716,499
Subject to clearance and non-members (22)	2,321,782	1,978,533	1,848,104	6,148,419	6,412,079
Withheld (22)	233,972	147,779	1,026,548	1,408,299	1,384,195
<b>TOTAL</b>	<b>49,078,237</b>	<b>5,617,550</b>	<b>5,002,021</b>	<b>59,697,808</b>	<b>58,718,762</b>

**(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 (18)		
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 ja TV	Radio	March, June, September, December
	TV	March, June, September, December
Internet	Online, AV	September
	Online, audio	March, June, September, December
Tallentaminen		June, December
Synkronointi		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 2023			DISTRIBUTED TOTAL	
		2023	2022	2021 or earlier	Total 2023	Total 2022
<b>DISTRIBUTION OF ROYALTIES COLLECTED FROM FINLAND</b>						
<b>Category of rights</b>	<b>Type of use</b>					
Performance	Concerts and other events	1,053,604	6,858,657	24,470	7,936,731	4,406,004
	Background music	1,950,649	6,630,473	54,495	8,635,617	7,351,696
<b>Public performance total</b>		<b>3,004,253</b>	<b>13,489,130</b>	<b>78,965</b>	<b>16,572,348</b>	<b>11,757,700</b>
Radio and TV	TV	6,143,838	13,238,813	301,025	19,683,675	20,841,462
	Radio	3,559,608	6,375,574	101,837	10,037,019	10,087,621
<b>Radio and TV total</b>		<b>9,703,446</b>	<b>19,614,386</b>	<b>402,862</b>	<b>29,720,694</b>	<b>30,929,083</b>
Internet	Online, audio	4,905,104	1,224,353	2,535,214	8,664,671	9,415,023
	Online, AV	0	4,312,706	56,190	4,368,896	4,449,346
<b>Internet total</b>		<b>4,905,104</b>	<b>5,537,059</b>	<b>2,591,404</b>	<b>13,033,567</b>	<b>13,864,369</b>
<b>Reproduction and synchronisation</b>		<b>0</b>	<b>368,705</b>	<b>10,707</b>	<b>379,412</b>	<b>361,710</b>
Areas that are not covered by the categories of rights	Lending compensation	377,623	0	2,326	379,949	398,356
	Compensation for private copying	0	1,081,968	4,457	1,086,424	1,039,070
<b>Areas that are not covered by the categories of rights, total</b>		<b>377,623</b>	<b>1,081,968</b>	<b>6,783</b>	<b>1,466,374</b>	<b>1,437,426</b>
<b>TOTAL</b>		<b>17,990,426</b>	<b>40,091,248</b>	<b>3,090,720</b>	<b>61,172,394</b>	<b>58,350,289</b>
<b>AMOUNTS RECEIVED AND DISTRIBUTED FROM ABROAD</b>						
	Performing right royalties	2,297,987	1,150,476	31,531	3,479,994	3,445,111
	Reproduction royalties (24)	1,288,657			1,288,657	1,736,547
<b>Total</b>		<b>3,586,645</b>	<b>1,150,476</b>	<b>31,531</b>	<b>4,768,652</b>	<b>5,181,657</b>
<b>DISTRIBUTED AMOUNTS, TOTAL</b>		<b>21,577,071</b>	<b>41,241,724</b>	<b>3,122,251</b>	<b>65,941,046</b>	<b>63,531,946</b>

(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	PUBLIC PERFORMANCE		TV AND RADIO		REPRODUCTION	ONLINE	OUT OF CATEGORY		TOTAL	
		CONCERTS AND OTHER EVENTS	BACK-GROUND MUSIC	TV	RADIO	REPRODUCTION	AV SERVICES	REMUNERATION FOR PUBLIC LENDING	COMPENSATION FOR PRIVATE COPYING	Total 2023	Total 2022
ABRAMUS	BRAZIL	194	592	640	1,040	16	171	0	0	2,653	1,630
ACAM	COSTA RICA	0	0	9	0	0	1	0	0	9	5
ACDAM	CUBA	178	144	89	360	0	40	0	0	811	375
ACUM	ISRAEL	664	641	14,747	1,557	361	675	0	0	18,644	18,704
AEPI	GREECE	0	0	0	0	0	0	0	0	0	24
AGADU	URUGUAY	10	20	312	26	33	19	0	0	420	313
AKKA/LAA	LATVIA	1,645	689	9,290	1,121	234	10	35	0	13,023	4,891
AKM	AUSTRIA	5,243	5,720	61,679	6,690	42	2,432	64	0	81,870	52,736
ALBAUTOR	ALBANIA	0	4	60	6	0	1	0	0	70	272
AMAR	BRAZIL	90	80	42	117	0	2	0	0	331	196
AMCOS	AUSTRALIA	0	0	0	0	0	2,335	0	0	2,335	3,981
AMRA	USA	2,196	21,083	4,492	17,958	110	1,175	0	0	47,014	47,055
AMUS	BOSNIA AND HERZEGOVINA	0	53	0	139	0	0	0	0	192	141
ANCO	MOLDOVA	0	0	1,410	0	0	0	0	0	1,410	1,124
APA	PARAGUAY	0	0	0	0	40	1	0	0	40	5
APDAYC	PERU	29	22	100	45	0	50	0	0	245	468
APRA	AUSTRALIA AND NEW ZEALAND	12,548	40,751	353,589	43,672	1,641	37,537	0	0	489,736	522,489
ARMAUTHOR-NGO	ARMENIA	11	20	67	59	450	0	0	0	606	257
ARTISJUS	HUNGARY	944	985	1,779	1,681	203	139	70	197	5,999	5348
ASCAP	USA	283,444	549,084	1,355,297	591,858	14,953	503,203	0	0	3,297,839	3,564,830
ASSIM	BRAZIL	4	6	4	11	0	22	0	0	47	170
AUME	AUSTRIA	0	0	0	0	0	133	0	632	765	1,228
AUTODIA	GREECE	196	413	93	263	0	14	10	0	990	2,675
BBDA	BURKINA FASO	167	29	0	11	40	0	0	0	247	31
BGDA	GUINEA	0	0	0	0	0	25	0	0	26	14
BMI	USA	195,812	583,529	1,240,520	644,924	13,117	627,700	0	0	3,305,602	3,356,091
BSDA	SENEGAL	4	134	273	254	92	15	0	0	773	945
BUBEDRA	BENIN	0	2	0	3	0	0	0	0	5	6
BUMA	NETHERLANDS	8,181	27,262	98,009	34,459	993	3,733	1,163	0	173,800	154,657
BUMDA	MALI	8	67	78	145	0	3	0	0	300	287
BURIDA	IVORY COAST	0	0	0	1	0	3	0	0	3	0
Capasso	SOUTH AFRICA	0	0	0	0	0	73	0	0	73	137
CASH	HONG KONG	8	25	1,328	65	10	159	0	0	1,595	1,883
COMPASS	SINGAPORE	9	29	3,007	89	0	20	0	0	3,154	10,355
COSCAP	BARBADOS	0	4	1	0	0	1	0	0	7	17

