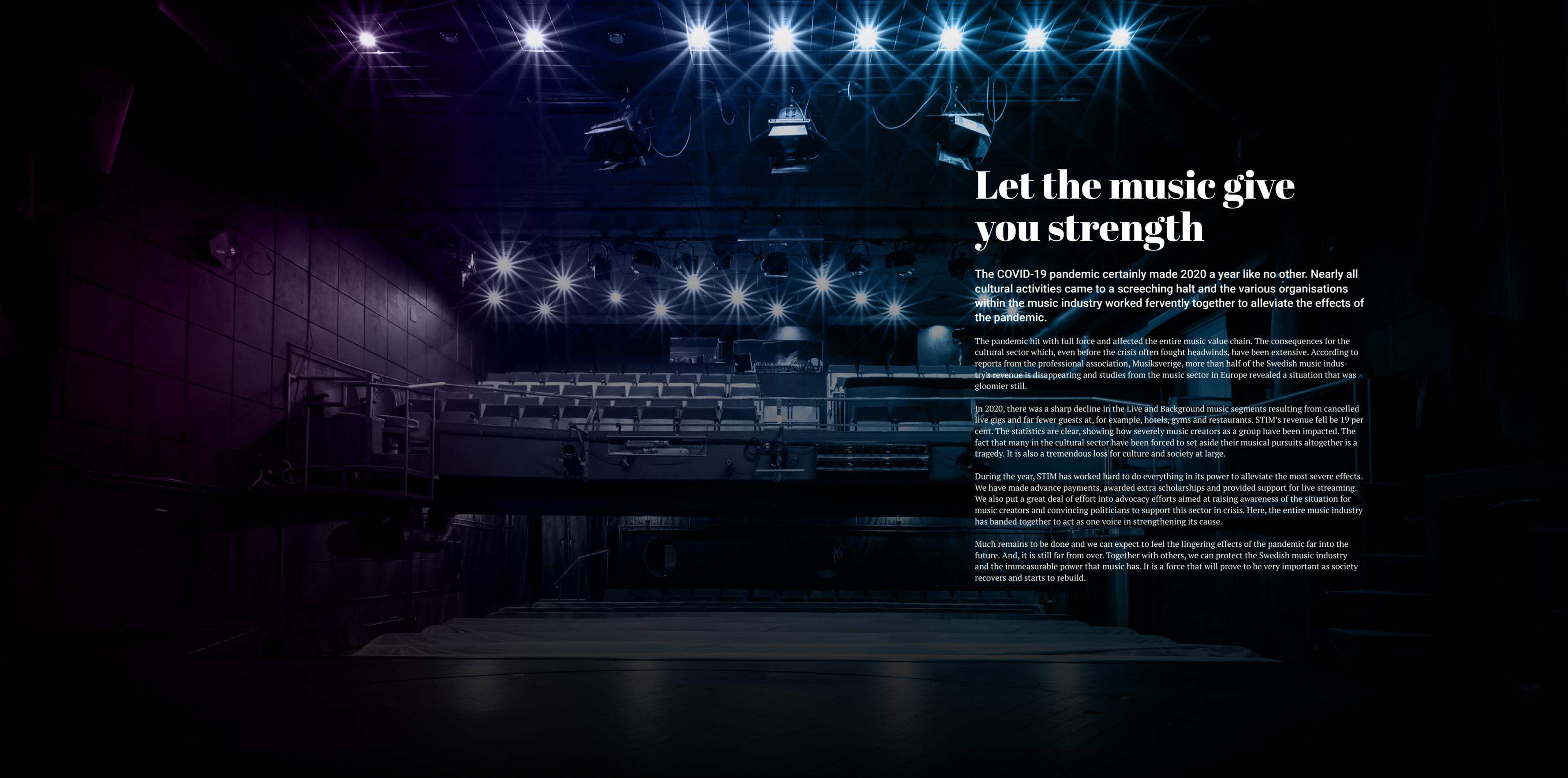


STIM://



**for the music**



# Let the music give you strength

The COVID-19 pandemic certainly made 2020 a year like no other. Nearly all cultural activities came to a screeching halt and the various organisations within the music industry worked fervently together to alleviate the effects of the pandemic.

The pandemic hit with full force and affected the entire music value chain. The consequences for the cultural sector which, even before the crisis often fought headwinds, have been extensive. According to reports from the professional association, Musiksvetenskapliga, more than half of the Swedish music industry's revenue is disappearing and studies from the music sector in Europe revealed a situation that was gloomier still.

In 2020, there was a sharp decline in the Live and Background music segments resulting from cancelled live gigs and far fewer guests at, for example, hotels, gyms and restaurants. STIM's revenue fell by 19 per cent. The statistics are clear, showing how severely music creators as a group have been impacted. The fact that many in the cultural sector have been forced to set aside their musical pursuits altogether is a tragedy. It is also a tremendous loss for culture and society at large.

During the year, STIM has worked hard to do everything in its power to alleviate the most severe effects. We have made advance payments, awarded extra scholarships and provided support for live streaming. We also put a great deal of effort into advocacy efforts aimed at raising awareness of the situation for music creators and convincing politicians to support this sector in crisis. Here, the entire music industry has banded together to act as one voice in strengthening its cause.

Much remains to be done and we can expect to feel the lingering effects of the pandemic far into the future. And, it is still far from over. Together with others, we can protect the Swedish music industry and the immeasurable power that music has. It is a force that will prove to be very important as society recovers and starts to rebuild.

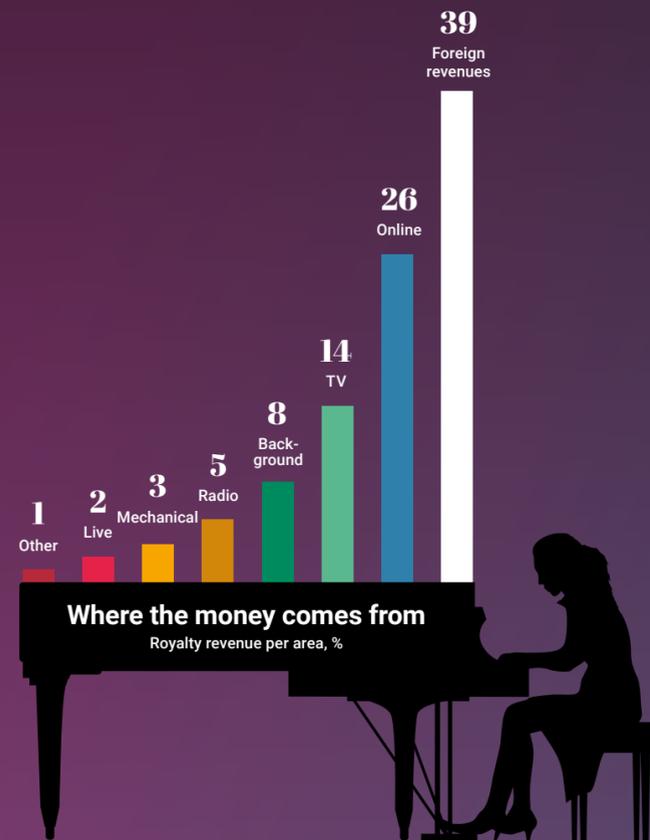
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# Together, we're building the music industry of the future

STIM is a non-profit member organisation that ensures that over 95,000 affiliated authors and music publishers are paid when their music is used. We provide the conditions for creation and regrowth in the Swedish music industry. It is also why STIM strives to ensure that there are strong copyright laws in place. Which is exactly what we have been doing since the start, in 1923.



**95,469**  
Affiliated authors and publishers

**3,199**  
New affiliates in 2020

**1.9**  
Revenue SEK billions (-19%)

**2.0**  
Paid to rightsholders SEK billions (+12%)

**10.2**  
Administrative cost percentage

# An extraordinary year

In a year as turbulent and unusual as this, STIM's top priority has been alleviating the most serious effects of the pandemic for our affiliates. With full focus on payouts, we have worked fervently to ensure that the money reaches songwriters and composers as quickly and safely as possible. Simultaneously, we have continued our efforts to create new services and make visible the importance and value of strong, modern copyright protection.

## Much variation among those who applied for STIM's streaming support

There has been a glaring absence of live performances with an audience in 2020, but online, the flow of initiatives and investments has been enormous. Via its Council for the Promotion of Swedish Music, STIM has provided support to a wide variety of genres, ranging from pop, rock, folk and hiphop to jazz and contemporary art music.

We also collaborated with our professional association, Musiksvrige, to help in various ways. Member of the boards of SKAP (Swedish Society of Songwriters, Composers and Authors), FST (Association of Swedish Composers) and Musikförläggarna (Swedish Music Publishers Association) gathered, but many other organisations representing wider interests throughout the music industry. Together, we have gathered all our energy to highlight, influence and advocate for public support to music creators who have been hit so hard by the pandemic.

**439**  
scholarships

## Every effort to lessen the impact of Corona

Record number of applicants and scholarships in 2020, STIM awarded extra scholarships because of the pandemic and in total 439 authors were awarded scholarships for a total of more than SEK 7 million.

Together, we make our voice heard



### NEW, IMPORTANT CONTRACTS

STIM is constantly striving to negotiate favourable contracts that will result in the highest possible compensation for its affiliates. Several new, important contracts were signed in 2020, examples of which are the video-sharing services, Triller and TikTok. At the end of the year, STIM also signed a new framework agreement with the Swedish Association of Local Authorities and Regions (SKR) on music use.

### Launch of STIM app

STIM is one of the first copyright societies in the world to launch an app, which has been developed in close collaboration with our affiliates. Songwriters and composers can use the app to get an overview of their registered works, how much money has been paid out to them and where the money is coming from.



**3,199**  
new affiliates

### NOONIE BAO AWARDED STIM PLATINUM GUITAR 2020

Songwriter and artist, Jonnali "Noonie Bao" Parmenius was the winner of STIM Platinum Guitar 2020. Jonnali is hands down, Sweden's most successful songwriter. She has won many awards for her compositions and has collaborated with some of the top names in the industry, including Katy Perry, Zara Larsson, Avicii and Camila Cabello.

"Seven years ago, STIM awarded me my first scholarship. That support meant more than you might think, helping me achieve my dream of being able to live off my music. It feels surreal, winning STIM Platinum Guitar and seeing my name amongst those of the other, previous winners. The guitar itself is also really f\*\*\*ing gorgeous!" Jonnali "Noonie Bao" Parmenius, celebrated songwriter and winner of STIM Platinum Guitar 2020.



Photo: Christian Gustavsson

## Now, it's easier than ever to get a STIM license



STIM's new webshop was designed with simplicity and user-friendliness in mind. Customers can use it to quickly sign STIM licensing agreements and get access to all the world's music in just a few clicks. Approximately 800 music users have already signed licenses via the webshop, for a combined value of SEK 2.8 million.



### "SOS" WINS AWARD FOR MOST PLAYED SONG

"SOS" won the 2020 STIM award, *Most Played Song*. "SOS" was originated by Tim Bergling, and later completed as a tribute to him by Kristoffer Fogelmark, Albin Nedler, Kevin Briggs, Kandi Burruss and Tameka Cottle.

### New music winner crowned at the TV gala

Each year, STIM crowns the winner of the Year's Best Film Score at the Film & TV producers gala, Ria. The aim is to reward the most creative and best use of copyrighted music in a Swedish TV production. Composer Lisa Montan won the award for her score that was used in the production, "Allt jag inte minns".



### MUSIC REIGNS AT SEA – VIKING LINE WINS STIM GUITAR 2020!

How do you get passengers aboard a cruise ship to feel welcome? How do you boost the evening party spirit and create the right atmosphere at lunch? Viking Line – winner of STIM Guitar 2020 – knows: "It's all about the music!"

"Winning this award, at a time when the entertainment industry is suffering like never before, is such an honour. We're so delighted!" says Mikael Panelius, Head of Entertainment at Viking Line.



Photo: Christian Gustavsson

## Stim Music Room wins award

Stim Music Room was recognised with Sweden's most prominent and prestigious design award in the category of Service Design at Design S – Swedish Design Awards. Stim Music Room was designed in close collaboration with our affiliates, where we set up a creative workspace that meets their needs, right in downtown Stockholm. All affiliates are invited to use the space, free-of-cost, to network, use the recording studio and create music.



Photo: Christian Gustavsson

# 2020

## – a year when focus was needed

**STIM's CEO, Karsten Dyhrberg Nielsen, shares his reflections on 2020, a year of pandemic that has hit the music industry especially hard. He also emphasizes the enormous value that STIM affiliates represent as a group.**

**It would be an understatement to say that 2020 was a tumultuous year. What are your own reflections on the year past?**

“For STIM, 2020 has been about one thing only – a focus on our rightsholders. As soon as it became clear just how serious the impact of the pandemic would have on the entire music industry, we gathered all our strength to make sure that STIM would be able to fulfil its mission on behalf of those who are at the core of all we do, our rightsholders. Our top priority was ensuring that we could keep the regular operations up and running, i.e. ensuring the continued flow of revenues from areas not impacted by the pandemic. We also put every effort into paying out money as quickly and safely as possible to STIM affiliates.

“In parallel to that, we realised that there were things we could do to alleviate the liquidity crisis for affiliated groups hit the hardest and thanks to our goal-oriented efforts, we quickly had a solution in place for making advance payments to them. We also awarded extra scholarships and worked with a variety of other initiatives to make the situation better. We put a lot of effort into advocacy work, aimed at highlighting the problem and influencing politicians to grant support to our industry.

“Some of the work during the year also involved reviewing STIM's costs. STIM has a responsibility to adapt its work and efforts to the reality faced by songwriters and composers. That's why it has been more important

than ever to keep costs down and ensure that every invested krona directly benefits music creators.

**What is the situation actually like for the music industry?**

“There is no doubt that the music industry is one of those hit hardest by the pandemic. In the EU alone, sales fell by 75 per cent and even though music has been available via TV, radio and streaming services, the stages for live performance have been empty, worldwide. Another major impact comes from the service industry, where very few guests have visited hotels, fitness chains or restaurants, all of which are places where a lot of music is used. So, this already vulnerable value chain, from songwriters and composers to music publishers, concert organisers and our other customers, became even more so during the pandemic.

**Were there any glimmers of hope during the year that you would like to highlight?**

“There is much that is positive, because you can actually come out of a crisis stronger. We've seen plenty of great examples of how the industry has banded together, as a single, unified voice to respond to the needs. STIM plays an important role here, as a rallying force, to advocate on behalf of our affiliates. I'm very proud too, of the commitment and energy that I think permeates the entire STIM organisation. I'd like to recognise each one of our employees and thank them for the effort they have made to so successfully transition to working from home. Despite all the challenges, we have succeeded in paying out more money than ever. Because of the intense focus we have on ensuring the transparency and traceability of our processes, we have been able to pay out funds which, for one reason or another, we haven't been able to distribute in the past. It feels all the more satisfying that we were able to do this during a crisis. We have also been successful in our negotiations to set up the best possible contracts for our affiliates. Through

a variety of initiatives, we have implemented significant improvements to our payment services and set up new digital services for our affiliates and customers. Combined with our prior efforts, all of it has made STIM well-equipped to cope with the challenges during this crisis.

**Would you like to share more of the latest news with STIM's affiliates?**

“Yes! And at the top of the list is the new STIM app! Just like with STIM Music Room, this came about through close collaboration with music creators. They can use the app to get a quick, transparent overview of all the royalty flows and see when and where their songs have been played. During the year, we also launched a new webshop for customers. It, too, is an example of our work during the past year to develop services in collaboration with our affiliates, members and customers. Our focus has been on making it as easy as possible for customers to sign licensing agreements with STIM. We are also working to create a new payment services for music publishers.”

**What about the work you have done during the year to strengthen copyright protection?**

“Our main focus has been on ensuring that the voice of music creators has been heard and considered now that the new Copyright Directive will be implemented into Swedish legislation. To succeed with that, those of us working at STIM have needed to really be on our toes so that there is absolute clarity on the various platforms' obligations to rightsholders. Copyright protection is also strengthened via STIM's constant efforts to negotiate the best possible contracts with customers, thereby ensuring that authors are compensated. I'd like to specifically highlight Video On Demand as an area that is rapidly growing and where we have essentially achieved the goal of full-coverage licensing. We are also maintaining the pace of our endeavours to strengthen

our affiliates' rights abroad. Thanks to our joint venture company, ICE, which we jointly own with organisations in the UK and Germany, we've made a great deal of progress in recent years. ICE is to be credited for the successful negotiation of contracts with, for example, Spotify, YouTube, Apple and Facebook. We see that there is still a lot to be done in the area, which is a priority going forward.”

**This will be your last year as STIM's CEO. What are your thoughts on that?**

“I am incredibly proud to have had the privilege of leading such an incredible organisation as STIM. Our mission is a worthy one too, ensuring that music creators and publishers can continue creating music that enriches our lives. Most of the changes I had in front of me when I first took over as CEO for STIM have now been implemented. And now, given that we have just set a new strategic direction, the timing also feels right to step aside and hand over the reigns to a new CEO who can guide STIM through the next steps of its journey.”

**What are your thoughts on the challenges that lie ahead?**

“The requirements on the music sector continue to increase and the same applies to the rate of change in our industry. STIM simply must keep pace with it all. I am convinced that a key to success over the long term for an organisation like STIM is more collaborations with music creators, customers and others. For the short term however, we must focus on alleviating the hardship stemming from the pandemic for those in our industry. There will also be lingering consequences as regards copyright revenues, which we will see during the years ahead. STIM needs to keep working together with politicians and others in the industry to create the conditions for making music again.

“The music industry is powerful and I am convinced that, once the crisis is over, Sweden will continue to be one of the strongest music nations in the world. I can also see that STIM plays an important role because of the type of organisation it is, serving as the voice for music creators and acting on their behalf. Just how important that is has become even more clear during this crisis.”

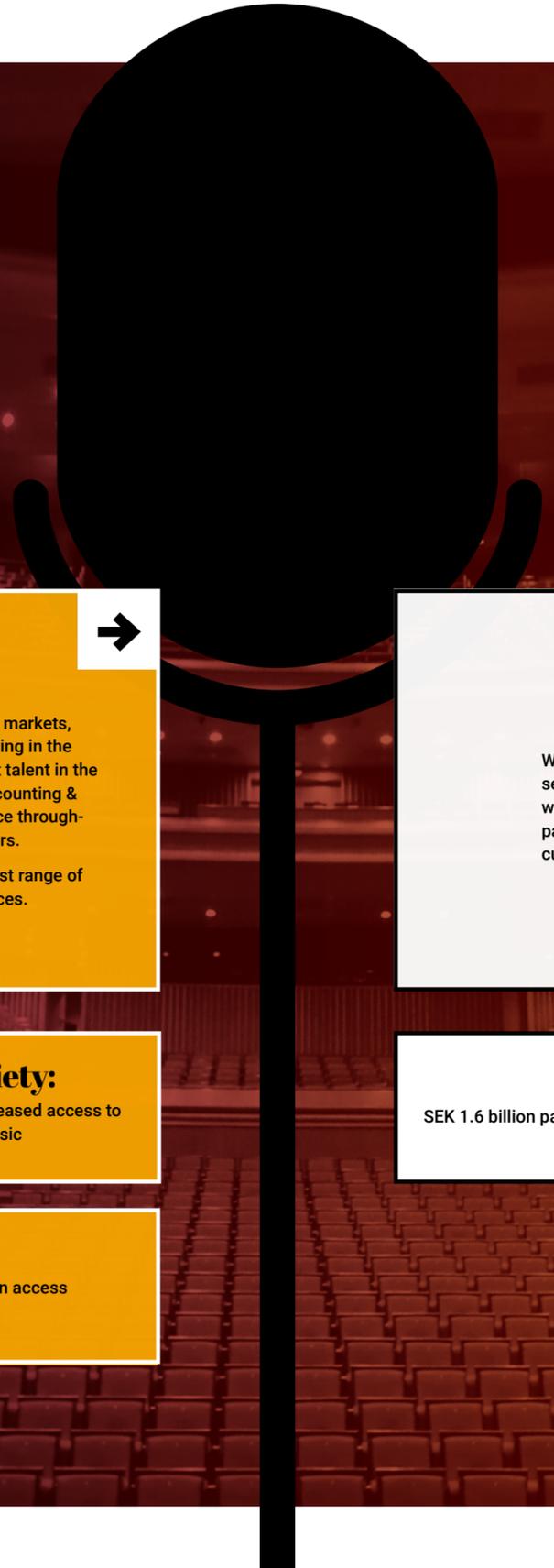
Photo: Christian Gustavsson



“  
The larger our numbers, the stronger STIM becomes. It also gives us a louder voice and makes it easier for us to succeed in fulfilling our mission.”

# Music has a value

Music is an essential part of our existence. Music fills us with energy and power. It evokes beautiful feelings and creates a sense of peace. It establishes bonds between us, as human beings. Quite simply, it makes us feel good! Through STIM, our affiliates and customers, people gain access to a wide selection of music. The music industry also fuels growth and is an important part of the economy. Music has a value. For those who listen, those who create, for society in general and for Sweden, as a country of music.



## Together, we are STIM



STIM is a non-profit membership organisation that has been in existence since 1923. With nearly 100 years of experience and the insights of more than 95,000 affiliated authors and music publishers, we are Sweden's foremost copyright organisation for music creators. We provide the conditions for creation and regrowth in the Swedish music industry.

We ensure that all affiliated rightsholders get paid when their music is used and we fight for strong copyright protection. All of it provides the foundation for STIM's value creation. STIM signs licenses with customers and provides them with the freedom to access the world's widest range of music.

### Affiliates:

Best possible compensation

### Society:

Strong copyright protection that promotes regeneration in the Swedish music industry

### Customers:

The largest library of music in the market – where money flows to the music creators

## How we work



We represent our affiliates' rights across all areas of use and markets, providing them with the prerequisites for creating and operating in the ever-changing music industry. We have some of the sharpest talent in the industry, with leading-edge expertise in, for example, law, accounting & finance and negotiations. We also have collaborations in place throughout the world. It makes us the obvious choice for our members.

We provide customers with easy access to the market's widest range of music, so that they can create vibrant and inspiring experiences.

### Affiliates:

Are compensated for all use of their music, worldwide

### Society:

Striving for increased access to music

### Customers:

Via a license, without a profit motive, customers obtain access to music from every corner of the world.

## The value we create

With just over 23,000 customers and nearly 40,000 licences, STIM serves as the link between those who use music and the ones who created it. Through STIM, authors and their publishers obtain payment when their music is used. STIM, in turn, is able to offer customers access to music from all parts of the world.

As part of the ecosystem, the organisation also invests in music promotion activities that are carried out in collaboration with other societies and stakeholders. Together with our members and customers, STIM puts the prerequisites in place for regeneration and diversity in the Swedish music industry.

### Affiliates:

SEK 1.6 billion paid out to our affiliates, so that they can keep creating music.

### Society:

A sustainable and diverse music industry that creates value for people, culture and the economy at large.

### Customers:

Higher sales, more satisfied customers & employees and a strong brand. Becoming an important part of the music ecosystem and the value that music creates for the whole of society.

# The voices of some of our affiliates



**Lisa Montan**

Photo: Ulla Montan

## Could you briefly describe your music?

I write movie soundtracks.

## Has the pandemic affected your music creation?

Many of the movie projects I was going to be working on have been, and still are, postponed. So, I've been putting my efforts into developing music for my own film project, a wordless script that will accompany a picture story that we've decided to call "Fantasi". It has been financially possible to do this thanks to several scholarships that I have received, along with the royalty rights paid for prior works.

## What is your outlook for the future?

I hope that together we can reduce the fears and eventually start socialising and experiencing culture again. For me personally, it's important to stand up for the cultural and ethical values I believe in, even in tougher economic times like these. For example, I will continue being an activist for the value of music and the important, obvious role it has in our culture. I hope that together, we can create a music climate that is resilient to fluctuations in the economy. I firmly believe that copyright protection is fundamental to the success of future music creation. I'm worried that the trend of all too easily giving up one's copyright ownership is something that is gaining momentum in the film industry. By standing up for our rights and talking to each other, I'm hoping that we can stop that from happening. If we join forces, we might be able to create a climate where even more people can make a living from music and make their voices heard.

”

I hope that together we can reduce the fears and eventually start socialising and experiencing culture again.

## LarsEmil Öjeberget

Photo: Annica Zion

## Could you briefly describe your music?

My name is LarsEmil Öjeberget. I'm a musician, songwriter and composer. The accordion is my main instrument.

I mainly stick to the genres of folk/world music/cross-over, but I have also written some pop music and children's music for radio theatre.