# DISTRIBUTIONS TO OTHER COLLECTIVE MANAGEMENT ORGANISATIONS

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

ORGANISATION	COUNTRY	PUBLIC PERFORMANCE		TV AND RADIO		REPRODUCTION	ONLINE	OUT OF CATEGORY		TOTAL	
		CONCERTS AND OTHER EVENTS	BACK-GROUND MUSIC	TV	RADIO	REPRODUCTION	AV SERVICES	REMUNERATION FOR PUBLIC LENDING	COMPENSATION FOR PRIVATE COPYING	Total 2023	Total 2022
COSOMA	MALAWI	0	0	0	0	0	0	0	0	0	2
COSON	NIGERIA	0	0	0	0	0	0	0	0	0	8
COSOTA	TANZANIA	0	0	28	0	0	0	0	0	28	43
COTT	TRINIDAD AND TOBAGO	2	42	132	104	0	102	0	0	383	412
EAÜ	ESTONIA	3,900	3,518	15,453	5,723	209	182	98	0	29,082	43,744
ECCO	SAINT LUCIA	0	0	0	0	0	4	0	0	4	4
FILSCAP	PHILIPPINES	0	16	1	18	0	11	0	0	46	179
GCA	GEORGIA	71	51	56	120	0	0	0	0	298	1,994
GEMA	GERMANY	66,964	106,780	421,838	140,682	8,636	38,225	5,127	10,894	799,147	723,195
HDS-ZAMP	CROATIA	237	353	4,417	644	0	57	7	0	5,715	1,911
IMRO	IRELAND	4,185	14,512	83,513	13,410	278	5,073	319	0	121,290	126,821
IPRS	INDIA	12	60	128	139	0	172	0	0	511	381
JACAP	JAMAICA	6	57	18	81	0	5	0	0	166	189
JASRAC	JAPAN	5,246	1,821	88,170	2,810	388	19,485	0	0	117,919	164,022
KAZAK	KAZAKHSTAN	0	0	29	0	0	0	0	0	29	94
KODA	DENMARK	90,585	81,675	1,113,618	101,640	12,083	108,070	1,180	34,566	1,543,417	1,267,359
KOMCA	KOREA	1,376	4,814	42,302	15,811	169	7,268	0	0	71,741	112,849
LATGA-A	LITHUANIA	237	475	931	1,064	0	2	7	0	2,717	1,575
MACP	MALAYSIA	0	8	44	20	0	3	0	0	74	407
MASA	MAURITIUS	0	0	0	0	0	0	0	0	0	3
MCPS	UNITED KINGDOM	0	0	0	0	0	17,696	29	0	17,725	14,340
MCSC	CHINA	86	21	1,078	62	162	37	0	0	1,447	2,578
MCSK	KENYA	0	3	25	9	0	0	0	0	37	133
MCSN	NIGERIA	0	0	0	0	0	0	0	0	0	137
MCT	THAILAND	0	19	5	49	0	66	0	0	139	69
MESAM	TURKEY	58	124	411	278	0	67	0	0	939	1,519
MSG	TURKEY	0	59	144	122	0	104	0	0	429	892
MUSICAUTOR	BULGARIA	480	201	344	340	0	22	4	0	1,391	913
MÜST	TAIWAN	0	0	0	0	0	0	0	0	0	227
NASCAM	NAMIBIA	4	0	17	0	0	0	0	0	21	13
NCB	NORDIC COUNTRIES	0	0	0	0	0	0	1,255	0	1,255	0
NCIP	BELARUS	0	1	0	0	717	0	0	0	717	2
NGO-UACRR	UKRAINE	1,406	547	1,562	669	89	0	0	0	4,273	1,777
OMDA	MADAGASCAR	0	1	0	3	0	0	0	0	4	0