## Has the pandemic affected your music creation?

During the pandemic, the biggest impact I have felt is in the concert arena. So, with all my bands and projects, our focus has instead been on writing new music, recording albums and rehearsing. Thanks to the support that has been available from crisis funds/business support and scholarships, it has been possible to remain productive in the music industry, despite the lack of actual jobs and very limited income from that.

## What is your outlook for the future?

Things have started to appear more hopeful over the last few months. Organisers and agents have started making some bookings for 2022. I'm hoping that borders will open up again before summer and if that happens, maybe we can even do a foreign tour already this year.



## Bahram Nouraei

Photo: Setareh Malekzadeh

## Could you briefly describe your music?

I would describe my music as experimental hip hop, inspired by electronic music and rock. I try to highlight the relationship between individuals and society, how the balance of power impacts our behavioural patterns and thought paradigms.

## Has the pandemic affected your music creation?

Even before the pandemic, I was accustomed to running projects and collaborations with musicians in other countries via internet. So, the pandemic really hasn't been a problem and I'd say it's even given me more time to devote to my music.

## Anders Nilsson

Photo: Karolina Nilsson

## Could you briefly describe your music?

I write classical music, i.e. symphonies, operas, concert pieces, church music and chamber music.

## Has the pandemic affected your music creation?

Well, I'd say that my music creation has possibly even become more intense than before. But of course, the pandemic has affected my creative talents: I composed the third, slow section of my sixth symphony during May of last year. It is sorrowful music, written as a tribute to the first three thousand people in Sweden who died from COVID-19. I actually made a note on the score of the death toll that

## What's your outlook for the future?

The pandemic has speeded up progress toward the merge between technology and the music world. The digital market is going to be even more important for not only spreading and performing music, but also as a source of income.

Digitalisation has created good conditions for a comprehensive democratisation of music creation and this is a trend that I think will just keep getting stronger in the future.



day and that movement is also subtitled "Sorgedag-boken", which means Diary of Sorrows.

## What is your outlook for the future?

Like everyone else, I hope the pandemic will be over soon and that we can start enjoying music again in all its forms, with stage performances and live audiences.



## Jenny Sousou

Photo: Jenny Baumgartner

## Could you briefly describe your music?

I frequently write music together with kora player Maher Cissoko and we incorporate a variety of languages and styles into our music. Besides kora music, other influences range from pop, mbalax and reggae to classical kora and Avicii.

## Has the pandemic affected your music creation?

The pandemic has definitely affected my music creation in a variety of ways, both positively and negatively.

## What is your outlook for the future?

The biggest change is of course all the cancelled tours, and with that comes the loss of interacting with an energizing, live audiences. One of the positive aspects though is that even before the pandemic I was longing to work more from home and not be so dependent on tours. But, to stay motivated and integrate creation into everyday life, it requires routines and self-discipline.

# A music life in constant change

COVID-19 has hit the music industry hard and major sources of revenue have more or less disappeared. It has also speeded up the pace of development in other areas, because when music disappears in some arenas, it will start to fill others. Here are STIM's picks on what will be the some of the strongest music trends for the future.

1

## Greater interest in music rights

Rights are valuable and the interest in music rights has increased. Media has reported extensively on how famous artists and songwriters have decided to sell their rights. We have also noticed how institutional investors have entered the scene, investing in large music publishing catalogues. Capital is pouring in to the music industry and the interest in investing in rights is increasing. The future value of music rights depends on the efforts of STIM and other copyright organisations to advocate for strong, modern copyright protection, along with innovative and efficient rights management. STIM also has an important role to play as an independent, non-profit organisation that helps rightsholders retain ownership of their rights and understand the long-term value of that.

2

## Together with others the individual becomes strong

In recent years, we have seen several examples showing the enormous power of change created when people join forces to make their voices heard. Using the strength of the collective to create better opportunities for our affiliates is a linchpin of STIM's operations. With more than 95,000 affiliates, we are able to derive benefits from our size to make the voice of each music creator strong. In a pandemic year like 2020, the importance of this has never been more evident. During the year, STIM used its combined strength to make advance payments and award more scholarships. The organisation has also been involved in many types of advocacy initiatives to alleviate the worst effects of it all for music creators.

3

## New habits are changing the map of music usage

COVID-19 has forced people into new habits and ways of life. Some behaviours will likely return to normal once the restrictions are lifted, while others are here to stay. Many have become accustomed to home delivery from restaurants, online shopping and living room workouts. New ways of life may impact everything from visits to cinemas and restaurants, to in-store shopping and more. It could also change how customers use music in their businesses. It is therefore essential that STIM continues to adapt to music users' new behaviours and reality.

4

## Content created by the users

The importance of music just keeps growing as more and more content is created by users themselves, primarily in the form of video content that is shared in social media services like TikTok and YouTube. New revenue streams arise that involve the use of music rights and it is not always so easy to differentiate "ordinary users" from small media companies with loyal audiences who have money to spend. All of it puts new requirements on STIM's licenses. We need to adapt our licenses to the new forms of use and making it easy to sign licensing agreements is an important part of this.

5

## User experience is becoming increasingly important

When we use online services, of course we expect them to work. But we also expect them to be smooth, easily accessible and easy to use. A key success factor for STIM's innovation work involves understanding the needs of its affiliates and customers, along with ensuring that we solve the right problems. We therefore apply a method that is based on close dialogue with our affiliates and customers. Close collaboration gives us a better understanding of the needs and, in the end, which services are in demand. It is a value-creation model that we can apply to many areas.

# Copyright is the guarantor of creation

**Digitalisation helps create new opportunities. It fosters creativity and makes it possible to share an enormous amount of music. With the rapid change in this area, the need for strong, modern copyright protection is more important than ever.**

## **New successes, new challenges to overcome**

In recent years, music creators have made considerable progress in strengthening copyright protection. The new EU Directive is just one of several important victories that have helped give songwriters and composers a more influential role in the digital ecosystem. At the same time, there is still much to be done in the area of copyright, where the map for cultural creators is constantly being redrawn. Development is occurring at a rapid pace, and if there is one thing we are sure of here at STIM, it's that the music industry and conditions there will look entirely different in just a couple of years. That's why our mission remains so important and our work is never done. There will always be new

technology entering the scene that challenges the copyright system and in this regard, STIM has an important role to play in making sure that music creators get paid when their works are used.

## **Network economy involves both challenges and opportunities**

In 2020, the pace of digital development continued to accelerate, gaining even more momentum from the pandemic. Progress in modern technology is opening up opportunities for music and creative endeavours. But it also presents new challenges to copyright protection. It has become easier than ever to use copyright protected material, regardless of whether the purpose is adding sound to a video, a jingle for a podcast or sharing a favourite classic.

Current legislation does not provide enough clarity about who bears copyright responsibility for material that is shared online. The EU Copyright Directive will help improve that. Implementation of the Directive has already begun, but the legislative process is riddled with contradictions. The main area where we have a conflict of interest is between rights societies like STIM and the big tech giants. STIM's efforts during the year have pri-

marily focused on continuing to explain the importance of a competitively neutral market and emphasizing that the various platforms absolutely must pay for the material that they are making money off of. We have also tried to clarify in various ways that the purpose of a clear regulatory framework is not to restrict a free internet. What we want is transparency between rightsholders and the digital services that exploit their works. This is how we can create better market prerequisites that benefit both rightsholders and everyone who gains access to the music.

## **Copyright protection facilitates free debate**

The EU Directive is one of the most controversial EU proposals ever and there have been so many misunderstandings flourishing about what copyright protection actually means. Copyrights actually facilitate free debate. They are not a threat to creativity or freedom of expression. In fact, copyrights are what help ensure the authenticity of the message sender, and that the message has not been distorted or manipulated. Copyrights are a key element for a democratic society and that is one of the main reasons why copyright protection has the status of a constitutional right.

STIM has an important role to play when it comes to helping politicians gain a deep understanding of how copyrights work. We also need to help mould public opinion, emphasizing the value of copyright protection and its importance to music.

## **The world has become more aware of the value of music**

Music does not only empower and spread joy, it is also an engine for growth and job creation in Sweden and Europe. As the network economy gains ground, the symbiosis between technology and music is also becoming increasingly clear. In recent years, STIM has been able to license and strengthen copyright protection in many of the digital areas that are on the rise. Sweden is one of the most prominent music nations in the world and the creative sector is absolutely essential to industry and business. It is also an important Swedish export. As such, the music industry will play a key role in building up the economy again after the pandemic. With strong, modern copyright protection, the music industry can continue to develop, providing important cultural benefits and fuelling economic growth in Sweden.

”

As the network economy gains ground, the symbiosis between technology and music is also becoming increasingly clear. In recent years, STIM has been able to license and strengthen copyright in many of the digital areas that are on the rise.

# Together, we meet the future

**2020 was a year where many rightsholders faced great uncertainty. However, it was also a year where STIM made significant progress in assuring both safer and quicker administration of payments. STIM worked in a goal-oriented way to fulfil its ultimate mission and was able to pay out more money to music creators than ever before.**

## Early, rapid response for our affiliates

As soon as it became clear how enormous the impact of the pandemic would be on the music sector, we started setting up initiatives to alleviate the situation for those hit the hardest. With that in mind, we created a solution whereby, for the first time in STIM's history, affiliates could apply for advance payments on future revenue. In total, STIM paid out almost SEK 20 million to songwriters, composers and music publishers. It alleviated the impact for our affiliates as more and more concerts were cancelled and less music was played at, for example, hotels, stores, gyms and restaurants.

## Record number of scholarships awarded because of COVID-19

STIM's core mission is meeting the financial needs of rightsholders and helping ensure that the music industry remains strong. A key element of our business involves promoting diversity and regrowth in the Swedish music industry. We do this not only by making regular payments, but also setting aside funds for music promotion purposes. Examples of this are travel subsidies, advocacy work, providing advice, sheet music support and scholarships. Each year, STIM awards a large number of scholarships to talented songwriters and composers. After summer, when it was obvious that the effects of the pandemic would be long-lasting, STIM decided to offer support by awarding approximately 300 additional scholarships. This corresponded to approximately SEK 3 million in additional scholarship funds. We received a record number of applications and in

the end, awarded scholarships to 439 music creators in amounts of SEK 10,000, SEK 25,000 and SEK 50,000. When we offer support in the form of scholarships to promote music creation, we give much consideration to diversity, making sure that there is wide representation across music genres, as well as the gender, age and ethnicity of music creators.

## Focus on quality and accuracy

In 2020, STIM paid out SEK 2 billion to rightsholders, of which SEK 1.6 billion was to STIM-affiliated authors and publishers. The fact that STIM has been able to pay out more money than ever before to music creators during a pandemic year is, among other things, the result of STIM's work to constantly improve the efficiency of our payment processes. A whole range of activities must go on behind the scenes, flawlessly and timely, to ensure that songwriters and music publishers get paid when their music is played. It is work that requires both manual monitoring and automated processes.

We constantly strive to be quick and reliable with our payments and during the year, we worked hard to be able to pay out reserved funds which, for one reason or another, were not possible to distribute earlier.

## New initiatives together with our affiliates

The music industry is complex, and at times uncertain, which is also why the work STIM does on behalf of its affiliates is so important. Based on that understanding, STIM works purposefully to gather new knowledge about our affiliates' needs. The STIM app that we launched during the year is one example of a solution that was created based on close dialogue with music creators. They told us that they wanted a transparent overview of their royalty revenue, which is just what the app provides. For example, they can use it to see where and when their music has been played, along with how much revenue it has generated.

In 2020, STIM also put much emphasis on developing an effective method for creating new services based on close collaboration with music creators. This is how we can incorporate important insights into new projects. We also made progress in our efforts to develop a new, customised analysis service for music publishers in 2020.

## Initiatives for more equality in the industry

The music industry is strongly male-dominated. There is imbalance both in terms of representation and the revenues from music. Together with others, STIM is striving to reshape the music industry such that there is more equality. For example, STIM is part of the Key-change initiative that is creating a network for female music creators, innovators and future key players, providing them with opportunities to help redraw the map in the music industry. STIM is also one of the founders of the professional association, Musiksverige, which has a stated, overall goal of promoting equality in the industry. In 2020, we were delighted to welcome such a strong influx of new authors to STIM. In total, STIM gained 3,199 new affiliates, of which 3,100 were authors and 99 were music publishers. The gender distribution among new affiliates is approximately the same as last year: 28 per cent women and 72 per cent men (gender distribution among STIM's authors is 21 per cent women and 79 per cent men).

## How we promote the music industry of the future

One important aspect of shaping the future music industry involves making it easier for music creators to develop their talents. What our affiliates tell us is that, besides the obvious of getting paid for their works, they also need networks and knowledge of the industry in order to succeed in their careers. We had this in mind when creating STIM Music Room. It has two studios and offers a creative workspace, which our affiliates have highly appreciated ever since it first opened its doors in 2019. Because of the pandemic, STIM Music Room was closed for a while but we were very happy to be able to reopen it at the end of 2020. During the pandemic, many music creators have been very focused on studio recordings and the STIM studios have mostly been fully booked.

Also in 2020, STIM's Council for the Promotion of Swedish Music, SPN, worked with several projects to strengthen the Swedish music industry. One example is our collaboration with El Sisterna, where we collaborated to set up a national youth symphony orchestra. It was the first national El Sisterna orchestra in Europe. The project entered its second year in 2020 with an even larger orchestra. The goal is to ensure regrowth

of orchestral music and that, already from a young age, children have a venue for meeting each other and playing new compositions. STIM also contributes to Framtidens Musikpris, which are awards that support the next generation of talented musicians.

Additionally, STIM was able to offer temporary support for streaming concerts, which music creators very much appreciated. The applications poured in and support was distributed to creators in a wide variety of genres. STIM also crowned the first winner of Swedish Chamber Games, a composition competition in collaboration with Gothenburg Symphony Orchestra, Gageego! and the Swedish Composers Association. The competition aims to put Swedish chamber music on the European map.

And, STIM has continued working with an initiative to develop its music advocacy efforts. The goal of that is to achieve the highest possible return on rightsholders' investments and promote copyright protection, copyright-protected music and musical diversity in the best possible way. It covers a wide spectrum and involves collaboration among all parts of STIM's organisation from a strategic perspective, collaboration with other music promoters, sustainable financing and value-generating communication about what we do. One concrete result of those efforts is the SCE fund for social, cultural and education purposes, which the 2020 AGM had resolved to set up. More parts of this overall effort will be implemented in 2021.

## 95,469

Total number of affiliated authors and music publishers

## 3,767

Affiliated music publishers

## 91,702

Affiliated authors

## 7,090

Amount paid out in scholarships in 2020 (SEK thousand)

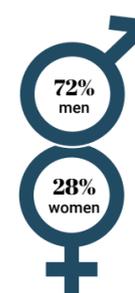
### New affiliates

## 3,199

Total number of new affiliates

## 3,100

of which, authors



## 99

Of which, music publishers

### New affiliates in 2019

## 3,126

Total number of new affiliates

## 3,031

of which, authors



## 95

Of which, music publishers



MEET SOME OF OUR AFFILIATES

## An app designed in collaboration with songwriters

We developed the STIM app so that music creators could get a clear overview of their payments. Songwriters Hanna Jäger and Johan "Jones" Wetterberg share their thoughts on the app, which would not have been possible without all the creative suggestions from our affiliates.

Hanna Jäger, whose stage name is Yaeger, is an independent pop artist who released her debut single in 2017. She composes music both independently and together with other songwriters and producers. Hanna currently has an agreement signed with the music publisher,

Kobalt UK and is working with Chess Club Records. She is also one of the 100 STIM affiliates invited to test, and provide input on, STIM's new app:

"In all honesty, it was easy to get lost and confused by all the PDFs I used to get from STIM. Now though, everything is much clearer," says Hanna Jäger, explaining how the mixed feelings she used to have about the complexity of payments has been replaced by curiosity:

"A person who is new to the industry, like me, can be afraid of asking stupid questions. This app makes it easy to find the answers yourself," she says.

Johan "Jones" Wetterberg is another songwriter who got to provide input for the development of this new service. He has been part of

At an early stage, Hanna Jäger got to test, and give feedback on, the beta version of the app.



Text: Johanna Karlsson Photo: Christian Gustavsson

the music industry for almost 20 years and he currently runs the company, Tiller Publishing, together with songwriter and colleague, Christian Walz. The two have composed many Swedish hits together. Given his experience of the industry, Jones has frequently mentored new songwriters. Because of that, he is keenly aware of the kinds of questions they have and what they need from STIM.

"It takes time to acquire experience and ignorance can result in a person making lots of unnecessary mistakes. STIM's app makes it easier to see your entire song collection, where the revenue is coming from and the countries where your music is most popular," explains Jones, adding that the more accessible the data is, the easier it is to become more involved in your payments and rights:

"The more involved you get with questions STIM deals with, the better! Working as a songwriter in today's society is always going to be challenging. That's why it's good that we stick together, as one big team. It should be possible to make a living from writing songs," he says.

### Development continues

Johan "Jones" Wetterberg and Hanna Jäger also hope that development of the STIM app will continue. When setting priorities about functionality, STIM considers the needs identified during interviews, along with feedback from users over time. For the first version of the app, focus was on providing songwriters with a clear overview of the payments, detailed information about revenue from live performances and a news stream that makes it easy to plan for what the revenue will look like in the future. Being able to register one's works just as easy using the app as on the website is one of the many items that STIM will be working on for future versions of the app.





MEET SOME OF OUR AFFILIATES

# Salem al Fakirs 2020

Megahit, new album release and some good old fine-tuning. Salem al Fakir was able to achieve much success in 2020, despite the pandemic. But like all of us, he's hoping that 2021 will be different. We asked him five questions.

1

**As a songwriter and studio musician, what's the year been like for you?**

"Well, where to start? I worked closely with Vincent (Pontare) in our studio, where we have our musician neighbours, so things have pretty much been same as usual. The impact on me has been more indirect, having to do with how much more difficult things have become in the music industry as a whole. Many people have had to make major changes to their lives now that there are no audiences to perform for," he says.

2

**You write music together with Vincent Pontare for your own band, Vargas & Lagola, and for other artists. But you used to write music on your own. What's it like, composing music as a duo?**

"When we first started, I was more of a backseat driver. Vincent was at the computer and I stood behind him, saying things like WOW and COOL. It must have been really annoying, haha. Eventually though, I caught on and we complement each other well, each contributing our own unique expertise. Vincent mostly writes the lyrics and I play around with the instrumental parts. But we each do a little of everything, depending on what's needed. If we need some classic, dirty guitar riffs, we send in Vincent. If fine-tuning is needed, that's where I come in. Each of us adds our own special spices to the dish and we end up with something pretty tasty," he says.

3

**Even though you're not on stage and in the spotlight so much anymore, it feels like you've got a hand in the game just about everywhere these days. Do you have a hard time saying NO?**

"Well, my plan has been to influence without being seen. Kinda like the Wallenbergs! So yes, I want to be involved, but not in the spotlight. And it seems like I've succeeded with that. The songwriting world can be pretty strange though. You might have an inventory of songs that switch artists or lie around in a drawer for eight years. You get what I mean. Sometimes there is that ketchup effect too, when it all comes out in a great big blob and you appear more popular and productive than perhaps you really are," he says.

4

**You released two albums with Vargas & Lagola this year. What's up with that? You just said that you didn't want to be in the spotlight anymore?**

"Yes, well, but we ended up writing some music that was very close to the heart, so we didn't want to give it to someone else. That's just how it turned out. And this is different, in fact. It's a band like the one any 15-year-old who has ever started a band would know well. A rock band that wants to put on makeup and make music without having to explain anything! Something that just feels fun. And cool!" he says.

5

**What happens next, in 2021?**

"Lots of things were put on hold last year, so I hope things will ease up soon. I've got some exciting collaborations going. I also want to deep-dive into my 15-year-old self some more. I don't want to talk about the pandemic anymore. I'm excited about making music!"

”  
Lots of things were put on hold last year, so I hope things will ease up soon.

Photo: Ea Czyz

# A trying time

2020 was a tumultuous year for Swedish music. As STIM was closing the books for 2019, reporting its highest revenue ever for a single year, it was clear that the world was facing a pandemic that would have serious consequences, not least in our industry.

Up until the outbreak of the pandemic, there was a continuing trend of steady growth in several areas. The year before, we had also received more than SEK 100 million in retroactive foreign revenue and mechanical revenue attributable to prior years. But then, everything

changed. Stages and arenas worldwide stood empty. In fact, the market for live music all but disappeared, practically overnight. The market for background music was also hit hard, due to the hotel and service industry also nearly grinding to a standstill. Contracts were terminated or paused, causing a sharp drop in STIM's revenue.

When we closed the books for 2020, revenue compared to the prior year was SEK 459 million lower, which corresponds to a decrease of 19%. Besides there being a large amount of retroactive revenue in 2019 compared to 2020, the significant decline is also largely attributable to the live and background segments being so hard hit by the pandemic. And, during the year, we revalued revenue recognised for some of the multi-territorial online services.

## Live stages empty during spring

With the outbreak of the pandemic in March, live music came to a grinding halt. And stages remained empty throughout the rest of 2020. So, it is not surprising that the revenue area with the sharpest decline during the year was live music. Live revenue from the Swedish market fell 67% compared to 2019. We continue working at many levels to ensure that live music can recover as quickly as possible.

**-67%**

Live revenue fell by 67%

## Revenue from foreign collecting societies

Revenue from foreign collecting societies fell in 2020, which was to some extent expected since the revenue increase last year included retroactive revenue following a now resolved tax dispute. For this area of revenue, we don't expect to see the full effect of the restrictions until sometime in 2021, since there is some delay in the reporting from most of our sister societies for the Swedish-composed music that is played overseas.

**-16%**

Foreign revenue fell by 16%

## Radio and TV

The decline for linear TV viewing continued as expected, even though the pandemic slowed down the pace of that trend somewhat. For radio and TV on the whole, revenue was essentially unaffected since these areas are fully covered by licences based on the music share combined with use. Revenue during the year remained at the same level as in 2019, which is a strong performance, given the strong growth and competition from moving images online.

**-2%**

Radio and TV revenue fell by 2 per cent

## Challenges for background music

Revenue from the background segment fell during the year. The hotel sector has been hit hard, as well as bars, restaurants and others in the service industry who had to shut down or severely restrict their numbers due to the pandemic. Cinemas closed their doors too, which impacted the revenue from film music. There were retailers though, who weathered the storm better. That helped bring in revenue so that the decline for the year was somewhat less than we had first anticipated. Early on, STIM took steps to help those in sectors hit the hardest by offering flexible payment solutions and rescheduling licenses. It created a lot of good will with our customers. The outlook for background music is thus good and there has been a trend of stable growth there in recent years. In this area, STIM is working intensively with product development and ways of making licensing easier.

**-22%**

Background revenue fell by 22%

## Sharp increase in online revenue, VOD

There was a sharp increase for online revenue, primarily fuelled by an increase for Video On Demand (VOD). This area has not been negatively affected by restrictions during the pandemic. In fact, the opposite is true. The total revenue increase for directly licensed online music services in Sweden was more than 35%. There has been growth for established services like Netflix and Viaplay. New, strong competitors continue to become established as well. For a couple of years now, STIM has been working intensively with licensing in this market and we are now starting to see results. Several negotiations have been concluded and agreements signed, which creates the prerequisites for continued strong growth in this area.

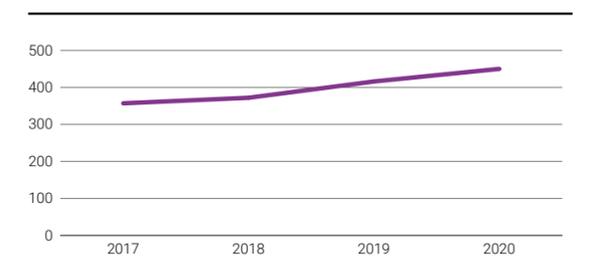
**35%**

The total revenue increase for directly licensed online music services in Sweden was more than 35 per cent.

## Multi-territorial music services online

During the year, the reported music use of STIM-represented repertoires for some of the major, multi-territorial online music services turned out to be lower than the preliminary forecasts which had initially been used for revenue recognition on those contracts. It was therefore necessary to make an adjustment in 2020, which also had a retroactive effect on the valuation of accrued, undistributed revenue reported in 2018 and 2019. We expect the trend of digitalisation to continue and the underlying growth in the online market is good. The same applies to STIM's revenue from the services where we were able to renew contracts with existing customers and simultaneously continue licensing new music services and markets.

The diagram below shows the adjustments to accrued revenue in 2020 that have been allocated to each year that the music use pertained to. It provides a more accurate picture of the performance of multi-territorial online music services over the last four years.