# DISTRIBUTIONS TO OTHER COLLECTIVE MANAGEMENT ORGANISATIONS

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

ORGANISATION	COUNTRY	PUBLIC PERFORMANCE		TV AND RADIO		REPRODUCTION	ONLINE	OUT OF CATEGORY		TOTAL	
		CONCERTS AND OTHER EVENTS	BACK-GROUND MUSIC	TV	RADIO	REPRODUCTION	AV SERVICES	REMUNERATION FOR PUBLIC LENDING	COMPENSATION FOR PRIVATE COPYING	Total 2023	Total 2022
OSA	CZECH REPUBLIC	3,483	1,321	7,157	1,454	119	768	92	0	14,394	17,524
ONDA	ALGERIA	0	13	21	40	0	0	0	0	74	85
PAM	MONTENEGRO	0	1	0	2	0	0	0	0	3	0
PRS	UNITED KINGDOM	288,103	634,237	2,807,526	754,178	16,416	358,668	33,489	56,471	4,949,089	5,093,526
RAO	RUSSIA	10,311	7,764	8,190	7,541	22	6,952	0	0	40,780	43,494
SABAM	BELGIUM	15,434	10,648	47,989	14,122	1,070	4,220	635	0	94,118	104,861
SACEM	FRANCE	82,596	81,230	802,483	107,288	14,232	110,814	3,359	16,551	1,218,554	1,215,413
SACENC	FRANCE	0	0	0	0	0	0	0	0	0	1
SACM	MEXICO	3,685	2,911	4,591	4,281	31	1,257	0	0	16,755	14,236
SACVEN	VENEZUELA	124	105	22	214	0	19	0	0	483	260
SADAIC	ARGENTINA	1,200	1,406	3,759	2,389	73	4,938	0	0	13,766	14,848
SAMRO	SOUTH AFRICA	924	5,950	3,566	4,663	81	298	0	0	15,481	16,570
SAYCE	ECUADOR	0	1	1	2	15	0	0	0	19	2
SAYCO	COLOMBIA	493	131	195	193	0	377	0	0	1,389	2,054
SAZAS	SLOVENIA	45	110	636	241	0	64	4	0	1,099	3,286
SBACEM	BRAZIL	85	144	96	291	150	18	0	0	785	482
SCD	CHILE	47	137	595	262	21	89	0	0	1,150	1,108
SESAC	USA	10,494	42,298	230,107	46,641	460	152,840	0	0	482,840	493,172
SGAE	SPAIN	9,654	11,478	129,493	14,670	1,971	27,783	396	3,464	198,909	246,807
SIAE	ITALY	41,502	47,653	259,215	64,529	3,214	13,735	2,616	0	432,464	333,162
SICAM	BRAZIL	0	17	37	37	0	8	0	0	99	291
SOBODAYC	BOLIVIA	9	0	5	1	0	0	0	0	15	16
SOCAN	CANADA	28,644	50,985	605,316	57,056	1,252	103,372	0	0	846,626	871,510
SOCINPRO	BRAZIL	20	78	46	128	0	5	0	0	278	137
SODRAC	CANADA	0	0	0	0	0	2,710	0	0	2,710	2,821
SOKOJ	SERBIA	118	298	80	586	23	6	0	0	1,111	2,188
SOZA	SLOVAKIA	0	34	336	58	1,053	19	0	0	1,500	833
SPA	PORTUGAL	1,596	1,557	2,390	2,708	277	71	80	0	8,679	7,792
SPAC	PANAMA	0	0	1	0	0	0	0	0	1	6
STEF	ICELAND	5,130	1,788	32,371	2,354	380	1,291	44	1,150	44,507	13,822
STEMRA	NETHERLANDS	0	0	0	0	0	1,176	11	2,682	3,870	2,908
STIM	SWEDEN	1,059,708	2,238,445	5,040,773	2,551,413	51,996	1,879,448	11,901	34,264	12,867,948	12,960,043
SUISA	SWITZERLAND	6,436	7,682	37,775	10,432	469	3,561	201	0	66,555	47,934
TONO	NORWAY	27,656	50,158	248,706	51,774	1,138	15,791	1,162	0	396,384	349,622

# DISTRIBUTIONS TO OTHER COLLECTIVE MANAGEMENT ORGANISATIONS

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

ORGANISATION	COUNTRY	PUBLIC PERFORMANCE		TV AND RADIO		REPRODUCTION	ONLINE	OUT OF CATEGORY		TOTAL	
		CONCERTS AND OTHER EVENTS	BACK-GROUND MUSIC	TV	RADIO	REPRODUCTION	AV SERVICES	REMUNERATION FOR PUBLIC LENDING	COMPENSATION FOR PRIVATE COPYING	Total 2023	Total 2022
UBC	BRAZIL	2,081	2,467	1,789	4,888	201	500	0	0	11,927	9,137
UCMR-ADA	ROMANIA	7	893	427	1,183	0	77	5	0	2,593	1,365
UNISON	SPAIN	1	30	12	81	0	76	0	0	199	75
WAMI	INDONESIA	120	11	15	29	0	18	0	0	192	188
VCPMC	VIETNAM	0	28	70	70	0	1	0	0	168	960
ZAIKS	POLAND	4,069	2,344	31,055	4,859	4,322	5,586	130	0	52,365	22,606
ZAMCOPS	ZAMBIA	0	15	0	30	0	4	0	0	48	70
ZAMP	NORTH MACEDONIA	0	18	1,840	50	0	5	0	0	1,913	236
ZIMURA	ZIMBABWE	0	0	26	0	0	1	0	0	27	54
<b>TOTAL</b>		<b>2,290,216</b>	<b>4,650,934</b>	<b>15,229,888</b>	<b>5,341,087</b>	<b>154,051</b>	<b>4,072,907</b>	<b>63,492</b>	<b>160,872</b>	<b>31,963,447</b>	<b>32,116,632</b>

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

JÄRJESTÖ	MAA	PUBLIC 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 AUDIO	ONLINE AV	LENDING COMPENSATION	COMPENSATION FOR PRIVATE COPYING	Total 2023 Other	Total 2022 Other
GRAMEX (27)										179,715	166,920

(25) Royalties distributed to foreign collective management organisations in December 2023 were paid in December 2023. 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 2023	Total 2022
ACUM	ISRAEL	2,663	1,266	677	0	82	0	4,688	5,045
AKKA/LAA	LATVIA	5,846	2,364	214	0	15	334	8,773	5,658
AKM	AUSTRIA	112,136	36,731	1,025	0	0	0	149,892	56,051
APDAYC	PERU	150	166	1,720	945	678	1	3,660	0
APRA	AUSTRALIA AND NEW ZEALAND	8,241	29,864	29,985	0	908	0	68,997	90,787
ARMAUTHOR-NGO	ARMENIA	0	0	0	0	0	0	0	95
ARTISJUS	HUNGARY	8,514	5,938	101	0	7,115	5,854	27,522	13,833
ASCAP	USA	72,782	71,609	85,994	0	4,464	0	234,849	222,379
AUTODIA	GREECE	7,105	795	1,397	0	0	0	9,297	7,187
BMI	USA	6,434	21,144	31,470	0	9,977	0	69,025	68,354
BUMA	NETHERLANDS	102,560	32,507	9,844	0	-15,408	0	129,503	104,860
CASH	HONG KONG	263	1,390	1,169	0	1,220	0	4,042	3,626
EAÜ	ESTONIA	33,746	8,004	773	0	0	17,965	60,488	37,155
GCA	GEORGIA	0	0	0	0	530	0	530	0
GEMA	GERMANY	329,849	306,317	81,150	0	0	35,818	753,135	488,699
HDS-ZAMP	CROATIA	0	2,489	0	0	1,657	0	4,146	3,853
IMRO	IRELAND	523	4,068	1,333	16	631	0	6,570	7,524
JASRAC	JAPAN	14,827	23,495	34,853	0	218	0	73,393	115,081
KODA	DENMARK	47,831	39,515	30,357	10	7,347	0	125,060	128,156
KOMCA	KOREA	2,806	14,061	56,805	0	2,245	0	75,918	97,793
LATGA-A	LITHUANIA	1,417	11,109	0	0	0	0	12,526	11,274
MACP	MALAYSIA	21	135	833	0	402	0	1,390	2,417
MCSC	CHINA	7,688	437	0	0	3,681	0	11,805	14,155
MCT	THAILAND	199	674	536	0	0	0	1,408	2,413
MESAM	TURKEY	834	607	2,394	0	0	0	3,834	1,687
MÜST	TAIWAN	538	637	1,221	0	400	0	2,796	3,893
OSA	CZECH REPUBLIC	28,514	11,341	553	0	0	2,299	42,707	28,942
PRS	UNITED KINGDOM	98,508	76,355	83,815	0	86,579	0	345,257	300,746
SABAM	BELGIUM	33,066	23,327	2,124	0	0	0	58,518	61,681
SACEM	FRANCE	117,846	118,182	25,882	0	20,743	0	282,653	188,055
SACM	MEXICO	6,520	358	10,314	0	103	0	17,295	7,117
SADAIC	ARGENTINA	3,554	472	542	0	22	0	4,590	2,826
SAMRO	SOUTH AFRICA	0	3,175	480	0	0	0	3,655	2,720

## 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 2023	Total 2022
SAYCO	COLOMBIA	129	691	1,448	0	1	0	2,269	985
SAZAS	SLOVENIA	2,532	5,265	3	0	0	0	7,800	3,389
SCD	CHILE	11	2,341	0	206	431	0	2,988	1,744
SESAC	USA	0	3,157	0	0	-50	0	3,107	3,278
SGAE	SPAIN	33,170	24,623	13,726	0	-3,235	0	68,283	61,633
SIAE	ITALY	45,169	23,755	10,033	0	10,172	0	89,129	115,823
SOCAN	CANADA	3,715	36,070	27,605	0	7,218	0	74,607	49,124
SOKOJ	SERBIA	13	0	0	0	0	0	13	59,021
SOZA	SLOVAKIA	1,386	9,952	271	0	211	0	11,820	15,546
SPA	PORTUGAL	3,256	689	268	0	0	0	4,213	8,642
STEMRA	NETHERLANDS	0	0	0	0	-1	2,084	2,084	7,310
STIM	SWEDEN	83,832	283,921	161,687	1,075	-62,402	0	468,112	454,448
SUISA	SWITZERLAND	89,038	53,296	2,565	0	2,733	10,916	158,548	133,950
TONO	NORWAY	31,585	37,714	28,888	0	449	1,061	99,697	136,381
UBC	BRAZIL	12,144	11,767	7,508	0	1,236	0	32,655	10,610
UCMR-ADA	ROMANIA	22,395	8,718	2,242	0	6,634	0	39,989	12,364
VCPMC	VIETNAM	1,122	15	3	0	105	0	1,246	0
WAMI	INDONESIA	0	0	0	0	0	0	0	1,668
ZAIKS	POLAND	16,620	6,140	2,183	0	2,001	2	26,946	14,471
ZAMP	NORTH MACEDONIA	0	529	0	0	0	0	529	237
<b>TOTAL</b>		<b>1,401,096</b>	<b>1,357,173</b>	<b>755,991</b>	<b>2,251</b>	<b>99,109</b>	<b>76,335</b>	<b>3,691,957</b>	<b>3,174,688</b>

**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 2023	Total 2022
<b>KOPIOSTO (31)</b>			1,671,361		76,559			<b>1,747,920</b>	<b>1,825,490</b>

**(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 2023. 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 Kopiosto 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 2023, EUR 3,400,252 OF CULTURAL CONTRIBUTIONS WERE TRANSFERRED TO THE TEOSTO FUND AND USED AS FOLLOWS (32), (33), (34), (35), (36), (37):**