Multi-territorial music services online	2017	2018	2019	2020
Revenue pro forma	357	372	416	450
Growth		4%	12%	8%



MEET OUR CUSTOMERS

# Viking Line wins STIM Guitar 2020!

With departures at all times of day, close to a million passengers each year and everything from dance band to hard rock cruises, creating the right atmosphere onboard is a constant effort. Viking Cinderella is Viking Line's Swedish ship that normally cruises between Stockholm and Mariehamn. And music is a key part of it all, from its live performances to the music played at the various restaurants onboard, spa and shops.

"The music is everything. Absolutely everything. In the entertainment industry, and much of the travel industry, everything is about creating the right atmosphere. When you do that, sales will follow. And in the end, that's how we make a living from it all," says Johanna Holmqvist, Cruise Manager for Viking Cinderella.

Photo: Christian Gustavsson

**A top notch music organiser**  
 For years, Viking Line has had a reputation as a top notch music organiser. Every aspect of the music offered onboard is carefully considered, from the dance floor, to restaurants, shops and the cabin corridors. During the COVID-19 pandemic, most of the Baltic cruises have either been cancelled or adapted so that they could be carried out in a safe way, without spread of infection. Despite it all, the music has still reigned at sea: "We put all our creativity and energy into being able to offer music experiences onboard, despite it being such a challenging year. We did it to boost spirits and keep our passengers happy. But we also did it to support all the talented artists who have been hit so hard financially by the pandemic," says Mikel Panelius, Entertainment Manager for Viking Line. In fact, Viking Line's ability to show just how much they value music and those who create it was what won them STIM Guitar 2020, a year in which there were a record number of entries. Mikel Panelius is proud of the acknowledgement, saying that it feels particularly satisfying to have won the award in a pandemic year: "Winning this award, at a time when the entertainment industry is suffering like never before, is such an honour. Simply great!"

”  
 The music is everything. Absolutely everything! In the entertainment industry, and much of the travel industry, everything is about creating the right atmosphere. If you can create the right atmosphere, you can also generate sales.

MEET OUR CUSTOMERS

# Music enhances the experience

What is the deciding factor behind which music gets played at the grocery store? Well, besides such things as loyalty programmes and the type of goods sold, it also has to do with what sort of environment the store offers. ICA Reklam, which opened up for Sweden's ICA stores knows all about it, now with a license for playing all the world's music through the speakers at its stores.

Music seems to boost people's spirits while they are shopping for groceries. ICA Reklam, which has all ICA stores as its customers, knows this to be true. Since last year, it has been offering music services to ICA stores as a result of successful collaboration between ICA, the music partner Baked, SAMI and STIM. The license provides access to the world's widest range of music. "We've done this to enhance the shopping experience now that so much shopping is done online. When people shop at ICA, they should feel like it is a positive experience for all their senses," explains Sofia Draganis, who was responsible for implementing ICA Sounds at ICA Reklam, going on to say:

Photo: ICA Reklam



"For us, we want the true professionals to custom-design this service for our stores. It is no coincidence either, that we chose a service where all rights are already included in the price because we wanted to be able to offer endless variation and music from all corners of the world. We wanted to make it easy for stores to choose a customised, quality product," she says.

**Helps create a harmonious atmosphere**  
 But, it's not always the most known artists or latest hits that are being played. Sofia Draganis says that's because they want to still make sure that customers remain focused on buying their groceries. The music should not be overly dominant. It should be more subtle and just one factor in creating a pleasant, overall experience. "We want our music service to help lower the stress level of customers, making them feel more harmonious. They should look forward to stepping away from their computers and heading to the store," says Sofia Draganis, going on to say: "Around 60 or so stores have already shown great interest and signed up. Every month, we add another five or ten more. Those who have already decided to invest in music at their stores are at the forefront. They are the trendsetters for other stores," she says.

”  
 We want our music service to help lower the stress level of customers, making them feel more harmonious. They should look forward to stepping away from their computers and heading to the store.

# Important for the Board to have willingness to change

The incentive and motivation to develop also needs to come from the Board. That's what Carina Brorman, STIM's Chair of the Board thinks. Here, she talks about the work done by the Board and STIM's new strategic direction.

## How do you view your role and the mission of the Board?

A big part of my role, and the work done by the Board, involves monitoring STIM's efforts and driving development forward. Above all, it's about pointing in a clear direction and ensuring that we keep our focus on rightsholders' interests. For me, personally, the role of Chair is about serving as a bridge between the Board and management, along with making sure that important issues get put on the agenda.

## What importance does a variety of perspectives have to Board work?

Well today, more than ever, it's important that the Board is composed of members who can bring a variety of perspectives to the table. Creating an atmosphere of security and openness in the boardroom, where everyone's opinion can be heard, is very important. STIM's Board of Directors consists of representatives from the rights societies FST, SKAP and Musikförläggarna, along with employee representatives and a number of independent members with various backgrounds and experiences. It is a complex structure and the discussions in the boardroom can become very lively indeed! I think we have succeeded in developing an open working method, where differing opinions and ideas are met with respect. We're all there to act in the best interests of STIM and our rightsholders.

## We learned during the spring that Karsten Dyhrberg Nielsen will be stepping down as STIM's CEO. Could you comment on that?

Karsten has implemented major, important changes at STIM, helping create the solid, stable platform that the organisation rests on today. There is also a rapid pace of development within the music industry. The challenges we face are becoming increasingly international and global, so it's more important than ever that we tackle them, to the extent possible, in collaboration with others. With that in mind, it's time for STIM to pursue a new strategic direction and for that task, appoint a new CEO. We will definitely feel a great void when Karsten leaves us, but we are truly grateful for everything he has done for STIM and how it has developed and grown under his leadership.

## A new direction. That's exciting! Please tell us more!

We see tremendous potential for STIM to take on even more of a leading role, gathering forces to have a strong voice in the world of music and culture. Giving the rapid pace of change when it comes to trends like digitalisation and globalisation, along with the challenges and impact that the pandemic has had, well, all of it has a tremendous impact on music creation. Despite it all, we must keep our focus on the local and national market. For example, how, and in which ways will live and background music get up and running again?

We need to become even better at responding and adapting to changes in the world around us. To do that, we need to deepen our knowledge and understanding of rightsholders' challenges and needs.

In recent years, we've launched a variety of initiatives aimed at meeting the needs of our rightsholders, such as STIM Music Room, a workspace where our songwriters, composers and publishers can all meet. It was an immediate success, creating value in so many ways through its co-working studios and all the opportunities for meeting others to share knowledge and experiences.

## What are your own reflections on the year past?

For the entire cultural sector, 2020 has been a tumultuous year. It will also have a major impact on the work done by STIM for many years to come. We understand that it will take many years for the music industry to recover. It might not ever be like it was before. So, providing support to our rightsholders is more important than ever, along with understanding and adapting to changes in the world around us. STIM reacted quickly to help alleviate the negative consequences all of this has had on music creators. We put our heads together to come up with a solution for offering advance payments already during spring 2020 and by fall, we had doubled the number of scholarships, all of it, as a direct response to the pandemic.

During the year, we also looked more closely at STIM's cultural mission, and by that I mean music advocacy work that is financed by rightsholders and run in collaboration with FST, SKAP and Musikförläggarna. We see a need for emphasizing the enormous value that we create through our collaborative efforts in that area. We want to develop even more collaborations, along with strengthening our collaboration between STIM and the rights societies, all of it aimed at creating even clearer value for rightsholders. Personally, it has been very satisfying seeing the results of those efforts.

## What are the benefits to be gained from more collaboration with others?

Together, STIM, PRS and Gema have developed the world's first multi-territorial copyright hub, ICE (International Copyright Enterprise) for online licensing and process management. The purpose of this joint venture is to ensure that our rightsholders get the best possible compensation when their music is used by streaming platforms. We also want to make sure that the process management is as cost-effective as possible. ICE is the most comprehensive and strategically important initiative that STIM has invested in, both resource-wise and financially.

We are now facing a new transformative time after the pandemic and we should be open to even more cooperation with others. This has enormous potential for generating new value to our rightsholders. By collaborating on digital solutions, more societies can lower their costs and thereby create more value for their rightsholders.

## What are your thoughts on STIM's opportunities and challenges when it comes to meeting the rapid pace of change in the music industry?

I'm convinced that STIM will continue to be one of the leading rightsholder societies. But we need to be doing more exploration, with others both in and outside the music industry. We need to be prepared to meet new challenges and opportunities once society opens up again after the pandemic.

## Of course we're all very curious too. When will the new CEO take over?

That's a good question! Hopefully already by fall. The recruitment process is already underway, so I hope that we have a new CEO onboard as soon as possible. But it will take whatever time it takes, because finding the right person is most important of all!

Photo: Charlotte Strömwall



“  
I'm convinced that STIM will continue to be one of the leading rightsholder societies.”

# Board of Directors and management

As of 31 December 2020.

STIM's board of directors is tasked with continuously monitoring how the business is managed and making decisions on matters delegated by the AGM. The board of directors consists of representatives from the rightsholder categories that STIM represents, i.e. members who are active in FST, SKAP or Musikförläggarna, as well as independent members. The Chair of the Board is independent. In addition, the board of directors includes STIM employee representatives.\*



**Karsten Dyhrberg Nielsen**  
CEO of STIM



**Carina Brorman**  
Chair. Independent.



**Martin Jonsson Tibblin**  
Member. First Vice-Chair  
Representing FST.



**Linda Portnoff**  
Member. Independent.



**Hans Fahlin**  
Member. Independent.



**Eva Botmar**  
Member.  
Employee Representative



**Kerstin Mangert**  
Member. Representing  
Musikförläggarna.



**Dror Feiler**  
Member.  
Representing FST.



**Douglas Carr**  
Member.  
Representing SKAP.



**Alfons Karabuda**  
Member.  
Representing SKAP.



**Anette Hökengren**  
Member. Representing  
Musikförläggarna.



**Susan Roberts**  
Member.  
Employee Representative

## Deputy members

**Jenny Hettne**  
First Deputy. FST.

**Johan Blixt**  
Second Deputy. FST.

**Mikael Alenmark**  
Deputy.  
Employee Representative

**Anders Wollbeck**  
First Deputy. SKAP.

**Alexandra Nilsson**  
Second Deputy. SKAP.

**Viktor Sellgren**  
Deputy.  
Employee Representative

**Lars Karlsson**  
First Deputy.  
Musikförläggarna.

**Filiz Erat Edhlund**  
Second Deputy.  
Musikförläggarna

**Eric Sjöström**  
First Deputy. Independent

**Åsa Otterlund**  
Second Deputy. Independent

## Management

**Karsten Dyhrberg Nielsen**  
CEO of STIM

**Mattias Wallman**  
Operations & IT

**Jan-Christer Stoppel**  
Finance

**Eleonor Otterdahl**  
Communication

**Lisa Stålspets**  
Legal

**Theres Annerstedt**  
HR

**Peter Lindström**  
Members & Market

## Affiliates and members

STIM is a non-profit rightsholders association with more than 95,000 affiliated songwriters and music publishers. STIM affiliates can also apply for membership with voting rights and STIM currently has around 1,000 members who, each year, are able to have a say in what STIM does by voting at the Annual General Meeting.

### Rights Societies

Swedish Society of Composers (FST), Swedish Society of Songwriters, Composers and Authors (SKAP) and Musikförläggarna represent the various parts of STIM's rightsholder collective, authors and music publishers. Members of these organisations are represented on STIM's Board of Directors. They also collaborate on STIM's music advocacy work.

Affiliates

Members

Annual general meeting

Auditor

Board

Nomination Committee

CEO

**How STIM is governed**

NÄMMU

SVENSK MUSIK

STIM Fastighets Holding AB

cora music

ICE

## STIM entities and its music promotion activities

Promoting copyright law, copyright-protected music and musical diversity are important purposes for STIM. STIM pursues its music promotion activities in collaboration with these three associations, FST, SKAP and Musikförläggarna, plus STIM's subsidiary, Svensk Musik. NÄMMU is STIM's committee for promoting musical diversity and copyright protection. It decides on funds that will be used in various ways to promote rightsholders' interests.

## STIM Group

The STIM Parent Company has several wholly-owned and partly-owned subsidiaries responsible for running specific activities. ICE (which stands for International Copyright Enterprise) is co-owned by the UK company PRS for Music and the German company, GEMA. ICE consists of the following companies: ICE Int. Copyright Enterprise Services Ltd and ICE operations AB with the subsidiary ICE Int. Copyright Enterprise Germany GMBH.

## STIM's governance

STIM is governed by several bodies, each of which has a specific mandate and responsibilities. The AGM is the highest decision-making body and this is where STIM members can exert direct influence over STIM's activities.

\*For a full description of the Board's commitment, see STIM's 2020 Transparency Report, at stim.se

# Administration Report

The Board of Directors and the Chief Executive Officer of Svenska Tonsättarens Internationella Musikbyrå (STIM) u.p.a., corporate Id. No. 702002-3524, hereby present the annual report and consolidated financial statements for the 2020 financial year.

## Description of operations

STIM is a non-profit member organisation that advocates for strong copyright protection and for music creators and publishers to be paid for their music. STIM aims to promote the regrowth and diversity of the Swedish music industry, a socially beneficial mission which differentiates us from others in the market.

At the end of 2020, STIM had 91,702 affiliated authors and 3,767 affiliated music publishers. With its point of departure in copyright legislation, STIM manages and protects the rights of its affiliates. When a rightsholder becomes affiliated with STIM, the rightsholder transfers to STIM the task of collectively managing the right to remuneration when the music is reproduced and when it is made available to the public. STIM ensures that anyone who plays music in public or who records, downloads or streams music has a valid licence and pays a fee. STIM licenses music from the entire world and allocates the revenue to the individual rightsholders, both Swedish and international, later on paying out those funds to them. This means that those who want to use music through a licence from STIM can easily access millions of musical works, and that the rightsholder of the music receives compensation for the use of the music.

Based on inter-governmental agreements and STIM's reciprocal agreements with other collective rights management organisations worldwide, rights to both domestic and international music in Sweden are protected. The rights of STIM affiliates are protected outside Sweden via the counterpart organisations with whom STIM has mutual agreements. For global digital music services, STIM licenses these in many territories directly via ICE Services Ltd.

For more than a decade, STIM has been involved in a European collaboration on licensing of rights and administration of works' documentation, music use reports and some distribution services. Collaboration is in the form of a joint venture, where STIM, together with the UK's PRS for Music and Germany's GEMA have ownership shares in ICE Operations AB, with the wholly-owned German subsidiary ICE Germany GmbH and the UK subsidiary, ICE Services Ltd. ICE licenses the rights of STIM, PRS and Gema, and other societies and music publishers. ICE represents a very strong repertoire, which strengthens its position in negotiations with the major international music services. For music services, this facilitates a smoother multi-territorial licensing solution, while at the same time allowing for economies of scale in data processing and work documentation. Together with other Nordic copyright organisations, STIM also collaborates with the Nordisk Copyright Bureau, which manages the licensing and administration of music when recorded on physical products, such as CDs and DVDs.

Through its subsidiary Stimhuset KB, STIM owns the property Stockholm Krukamakaren 17. STIM has its offices there. In addition to the premises used by STIM, approximately 6,000 sq.m. are rented out to other tenants.

## Changes on the Board of Directors and in the management team

At the 2020 Annual General Meeting, the Nomination Committee presented a proposal that entailed the re-election of Dror Feiler (representing FST) and Douglas Carr (representing SKAP) as members with a term of office of two years each. New elections for ordinary members Kerstin Mangert (representing Musikförläggarna) and Linda Portnoff

(independent), with a term of office of two years each, were held, as well as by-elections of one year for the ordinary member Anette Hökengren (representing Musikförläggarna).

Eric Sjöström was elected as First Deputy Independent by new election with a term of office of two years. Lars Karlsson was elected through by-election as First Deputy Musikförläggarna for one year. As Second Deputy SKAP, Alexandra Nilsson was elected with a two-year term of office by re-election. Johan Blixt and Filiz Erat Edhlund were elected by new election as Second Deputy FST and Musikförläggarna respectively, with a term of office of two years each. Åsa Otterlund was also elected as Second Deputy Independent for one year (by-election).

In connection with the Annual General Meeting in May 2021, STIM's CEO Karsten Dyhrberg Nielsen will leave his position and the recruitment of a new CEO is ongoing. Karsten Dyhrberg Nielsen has been CEO of STIM since 2014. During this time, STIM has undergone much change and modernisation aimed at increasing its competitiveness and meeting the challenges that the music industry has faced regarding the digital transition of society and globalisation.

Subsequent to year end, Mattias Wallman, COO, terminated his other engagements outside STIM.

## Significant events during the financial year

The impact of the COVID-19 pandemic on the world economy, industry and individuals is extensive. The situation for the entire cultural sector has rapidly and radically deteriorated and all parts of the music value chain have been affected, from songwriters, composers and music publishers to artists, concert organisers and others. With empty live arenas and large parts of the service industry shut down, it affects how much music is played and thus also affects those who created it.

Revenues for 2020 decreased significantly in the areas of live music and background music, which have been hardest hit by the COVID-19 pandemic and restrictions that have been in place for most of the year. The pandemic was a major contributing factor in STIM's total revenues falling by 19 percent compared to the previous year. As it became increasingly obvious during spring 2020 that the effects would be extensive, not least in the areas of live and background music, the cost budget for the year was revised. Savings in line with the revised budget have since been implemented. In addition, a small increase was made to the administrative management deduction from mid-year.

The most important thing during the pandemic has been ensuring the running of regular operations, with the highest priority of avoiding disruptions in the year's planned payments to affiliates. Maintaining a close dialogue with customers active in the segments that have been hit the hardest because of the restrictions has also proven to be important, in order to find temporary solutions, where possible. In addition, a number of specific measures have been taken to try to help mitigate the impact of the crisis on STIM affiliates, including an advance payment programme, live streaming support and a provision of 3 million for additional grants. In total, 439 authors were awarded a STIM scholarship in 2020. Another important activity has been raising the awareness of music creators' situation in the public debate and engaging with politicians to advocate for action on our affiliates' behalf. Here, the entire music industry has banded together to act as one voice in strengthening its cause.

At the end of the year, ICE Services Ltd signed a licensing agree-

ment with TikTok, which is a platform for creating and sharing videos and livestreams. The duration of the agreement is two years starting on 1 July 2020, including retroactive adjustment for the period through 30 June 2020, when there was no agreement in place. During the year, ICE also signed an agreement the video sharing app, Triller. It entered into effect as of 1 January 2016 and is valid through 31 December 2021.

During the year, an agreement was signed with the Swedish Association of Local Authorities and Regions (SKR) pertaining to the regions' use of copyrighted music. The new agreement is based on the actual usage of music by the regional organisations and it provides music creators with higher remuneration than before. In parallel with the regional negotiations, work has been carried out to sign separate licensing agreements under the municipal framework agreement with SKR that was concluded in 2019. By the end of the year, agreements had been signed with 273 of Sweden's 290 municipalities.

## Significant events after the end of the financial year

During the second quarter of 2021, STIM's wholly owned subsidiary, Cora Music AB, will launch a new service to the market. It is a new, unique service that will provide video creators with access to a selected repertoire of protected music that they may use as background music in their videos, provided that they pay the monthly licensing fee. Nearly all of the revenue from the monthly fees will be used to pay royalties for the music. The new company is expected to claim a strong position in the market and thereby facilitate higher compensation to STIM's affiliated authors and publishers.

## Significant risks and uncertainties

The overriding trend for the whole of society and not least the music industry in particular is rapid and radical change, both nationally and internationally. This applies both to music distribution and consumption as well as to the management of music rights. Rapid technological development places constant demands on the adaptation of STIM's activities, in terms of not only new pricing models for licensing, but also suitable systems for rights administration and thereby continued investments in the development of existing and new systems, process and working methods. All of it results in risks concerning STIM's future revenues and returns on the investments it has made in systems, the vast majority of which is the investment in the wholly-owned associates, ICE Services Ltd and ICE Operations AB. Repayment of the funds invested is dependent on those activities developing as expected and on being able to implement the development projects that are being run by those companies as planned. At present, ICE Service Ltd has licensing agreements with some 50 online services in over 160 countries and processes reporting from online services for several of the European market's leading copyright companies and music publishers. ICE Operations AB is now developing next-generation rights administration systems scheduled to be completed in 2022.

As regards the ongoing pandemic, a great deal of uncertainty remains as to when the restrictions in all areas will be lifted and things return to normal. It is also reasonable to expect lingering consequences far into the future, not least in areas of the market that have been hit the hardest.

For STIM, just like most other organisations, availability and operational reliability of IT systems, along with access to data, are business-critical. Continuous, systematic identification and evaluation of IT-related risks, both external and internal, is thus one of the priority areas for STIM's risk management work.

# 95,469

affiliated authors and publishers

# Sustainability Report 2020

The aim of the report is to describe in a transparent manner how STIM works with sustainability issues relating to the environment, social conditions, personnel, respect for human rights and anti-corruption.

Our sustainability report focuses primarily on areas where we, as a copyright organisation, can influence and make a difference based on our industry and abilities.

## Environmental impact

STIM's business model is designed to have marginal environmental impact. No physical products are produced and our business activities are run from a single geographical location. Most of the contacts and exchange of information we have with our stakeholders is via data transfers and on our website.

Caring for the environment is important to us at STIM. We are constantly working to become even better at efficient use of resources and challenging ourselves to minimise our environmental impact. It is an integral part of our choice of products, services and suppliers, as well as a priority when we review our own processes.

## Travel and employee benefits

Due to the pandemic, all trips as of March 2020 were cancelled. To a great extent, which we estimate at 95%, STIM employees have been working from home. However, STIM has still offered its employees subsidised public transport cards.

The fruit, coffee and milk offered to our employees in the office have the KRAV label (good environmental choice).

## Energy

STIM uses green electricity consisting of at least 10% wind power. During weekends we lower the heat.

## Supplies

When purchasing office supplies, we choose alternatives with as little environmental impact as possible. Printers and copiers are set to double-sided printing by default and have "Follow me print", which means that you get your printout only when entering your ID number at the printer. During 2020, paper consumption decreased significantly since employees were primarily working from home. Our use of digital solutions and new behaviours are things we would like to maintain in the future.

We also put information for our customers and members on our website so that we can reduce paper mailings as much as possible. We sort glass, metal, cardboard, plastic, waste and paper in the office. In 2021, we will be setting up food composting stations as well.

STIM aims to work in a more climate-smart way and we therefore strive to ensure that digital communication is used to the greatest extent possible with customers. As a rule, STIM sends out around 60,000 customer invoices each year, the majority of which are paper invoices sent by regular mail. In 2020, 60% of the invoices were sent digitally (e-invoices, email). We also implemented a variety of activities to increase the number of e-mail addresses on file, which is a prerequisite for being able to send more communication digitally.

## Sales and performance

The Group's revenue during the financial year was SEK 1,931.0 (2,390.5) million and operating expenses were SEK 225.7 (244.3) million.

Profit/loss from participations in associates was SEK 14.7 (3.5) million. Distributable income in the Group totalled SEK 1,725.3 (2,156.0) million.

The Parent Society STIM's total sales for the financial year were SEK 1,916.6 (2,376.5) million, corresponding to an increase of 19.4 (+14.7) per cent compared with the previous year's adjusted sales. Royalty revenue decreased by SEK 459.2 (+302.8) million.

The Parent Society STIM's net distributable income totalled SEK 1,712.2 (2,153.2) million, corresponding to a decrease in royalty payments to rightsholders equal to SEK 441.0 (+297.2) million.

Consolidated profit (SEK thousand)	2020	2019	2018	2017	2016
Operating income	1,930,968	2,390,549	2,082,274	2,042,666	1,884,248
Operating costs	-225,738	-244,306	-233,910	-221,900	-199,402
Profit/loss from participations in associates	14,655	3,496	8,917	5,602	-10,255
Impairment of non-current receivables from other companies	-	-	-	-	-
<b>Distributions</b>	<b>-1,712,199</b>	<b>-2,153,169</b>	<b>-1,851,853</b>	<b>-1,826,053</b>	<b>-1,689,324</b>
Interest and other financial items	5,478	6,230	2,736	4,553	3,863
Tax	-15	29	86	62	-25
<b>Profit/loss for the year</b>	<b>13,149</b>	<b>2,829</b>	<b>8,251</b>	<b>4,930</b>	<b>-10,896</b>

Parent Society's profit (SEK thousand)	2020	2019	2018	2017	2016
Operating income	1,916,565	2,376,460	2,071,687	2,024,124	1,874,222
Operating costs	-219,774	-239,856	-227,266	-214,031	-183,268
Impairment of non-current receivables from other companies	-	-	-	-	-
<b>Operating profit/loss before distribution</b>	<b>1,696,791</b>	<b>2,136,604</b>	<b>1,844,421</b>	<b>1,810,093</b>	<b>1,690,954</b>
Interest and other financial items	6,300	7,017	3,271	5,076	4,519
Appropriations and taxes	9,108	9,548	8,262	9,215	7,910
<b>Distributable income</b>	<b>1,712,199</b>	<b>2,153,169</b>	<b>1,855,954</b>	<b>1,824,384</b>	<b>1,703,382</b>

## Financial position

### Group

The Group's total equity at year-end was SEK 216.7 (204.8) million of which 174.4 (176.8) was non-restricted equity.