CULTURAL CONTRIBUTIONS	2023	2022
<b>MEMBER ORGANISATIONS</b>		
Finnish Music Creators' Association	300,286	278,042
The Society of Finnish Composers	236,675	219,144
The Finnish Music Publishers Association	236,675	219,144
<b>INTERNATIONAL PUBLIC AFFAIRS</b>		
ECSA	15,000	15,000
ICMP	0	4,873
Project funding	35,893	40,000
<b>OTHER COMPOSER ORGANISATIONS</b>		
Finnish Church Music Composers	7,000	6,000
<b>FOUNDATIONS AND FUNDS IN THE AREA OF MUSIC</b>		
The Sibelius Fund	50,000	40,000
The Malmsten Foundation	50,000	40,000
The fund of the Finnish Music Publishers Association	50,000	40,000
The Commission Grant Committee	50,000	50,000
<b>MUSIC PROMOTION</b>		
Music Finland	232,000	232,000
Finnish Music Foundation (MES)	320,910	152,000
COVID-19 financial support (36)	0	1,000,200
Back taxes on COVID-19 financial support (37)	950,000	0
Other (38)	534,487	494,485
<b>TOTAL USE OF CULTURAL CONTRIBUTIONS</b>	<b>3,068,926</b>	<b>2,830,888</b>
<b>Transfer of cultural contributions to the reserve fund</b>	<b>331,325</b>	<b>639,914</b>
<b>CULTURAL CONTRIBUTIONS TOTAL</b>	<b>3,400,252</b>	<b>3,470,802</b>
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 3,400,252. This amount was transferred to the Teosto Fund. Of the total amount, EUR 3,068,926 was used for various purposes and allocated uniformly among 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 2023, 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) To compensate for rights revenue that rightholders have lost due to the COVID-19 pandemic, Teosto's General Meeting decided on 15 December 2021 to grant EUR 1 million out of cultural contributions as support for Teosto's rightholder members in spring 2022. Approximately 1,500 applications for financial support were submitted. The criteria for receiving financial support were met by slightly more than 1,300 applicants. Support granted was paid through the funds and foundations of Teosto's member organisations in April, with the amounts ranging from EUR 270 to EUR 5,000.

(37) 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.

(38) In the "Other" category, funds in the reserve were used in 2023 for purposes including support for the promotion of Finnish music, the Teosto Prize, developing the music industry's joint promotion of interests efforts and the project to turn the Teosto Fund into a foundation.

# OTHER INFORMATION

## Information on refusals (1.c.)

During 2023, Teosto terminated agreements (in accordance with the terms and conditions) with two customers; Loud n' Live Promotions Oy Ltd & Nordic Live Productions Oy. Loud n' Live was granted its music licences back when the company paid its debt, but the agreement with Nordic Live Productions remained terminated on 31 December 2023.

## 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

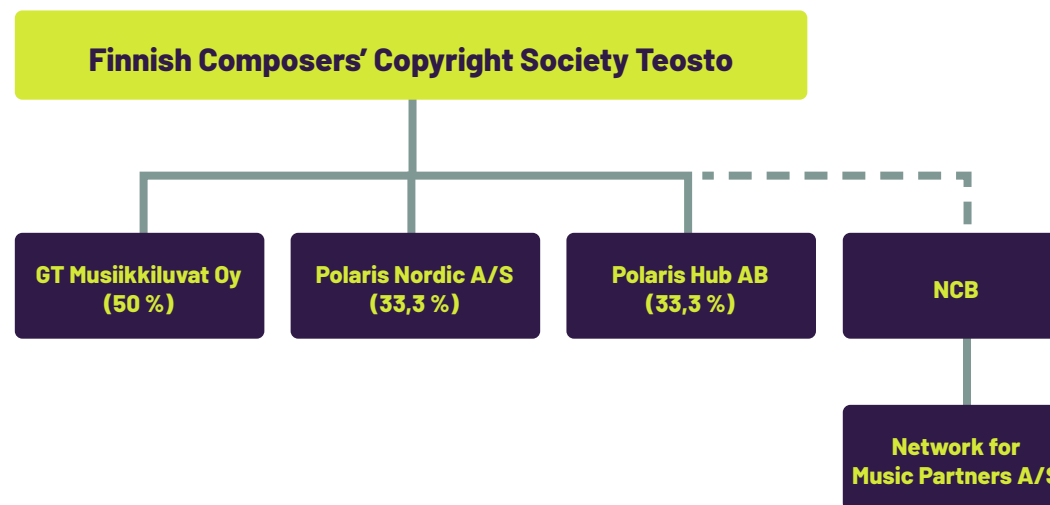
Teosto is a member of the Copyright Information and Anti-Piracy Centre and holds a seat on its Board of Directors.

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

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

In 2023, the total remuneration of the Chairman of the Board of Directors, the members of the Board and the CEO amounted to EUR 393,676. 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.)<sup>(39)</sup>



## Administrative structure (1.d.)<sup>(39)</sup>

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 893 voting members. Teosto also has institutional members including, among others, the Society of Finnish Composers, the Finnish Music Creators' Association, the Finnish Music Publishers Association and the Union of Finnish Writers. Each member has one vote at the General Meeting.

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

1. represent the Association,
2. direct the Association's general activity in promoting creative 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.

<sup>(39)</sup> Description of the collective management organisation's legal and administrative structure (1.d.)

# TEOSTO'S ANNUAL REPORT 2023

## Teosto's operations

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

Teosto's rightholder members include composers, lyricists, arrangers and music publishers. We grant licences on the rightholders' behalf for public performance and reproduction of music and for communicating music to the public.

Teosto has transferred the administration of mechanical reproduction rights to the Nordisk Copyright Bureau (NCB), a joint Nordic agency.

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

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

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

## Most significant events in 2023

There were uncertainties in the overall financial situation in 2023 due to Russia's war of aggression against Ukraine, which started in 2022, and the resulting energy crisis and increased inflation. Despite this, Teosto collected more

royalties than ever before, EUR 75.7 million (2022: EUR 72.8 million). Similarly, the total accumulation of remunerations was record high: EUR 83.8 million (2022: EUR 80.7 million).

Operating expenses were, as expected, growing when compared to the previous year, but, nevertheless, at the budgeted level. One single large item was the cost reservation for MTV's legal fees recorded on the basis of Market Court's ruling issued on 31 October 2023, which was unfavourable for Teosto (EUR 0.7 million). As the expenses increased, the expense percentage of Teosto's operations was also clearly higher than last year, 14.6% (2022: 12.6%). The total distribution of royalties set a new record of EUR 70.7 million (2022: EUR 70.3 million).

In accordance with our strategic vision, we increase the cultural and commercial importance of music. In 2023, we crystallised our strategic goals. In accordance with our goals, we want to be a preferred community for professional music authors. Our goal is also that music user customers choose music represented by Teosto. Taking responsibility for the future of Finnish music culture highlights Teosto's role as a non-profit cultural organisation.

We continued the renewal of Teosto employees' skills in 2023. During the autumn, we implemented a change process in which we changed the roles in our development work to better match the reform needs of services and technologies. In 2023, we started to clarify the opportunities provided and threats posed by the generative AI in music-making and use as well as the opportunities it provides for boosting the organisational activities. We measured the quality of work life at Teosto using the Quality of Work Life survey. According to the survey, the quality of work life at Teosto is at a good level and at a level which is clearly higher than the national average (77.5% and 70%).

We also continued to invest in digital services in line with our strategy. We had three large ongoing projects during 2023, the largest of which was the project to overhaul our

distribution and reporting systems. The aim is to gradually deploy the new system in 2024–2025. The system is delivered by the Irish company Spanish Point Technologies Ltd. The reform of Teosto's web services also continued. The work will continue in 2024 with the reform of event licence reporting and restaurant reporting. We also launched the financial administration system renewal in 2023. We selected Microsoft's Business Central delivered by Innofactor Plc as the new system. It is expected that the deployment will take place in spring 2024.

In 2023, we made preparations for the establishment of the Teosto Cultural Foundation. In December 2023, Teosto's Extraordinary General Meeting authorised the CEO and Board of Directors to establish the Teosto Cultural Foundation.

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. The Market Court dismissed the case and rejected the claims for compensation presented to MTV by Teosto. We applied for leave to appeal from the Supreme Court.

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 reservation of EUR 0.95 million was recorded in Teosto's result in 2023.

In 2023, the investment market was fluctuating due to the global events and their consequences. Interest rates, which

started to increase in 2022, continued their increase until the very end of 2023 when they started to slightly decrease. Although the year of real estate investments was extremely challenging, the return on the portfolios of the Finnish Composers' Copyright Society Teosto and the Teosto Fund was positive when measured both in terms of the market values and accounting returns.

The key measures of Teosto's promotion of interests and advocacy work included the efforts made concerning the national implementation of the Copyright Directive (DSM). The amendments required by the Directive were made to the Copyright Act at the beginning of 2023.

The focus of the joint promotion of interests of Teosto and its member organisations (the Society of Finnish Composers, the Finnish Music Creators' Association and the Finnish Music Publishers Association), i.e. creative primary production of music, was in the advocacy related to the parliamentary elections and the goals for the government programme and in contacting the elected new Members of Parliament and ministers after the parliamentary session started. As a result of the active advocacy work, many issues important for the primary production of music were highlighted in the government programme.

Teosto also carried out extensive advocacy cooperation with other copyright societies and within the Luovan työn tekijät ja yrittäjät ry cooperation network as well as at the international level through our European umbrella organisation GESAC.

### **Future development**

Teosto is undergoing a comprehensive set of system renewals. It is necessary to reform the outdated systems in order to ensure operational continuity. The increase in operating expenses caused by the system projects will continue, as expected, in 2024. Another factor that increases expenses is the increased service fees by Teosto's service partners as a result of, for example, general cost increases.

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

The charter of the Teosto Cultural Foundation established for the purpose of promoting Finnish music and improving the conditions for it was signed in January 2024. According to the preliminary plans, Teosto will support the operations of the Foundation by donating a significant amount of funds from the Teosto Fund to it in the coming years.

### **On possible operational risks**

Insecurities in the general operating environment are also reflected in Teosto's operating environment. The ongoing financial insecurities are also reflected to the use of music and remunerations. The investment environment will also remain insecure in 2024.

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

In terms of Teosto and MTV's dispute regarding the pricing of music royalties in the pay TV and Video on Demand services category, Teosto's application for leave to appeal is

pending in the Supreme Court. Although the Market Court's ruling was unfavourable for Teosto, the end result of the legal proceedings is uncertain at this stage.

### **Transparency report**

Teosto will publish a transparency report for 2023 in accordance with the Act on the Collective Management of Copyright in May 2024.

# PROFIT AND LOSS STATEMENT

	2023	2022
<b>DAY-TO-DAY OPERATIONS</b>		
<b>Income</b>		
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
	<b>84,145,776.51</b>	<b>81,035,304.35</b>
<b>Costs</b>		
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
	<b>-16,404,929.83</b>	<b>-14,398,055.38</b>
	<b>67,740,846.68</b>	<b>66,637,248.97</b>
<b>FUNDRAISING</b>		
Membership fees	170,972.00	156,900.00
	<b>67,911,818.68</b>	<b>66,794,148.97</b>
<b>INVESTMENTS AND FINANCING</b>		
Income	4,763,231.61	4,729,874.06
Costs	-2,973,249.57	-2,043,764.66
	<b>1,789,982.04</b>	<b>2,686,109.40</b>
	<b>69,701,800.72</b>	<b>69,480,258.37</b>
<b>Transfer for distribution to rightholders</b>	-68,732,057.90	-68,310,334.29
<b>Changes to the self-financed reserve</b>	-969,742.82	-1,169,924.08
<b>SURPLUS/DEFICIT FOR THE FINANCIAL YEAR</b>	<b>0.00</b>	<b>0.00</b>