### Parent Society

At year-end, STIM's equity amounted to SEK 1.2 (1.2) million or 0.1 per cent (0.1) of the balance sheet total. Liabilities to rightsholders at year-end totalled SEK 1,403.2 (1,819.6) million.

## Liquidity

Cash and cash equivalents, including short-term investments, totalled SEK 1,185.7 (1,349.0) million for the Parent Society and SEK 1,217.1 (1,370.2) million for the Group. During the year, excess liquidity was invested in interest-bearing assets in SEK in the form of fixed income funds. The investment policy focuses on managing interest, credit and liquidity risk.

## Group contributions

During the financial year, the Parent Society received group contributions from subsidiaries totalling SEK 9.1 (9.5) million.

## Suppliers

STIM chooses suppliers who, like us, care about the environment, which can be demonstrated by, for example, environmental certificates. Strategic suppliers must, in their cooperation with us, prioritise environmental efforts and engage in mutual follow-up with us.

## IT Infrastructure

We work continuously to consolidate, modernise and streamline IT operations.

We measure and monitor that the energy consumption of the data centre is constantly decreasing as a result of our work. In addition, virtually all maintenance and development of the platform is handled remotely, which has reduced the number of trips and overtime hours connected to service and similar tasks.

## Property

STIM owns the property called Hornsgatan 103 and besides running our own operations from there, STIM is also the landlord for about 15 tenants. STIM is the largest, as regards both number of employees and total space (area). As a landlord, we strive to offer well-managed and appropriately equipped premises that offer a good, pleasant working environment. This applies not only to those working in the building, but also our partners for services and products. We have a long-term management plan that we follow, but we are also keen to quickly resolve any matters reported to our property service team.

## Social conditions and employees

STIM is a non-profit, advocacy organisation. Our employees are passionate about copyrights and protecting the interests of rightsholders. STIM's employees are covered by collective agreements from Almega AB (the Employers' Organisation for the Swedish Service Sector) and Medieföretagen (Almega subcategory for Media companies). It provides our employees with secure terms of employment as regards such things as insurance, pensions, vacation, parental leave, sickness compensation and the regulation of forms of employment. STIM also has excellent collaboration established with the local trade union, Unionen.

STIM must offer a pleasant and stimulating working environment in order to be attractive to our members and employees alike. Open communication with a large flow of information is an important parameter for us at STIM. We want our employees to have good knowledge of STIM as an organisation and workplace as we are convinced that it affects everyone's commitment and results in higher job satisfaction.

KPIs	2020	2019	2018	2017
Employee turnover	6.4%	9.5%	8.2%	10.6%
Sickness absence (short-term, 1-13 days)	2.2%	1.8%	1.7%	1.8%
Sickness absence (long-term, >14 days)	2.0%	1.6%	2.6%	3.7%
Sickness absence (total)	4.2%	3.4%	4.3%	5.5%

#### Work environment

Work environment management at STIM aims to create conditions that favour a positive atmosphere and environment at work. As was the case for so many other things, the work environment has also been impacted by the pandemic and employees working from home. We reacted and adapted quickly and appropriately to the new circumstances, enabling us to make a smooth transition. During 2020, there has been special focus on the physical and psychosocial work environment via intensified efforts by the work environment committee, regular surveys of STIM employees and action taken based on those results, home deliveries of work tools, daily check-ins and a regular flow of information and dialogue.

#### Wellness

Health and wellness are an important component of STIM's work environment. We want to make it easier for employees to maintain or improve their physical, mental and social health. We do this by offering STIM employees subsidies for wellness activities or memberships at the nearby gym, including one hour off (with pay) per week for such activities. We also offer massage and naprapathy treatment to all of our employees. In 2020, we organised an "Get-going" competition to encourage our employees to exercise, which had a very positive effect.

#### Equality and equal treatment

STIM works to ensure that all employees have equal rights and opportunities in the workplace as regards working conditions, terms of employment and career development through training and skills development, as well as promotion at work regardless of gender; transgender identity or expression, ethnicity, religion, disability, sexual orientation or age. 46% of our employees are women and 52% of management positions are held by women. Among the management team, 43% are women and 57% are men.

STIM does not tolerate that employees are subject to any form of harassment – these types of violations are prohibited in the workplace. For STIM, it is very important that our employees are able to combine parenting and work. STIM thus strives to have a non-discriminatory recruitment process so that candidates with the right skills are given the opportunity to apply for available positions.

Ways in which we do this include:

- Annual salary survey
- Transparent recruitment process
- Equality and equal treatment policy
- Information and guidelines in the employee handbook and manager handbook

- Annual goal-setting and appraisals
- Zero tolerance of harassment
- Parental pay as per collective agreements
- Extended flex hours for parents

STIM's payments to its affiliates are based on the works that have been produced, which ensures that they are unbiased and fair. However, it is still clearly, a male-dominated industry, where 80% of our affiliates are men. STIM thus works with various projects aimed at encouraging more women to become songwriters. Promoting diversity is another important task, and it is thus one of the benchmarks for the scholarships and grants awarded by STIM.

#### Respect for human rights

STIM's mission is to represent and protect the music creator's right to compensation when their music is performed – as a human right. Copyright is enshrined in, among others, the United Nations Charter of Human Rights, the Constitution of the United States and the Swedish Constitution. It has been a strongly protected area for many decades. Strong copyright protection helps promote growth in society and ensure everyone's right to, in exchange for compensation, add to our cultural heritage of music. Compensation for use of copyright protected works is what ensures a continual creation of new music.

All of STIM's activities should be characterised by respect and protection for human rights. STIM's work on equality issues is reflected in the good situation that prevails in terms of both distribution of salaries and assigned work tasks, where it is the employees' actual knowledge and abilities that are always the point of departure and deciding factor. There is good cooperation between STIM (in its role as employer) and the trade unions. Employees' satisfaction with conditions and work situation is measured regularly through employee surveys.

STIM has not encountered any problems with child labour or violations of other social rights in conjunction with running the business or in its collaborations with partners.

#### Ethics and anti-corruption

STIM's reputation, ethical behaviour and reliability are of paramount importance to STIM as an organisation, our affiliates, members and customers. The organisation's governance pertaining to anti-corruption is detailed in an anti-corruption policy that serves as ethical guidance to counteract actions in contravention of Swedish bribery legislation.

All STIM employees and others acting on behalf of STIM must behave ethically and in accordance with applicable laws and regulations. The same is expected of the companies, organisations and individuals we do business and cooperate with.

The very suspicion of STIM being involved with offering and/or receiving unfair benefits would be very harmful to our reputation and besides that, bribery is a criminal offense in Sweden. STIM's anti-corruption policy is based on the precautionary principle, which means that even the slightest suspicion should be reported to the closest supervisor or decision-maker to ensure that all individuals representing STIM always act in accordance with the policy's guidelines.

## Income statement

(SEK thousand)	Note	Group		Parent Society	
		2020	2019	2020	2019
<b>Operating income</b>					
Royalty revenue		1,907,222	2,366,382	1,907,222	2,366,382
Other revenue		23,746	24,167	9,343	10,078
<b>Total operating income</b>	1.3	<b>1,930,968</b>	<b>2,390,549</b>	<b>1,916,565</b>	<b>2,376,460</b>
<b>Operating expenses</b>					
External costs	2,3,6	-85,216	-104,302	-91,738	-110,017
Personnel costs	2,4,5	-120,482	-113,648	-116,441	-112,426
Depreciation/amortisation	2, 9-11	-20,041	-26,357	-11,595	-17,413
<b>Total operating expenses</b>		<b>-225,738</b>	<b>-244,306</b>	<b>-219,774</b>	<b>-239,856</b>
Profit/loss from participations in associates	13	14,655	3,496	–	–
Distribution	7	-1,672,582	-2,106,190	-1,672,582	-2,106,190
SCE funds		-39,618	-46,979	-39,618	-46,979
<b>Operating profit/loss</b>		<b>7,686</b>	<b>-3,430</b>	<b>-15,409</b>	<b>-16,564</b>
Interest income		2,292	2,693	3,113	3,468
Other financial items	13	3,188	3,568	3,188	3,568
Interest expenses		-1	-31	–	-19
<b>Profit/loss before tax</b>		<b>13,164</b>	<b>2,800</b>	<b>-9,108</b>	<b>-9,548</b>
Appropriations	22	–	–	9,116	9,513
<b>Profit/loss before tax</b>		<b>13,164</b>	<b>2,800</b>	<b>8</b>	<b>-35</b>
Tax on earnings for the year	21	-15	29	-8	35
<b>Profit for the year</b>		<b>13,149</b>	<b>2,829</b>	<b>–</b>	<b>–</b>

# 1,930,968

Total operating income,  
SEK thousand, Group

# 13,149

Profit for the year,  
SEK thousand, Group

# Balance sheet

Assets (SEK thousand)	Note	Group		Parent Society	
		31/12/2020	31/12/2019	31/12/2020	31/12/2019
<b>Non-current assets</b>					
<b>Intangible assets</b>					
Current investment in new IT systems	8	20,742	7,453	19,703	7,453
Capitalised expenditure on system development	9	24,595	29,993	21,785	26,154
<b>Total intangible assets</b>		<b>45,337</b>	<b>37,446</b>	<b>41,488</b>	<b>33,607</b>
<b>Property, plant, and equipment</b>					
Buildings and land	10	347,446	355,189	-	-
Construction, extensions and redevelopment in progress		-	175	-	-
Equipment	11	6,828	3,061	6,727	2,940
<b>Total property, plant and equipment</b>		<b>354,274</b>	<b>358,424</b>	<b>6,727</b>	<b>2,940</b>
<b>Financial assets</b>					
Participations in Group companies	12	-	-	5,200	200
Participations in associates	13	16,751	3,337	41,319	41,319
Receivables from Group companies	12	-	-	102,167	101,387
Receivables from associates	13	71,779	56,026	71,779	56,026
Other non-current assets		151	209	151	209
Other non-current financial assets	2	5,315	5,199	5,315	5,199
<b>Total non-current financial assets</b>		<b>93,995</b>	<b>64,772</b>	<b>225,931</b>	<b>204,341</b>
Deferred tax asset	21	1,413	1,421	1,413	1,421
<b>Total non-current assets</b>		<b>495,020</b>	<b>462,063</b>	<b>275,559</b>	<b>242,310</b>
<b>Current assets</b>					
<b>Current receivables</b>					
Trade receivables		52,974	85,973	51,225	83,038
Receivables from Group companies	12	-	-	11,508	14,150
Receivables from associates	13	20,293	38,358	20,293	38,358
Other receivables		25,372	29,937	24,998	29,832
Tax assets		11,422	9,353	10,639	8,569
Total prepaid expenses and accrued income	14	274,711	255,583	273,801	255,126
<b>Total current receivables</b>		<b>384,772</b>	<b>419,203</b>	<b>392,463</b>	<b>429,074</b>
Short-term investments		1,108,091	1,277,295	1,108,091	1,277,295
Cash and bank balances		108,986	92,908	77,597	71,681
<b>Total current assets</b>		<b>1,601,849</b>	<b>1,789,407</b>	<b>1,578,151</b>	<b>1,778,049</b>
<b>Total assets</b>		<b>2,096,869</b>	<b>2,251,470</b>	<b>1,853,710</b>	<b>2,020,359</b>