# BALANCE SHEET

ASSETS	2023	2022
<b>NON-CURRENT ASSETS</b>		
<b>Intangible assets</b>		
Other long-term expenditure	3,948,095.22	3,127,150.16
	<b>3,948,095.22</b>	<b>3,127,150.16</b>
<b>Tangible assets</b>		
Machinery and equipment	78,881.53	143,802.88
	<b>78,881.53</b>	<b>143,802.88</b>
<b>Investments</b>		
Shares and similar rights of ownership	37,078,895.69	37,100,188.53
Other investments	950,000.00	950,000.00
	<b>38,028,895.69</b>	<b>38,050,188.53</b>
<b>TOTAL NON-CURRENT ASSETS</b>	<b>42,055,872.44</b>	<b>41,321,141.57</b>
<b>ASSETS IN THE SELF-FINANCED RESERVE</b>		
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
	<b>39,856,599.48</b>	<b>38,886,856.66</b>
<b>CURRENT ASSETS</b>		
<b>Current receivables</b>		
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
	<b>18,969,176.56</b>	<b>16,116,659.84</b>
<b>Financial securities</b>		
Shares	7,021,892.60	0.00
<b>Cash in hand and at bank</b>	<b>1,046,287.58</b>	<b>9,417,964.59</b>
<b>TOTAL CURRENT ASSETS</b>	<b>27,037,356.74</b>	<b>25,534,624.43</b>
<b>TOTAL ASSETS</b>	<b>108,949,82.66</b>	<b>105,742,622.66</b>

# BALANCE SHEET

<b>LIABILITIES</b>	<b>2023</b>	<b>2022</b>
<b>EQUITY</b>		
<b>Self-financed reserve</b>		
Teosto Fund	39,856,599.48	38,886,856.66
<b>Surplus/deficit for the financial year</b>	0.00	0.00
<b>TOTAL CAPITAL AND RESERVES</b>	<b>39,856,599.48</b>	<b>38,886,856.66</b>
<b>DEBTS</b>		
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
<b>TOTAL DEBTS</b>	<b>69,093,229.18</b>	<b>66,855,766.00</b>
<b>TOTAL LIABILITIES</b>	<b>108,949,828.66</b>	<b>105,742,622.66</b>

# CASH FLOW STATEMENT

	2023	2022
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>		
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
<b>Cash flow from operating activities</b>	<b>65,673,984</b>	<b>64,946,211</b>
<b>CASH FLOW FROM INVESTMENT ACTIVITIES:</b>		
Investments in tangible and intangible assets	-1,724,208	-997,181
Other investments	-1,786,559	-1,401,696
<b>Cash flow from investment activities</b>	<b>-3,510,767</b>	<b>-2,398,877</b>
Cash received for investments	1,789,982	2,686,109
Cash flow from operating activities and investment activities	63,953,199	65,233,443
<b>CASH FLOW FROM DISTRIBUTED ROYALTIES:</b>		
Royalties distributed by Teosto to Finnish and international rightholders in total	-65,365,346	-66,976,403
<b>Change in cash</b>	<b>-1,412,147</b>	<b>-1,742,960</b>
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
	<b>-1,412,146</b>	<b>-1,742,960</b>



# 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
<b>ROYALTIES COLLECTED BY TEOSTO</b>		
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
<b>Net income to rightholders</b>	<b>65,383,524.92</b>	<b>65,247,288.87</b>
Percentage of operating income	86,4 %	89,6 %
<b>Promotion of Finnish music (national funds transferred to reserves)</b>		
	<b>3,400,251.56</b>	<b>3,470,802.22</b>
Percentage of performing right royalty income in Finland	6,0 %	6,0 %
<b>Transfer for distribution to rightholders</b>		
	<b>61,983,273.36</b>	<b>61,776,486.65</b>
<b>OTHER COPYRIGHT ROYALTIES</b>		
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
<b>Transfer for distribution to rightholders</b>	<b>6,748,784.54</b>	<b>6,533,847.64</b>
<b>TOTAL TRANSFER FOR DISTRIBUTION TO Rightholders</b>	<b>68,732,057.90</b>	<b>68,310,334.29</b>

\*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
<b>2 NOTES TO THE PROFIT AND LOSS STATEMENT</b>		
<b>ROYALTIES COLLECTED BY TEOSTO</b>		
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
	<b>75,716,399.84</b>	<b>72,793,771.21</b>
<b>OTHER COPYRIGHT ROYALTIES</b>		
<b>NCB, Denmark</b>	<b>1,288,657.49</b>	<b>1,736,546.82</b>
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
<b>TOTAL</b>	<b>3,839,611.58</b>	<b>3,134,429.98</b>
Broadcasting of Finnish TV channels abroad	111,015.80	100,988.56
Gramex royalties	194,345.79	175,736.28
<b>OTHER COPYRIGHT ROYALTIES TOTAL</b>	<b>5,433,630.66</b>	<b>5,147,701.64</b>

	2023	2022
<b>LENDING COMPENSATION</b>		
Remuneration paid by the government to authors for lending of works from public libraries	485,877.03	494,151.97
<b>COMPENSATION FOR PRIVATE COPYING</b>		
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
	<b>2,179,582.73</b>	<b>2,225,249.91</b>
<b>OTHER INCOME</b>		
Cultural contributions paid by NMP to Teosto	330,286.25	368,134.12
Other	0.00	6,295.50
	<b>330,286.25</b>	<b>374,429.62</b>
<b>DEPRECIATION</b>		
Other long-term expenditure	903,303.23	650,230.41
Machinery and equipment	64,881.03	68,388.18
	<b>968,184.26</b>	<b>718,618.59</b>
<b>FEES TO AUDITING COMPANIES</b>		
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
	<b>93,715.04</b>	<b>55,691.05</b>
<b>INVESTMENTS AND FINANCING</b>		
<b>Revenue</b>		
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
	<b>4,763,231.61</b>	<b>4,729,874.06</b>
<b>Costs</b>		
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
	<b>-2,973,249.57</b>	<b>-2,043,764.66</b>
<b>TOTAL FOR INVESTMENTS AND FINANCING</b>	<b>1,789,982.04</b>	<b>2,686,109.40</b>

	2023	2022
<b>TRANSFER FOR DISTRIBUTION TO RIGHTHOLDERS</b>		
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
	<b>68,732,057.90</b>	<b>68,310,334.29</b>
<b>3 NOTES TO THE BALANCE SHEET, ASSETS</b>		
<b>CHANGES IN NON-CURRENT INTANGIBLE AND TANGIBLE ASSETS</b>		
<b>Other long-term expenditure</b>		
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	<b>3,948,095.17</b>	<b>3,127,150.16</b>
<b>Machinery and equipment</b>		
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	<b>78,881.53</b>	<b>143,802.88</b>
<b>SHARES AND SIMILAR RIGHTS OF OWNERSHIP</b>		
<b>Quoted shares and rights of ownership</b>		
Total market value	40,710,542.53	40,864,913.08
Corresponding book value	<b>36,778,331.78</b>	<b>36,799,624.62</b>
Difference	3,932,210.75	4,065,288.46
<b>Other shares and rights of ownership</b>		
SVOP loan / GT Music Licences Ltd	950,000.00	950,000.00
<b>Other investments</b>		
	<b>950,000.00</b>	<b>950,000.00</b>
<b>TOTAL SHARES AND SIMILAR RIGHTS OF OWNERSHIP</b>	<b>38,028,895.69</b>	<b>38,050,188.53</b>

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

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
<b>4 NOTES TO THE BALANCE SHEET, LIABILITIES</b>		
<b>CHANGES TO THE CAPITAL OF THE SELF-FINANCED RESERVE</b>		
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	<b>39,856,599.48</b>	<b>38,886,856.66</b>
<b>OTHER DEBTS</b>		
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
	<b>4,636,112.07</b>	<b>4,273,953.07</b>
<b>ACCRUALS AND DEFERRED INCOME</b>		
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
	<b>4,251,008.68</b>	<b>3,720,841.66</b>
<b>DISTRIBUTION FUNDS TO RIGHTHOLDERS</b>		
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
	<b>58,868,633.50</b>	<b>57,968,795.60</b>

\*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
<b>5 SECURITIES AND CONTINGENT LIABILITIES</b>		
<b>SECURITIES</b>		
Rent deposit	124,088.00	124,088.00
<b>RENT LIABILITIES</b>		
<b>Payments outstanding in connection with leases</b>		
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
<b>Total</b>	<b>2,319,123.51</b>	<b>2,661,578.01</b>
<b>LEASING LIABILITIES</b>		
<b>Payments outstanding in connection with leasing agreements</b>		
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
<b>Total</b>	<b>231,566.08</b>	<b>132,882.33</b>
<b>TOTAL SECURITY AND CONTINGENT LIABILITIES</b>	<b>2,674,777.59</b>	<b>2,918,548.34</b>
<b>6 NOTES ON PERSONNEL</b>		
<b>Average number of personnel</b>	68	64
<b>Personnel expenses</b>		
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
	<b>5,828,732.15</b>	<b>5,749,025.81</b>
<b>Board of Directors</b>		
Fees paid to Board members	131,500.00	125,000.00
<b>7 OWNERSHIP IN OTHER COMPANIES</b>		
<b>Name</b>	<b>Domicile</b>	<b>Ownership</b>
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
<b>THE DISTRIBUTABLE AMOUNT IS MADE UP AS FOLLOWS</b>		
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
	<b>68,732,057.90</b>	<b>68,310,334.29</b>
Distribution reserves from previous years	2,006,199.39	1,992,451.34
<b>TOTAL DISTRIBUTION TO Rightholders</b>	<b>70,738,257.29</b>	<b>70,302,785.63</b>

## SIGNATURES TO THE ANNUAL REPORT AND FINANCIAL STATEMENT

Espoo 15 March 2024

**Antti Auvinen**

Chair of the Board of Directors

**Risto Salminen**

CEO

**iisa 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

## 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 2023. 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, 15 March 2024

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 2023–31 December 2023 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 the terms of the engagement dated 4 April 2024.

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

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 <b>royalty revenue</b> for 2023 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 2023 and 2022. In addition, the Transparency Report presents amounts distributed in 2023 by category of rights and the year of collection, itemised in such a way that the amounts collected in 2021 also include the amounts collected in previous years.  3. The royalty revenue for 2023 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 2023.	4. The financial statements for 2023 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	6. The randomly checked data presented in the Transparency Report matched the internal accounting.

<p>The Transparency Report were compared to internal calculations in the distribution system using random checks.</p>	<p>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.</p>
<p>We checked that the category of rights-specific information on operating expenses and other cost deductions presented in the Transparency Report correspond to accounting or internal calculations.</p>	<p>8. At the general level, the information presented in the Transparency Report essentially corresponds to the association's internal calculations specific to categories of rights. Dividing the amounts paid to rightholders by category of rights and type of use is not possible due to the limitations of the current information systems, which has been mentioned in the Transparency Report. We believe that it is not appropriate or financially justified to try to change the functionalities of the current information systems that have been in use for a long time. According to the information that we have obtained, these shortcomings will be addressed in the future system development.</p>
<p>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>	<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>

Helsinki, 12 April 2024

KPMG OY AB

Kirsi Aromäki  
Authorised Public Accountant, KHT

### 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.

**TEOSTO**