Equity and liabilities (SEK thousand)	Note	Group		Parent Society	
		31/12/2020	31/12/2019	31/12/2020	31/12/2019
<b>Equity</b>					
<b>Restricted equity</b>					
Invested capital		10	10	10	10
Capitalised expenditure for development work		41,062	26,800	37,213	26,800
Other restricted equity		1,226	1,226	1,226	1,226
<b>Total restricted equity</b>		<b>42,299</b>	<b>28,037</b>	<b>38,449</b>	<b>28,037</b>
<b>Accumulated profit/unrestricted equity</b>					
Accumulated profit/unrestricted equity		160,029	173,063	-37,208	-26,795
Adjustment of Opening Balance for Associates	13	1,122	873	-	-
Translation difference	13	119	8	-	-
Profit for the year		13,149	2,829	-	-
<b>Total accumulated profit/unrestricted equity</b>	15	<b>174,419</b>	<b>176,773</b>	<b>-37,208</b>	<b>-26,795</b>
<b>Total equity</b>		<b>216,718</b>	<b>204,810</b>	<b>1,242</b>	<b>1,242</b>
<b>Provisions</b>					
Provisions for pensions	2, 20	6,604	6,461	6,604	6,461
<b>Total provisions</b>		<b>6,604</b>	<b>6,461</b>	<b>6,604</b>	<b>6,461</b>
<b>Non-current liabilities</b>					
Non-current liabilities	16	500	500	-	-
<b>Total non-current liabilities</b>		<b>500</b>	<b>500</b>	<b>-</b>	<b>-</b>
<b>Current liabilities</b>					
Trade payables		9,641	18,204	8,239	17,155
Distribution liabilities	17	1,403,210	1,819,573	1,403,210	1,819,573
Liabilities to Associates	13	540	-	540	-
Tax liabilities		240	233	-	-
Other liabilities	18	156,045	28,256	154,314	26,514
Accrued expenses and prepaid income	19	303,371	173,428	279,561	149,415
<b>Total current liabilities</b>		<b>1,873,047</b>	<b>2,039,699</b>	<b>1,845,864</b>	<b>2,012,657</b>
<b>Total equity and liabilities</b>		<b>2,096,869</b>	<b>2,251,470</b>	<b>1,853,710</b>	<b>2,020,359</b>

## Change in equity – the Group

Parent Society (SEK thousand)	Invested capital	Reserve for development costs	Other restricted equity	Retained earnings	Profit/loss for the year	Total equity
<b>Amount at the beginning of the year 01/01/2019</b>	10	24,021	1,226	-24,016	0	1,241
Change in contributed capital	0	-	-	-	-	-
Allocated to reserve for development costs	-	2,779	-	-2,779	-	-
<b>Amount at the end of the year, 31/12/2019</b>	10	26,800	1,226	-26,795	-	1,242
<b>Amount at the beginning of the year 01/01/2020</b>	10	26,800	1,226	-26,795	-	1,242
Change in contributed capital	0	-	-	-	-	-
Allocated to reserve for development costs	-	10,412	-	-10,412	-	-
<b>Amount at the end of the year, 31/12/2020</b>	10	37,212	1,226	-37,208	0	1,242

Group (SEK thousand)	Invested capital	Reserve for development costs	Other restricted equity	Retained earnings	Profit/loss for the year	Total equity
<b>Amount at the beginning of the year 01/01/2019</b>	10	24,021	1,226	169,353	8,251	202,861
Adjustment of Opening Balance for Associates*	-	-	-	-873	-	-873
<b>Adjusted opening balance 01/01/2019</b>	10	24,021	1,226	168,480	8,251	201,988
Appropriation of profits	-	-	-	8,251	-8,251	-
Change in contributed capital	0	-	-	-	-	-
Allocated to reserve for development costs	-	2,779	-	-2,779	-	-
Translation difference	-	-	-	-8	-	-8
Profit for the year	-	-	-	-	2,829	2,829
<b>Amount at the end of the year, 31/12/2019</b>	10	26,800	1,226	173,944	2,829	204,810
<b>Amount at the beginning of the year 01/01/2020</b>	10	26,800	1,226	173,944	2,829	204,810
Adjustment of Opening Balance for Associates*	-	-	-	-1,122	-	-
<b>Adjusted Opening Balance 01/01/2020</b>	10	26,800	1,226	172,822	2,829	203,688
Appropriation of profits	-	-	-	2,829	-2,829	-
Change in contributed capital	0	-	-	-	-	-
Allocated to reserve for development costs	-	14,262	-	-14,262	-	-
Currency translation difference	-	-	-	-119	-	-119
Profit for the year	-	-	-	-	13,149	13,149
<b>Amount at the end of the year, 31/12/2020</b>	11	41,062	1,226	161,270	13,149	216,718

\* Difference between the preliminary and final year-end results for associated companies. When STIM compiled its annual report, the final year-end results of its associated companies were not yet available.

## Cash flow statement

(SEK thousand)	Note	Group		Parent Society	
		31/12/2020	31/12/2019	31/12/2020	31/12/2019
<b>Operating activities</b>					
Payments from customers		1,961,347	2,470,058	1,953,174	2,462,289
Payments to rightsholders	17	-1,983,701	-1,778,659	-1,983,701	-1,778,659
Payments to suppliers and employees		-94,305	-268,468	-94,329	265,289
<b>Cash flow from operating activities before interest and income taxes paid</b>		<b>-116,659</b>	<b>422,931</b>	<b>-124,856</b>	<b>418,341</b>
<b>Interest received</b>		2,292	2,693	3,113	3,468
Other financial items		1,570	3,568	3,188	3,568
Interest paid		-1	-31	-	-19
Income taxes paid		-7	-38	-	-
<b>Cash flow from operating activities</b>		<b>-112,806</b>	<b>429,123</b>	<b>-118,555</b>	<b>425,358</b>
<b>Investment activities</b>					
Investments in property, plant and equipment and intangible non-current assets	8, 10, 11	-24,568	-10,227	-23,263	-10,392
Disposal of property, plant and equipment	10, 11	-	14	-	-
Investments in non-current financial assets		-43,883	-19,986	-44,606	-20,988
Disposal of non-current financial assets		28,131	26,783	28,131	26,783
Change in short-term investments, excess liquidity		169,204	-457,960	169,204	-457,960
Investments in subsidiaries		-	-	-5,000	-
<b>Cash flow from investment activities</b>		<b>128,884</b>	<b>-461,376</b>	<b>124,466</b>	<b>-462,557</b>
<b>Cash flow for the year</b>		<b>16,078</b>	<b>-32,252</b>	<b>5,911</b>	<b>-37,199</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>92,908</b>	<b>125,161</b>	<b>71,681</b>	<b>108,880</b>
<b>Cash and cash equivalents at year-end</b>		<b>108,986</b>	<b>92,908</b>	<b>77,597</b>	<b>71,681</b>

# Accounting and valuation policies

## Accounting policies

The accounting and valuation policies applied conform to the Swedish Annual Accounts Act and the general recommendations of BFNAR 2012:1 as issued by the Swedish Financial Accounting Standards Council. The applied policies are unchanged compared with the previous year unless otherwise stated below.

## Consolidated accounts

The consolidated accounts include subsidiaries where the parent company, directly or indirectly, controls more than 50 per cent of the votes or otherwise exercises a controlling influence. The consolidated financial statements are prepared in accordance with the acquisition method, whereby the equity of the subsidiaries at acquisition – calculated as the difference between the fair values of assets and liabilities – is eliminated in its entirety. As such, consolidated equity includes only that portion of the equity of the subsidiaries that has arisen after acquisition.

## Accounting of associates

Associates are those companies in which the Group has a significant but not controlling influence, which in general means holdings encompassing 20 to 50 per cent of the votes. Holdings in associates are reported in accordance with the equity method. When applying the equity method, the investment is initially valued at acquisition value. The carrying amount is then increased or decreased by the holding company's share of the associate's profit or loss. Any dividends that are received reduce the carrying amount.

## Revenue recognition

Operating income includes – after the deduction of value-added tax – rental revenue throughout the term of the lease and royalties in accordance with the economic implications of the current agreement. Business grants and library levies are requested annually from the Swedish Arts Council and Sweden's Legal, Financial and Public Procurement Agency respectively. Interest income is reported using the effective return.

Revenue via ICE is reported at the gross amount, which means that it is reported prior to the administrative cost deduction that ICE makes and the administrative cost deduction is reported in external costs. At the start of each contract period, STIM receives forecasts from ICE on the music usage of STIM-represented repertoires. Based on forecasts, STIM also receives payments on account for all or part of the period. Based on that information, STIM recognises income for each period primarily based on historical data, if no other information is available. The remaining amount is capitalised. During the contract period, reports are then regularly received about actual music usage and the amount of revenue that can thus be recognised.

## Distributions

STIM is a non-profit organisation and according to the Copyright Collective Management Act (2016:977), the deductions shall not exceed the costs of managing the rights. This means that part of the total deduction that occurs must be variable. In some areas, the percentage deduction that STIM makes is set already at the beginning of the year (fixed deduction) but for other areas and for the reasons just explained, a variable deduction is made which can only first be calculated at year-end, once all the year's revenue and costs have been established. In practice, however, the variable deduction also needs to be applied during current years in order to maintain accounting and settle the current year's revenues. This is why a preliminary variable deduction is also established at the start of the year. In connection with interim financial statements and updated forecasts for the year, an assessment is made on an ongoing basis whether there is a need to change the level of deduction, and in the event of major deviations, the deduction changes. For minor budget deviations and minor differences between costs and the deduction made, the deduction is not changed. Instead, the surplus or deficit is recorded as an accrued distribution cost in the year-end accounts. When establishing the deduction for the coming year, consideration is given to, besides the budget, also the recorded surplus/deficit of costs from the previous year.

In addition to the deduction for management costs, deductions may also be made for social, cultural and educational purposes. The deductions for social, cultural and educational purposes may not exceed 10 per cent of what remains of the total royalty revenue, after management costs have been deducted. What remains constitutes payment due to members of the Society and affiliates, who assigned their rights to the Society, and is distributed in accordance with the Society's distribution rules. The Board of Directors determines how these rules are to be applied and continually reviews the system. Regarding changes to the distribution rules, the stipulations of the Articles of Association on changes to said Articles apply.

## Intangible non-current assets and property, plant and equipment

Intangible non-current assets, such as computer software, are recognised at cost less deductions for accumulated depreciation according to plan. "Off-the-shelf" software is expensed directly. Costs related to software developed or substantially modified on STIM's behalf are capitalised as an intangible asset if said software is deemed to lead to probable economic benefits that after a year exceed the costs incurred. Capitalised costs for proprietary software are amortised on a straight-line basis over the estimated useful life, although subject to a maximum of 10 years. Amortisation starts as soon as the asset becomes available for use. As such, no amortisation is applied to investments in progress. Property, plant and equipment are recognised at cost less deductions for accumulated depreciation according to plan. Expenditure to improve the performance of assets, above their original level,

is added to the carrying amount of the asset. Expenses for repairs and maintenance are recognised as costs. Depreciation is made on a straight-line basis over the estimated useful life of the assets. The residual values and useful life of the assets are tested once a year and adjusted as necessary.

## The following depreciation periods are applied:

### Components in buildings

Shell, roof and windows	50 years
Tenant adaptations	5 years
Façade and elevators	30 years
Overhead walkways	25 years
Passages, locks and fibre	15 years
Plumbed facilities and plumbing	10 years
Building facilities	10 years

### Other non-current assets

System development	2, 3, 5, and 10 years respectively
Plant and machinery	4 and 5 year respectively
Computers	3 years

In the case of the property Stockholm Krukamakaren 17, 59 per cent of the building is held for investment purposes.

## Current assets

### Financial instruments

Financial instruments are classified in the following categories: financial assets measured at fair value through profit or loss, available-for-sale financial assets, loan receivables and trade receivables, as well as loans payable and trade payables. Classification depends

on the purpose for which the instrument was acquired.

### Financial assets measured at fair value through profit or loss

This class of financial instrument comprises financial assets held for trading. A financial asset is classed in this category if it is acquired with the primary purpose of selling it in the near future. Derivative instruments are always included in this category, except in cases where the derivative instrument is part of a hedge transaction. The society has classified endowment insurance linked to pension commitments as financial assets measured at fair value through profit or loss.

### Available-for-sale financial assets

This class includes financial instruments that are available for sale and that are not derivatives. Financial instruments in this category are valued at fair value.

### Loan receivables and trade receivables

Loan receivables and trade receivables have established payments and are held with no intention of trading. They are included under current assets with the exception of items with a due date more than one year after the balance sheet date, which are classified as non-current assets. Valuation after the acquisition date is at amortised cost with the application of the effective interest method, with deductions for any decline in value. Impairment of trade receivables and loan receivables is recognised in the income statement under Other external costs.



# Notes

## 1 Operating income

SEK thousand	Group		Parent Society	
	2020	2019	2020	2019
<b>Royalty revenue</b>	<b>1,907,222</b>	<b>2,366,382</b>	<b>1,907,222</b>	<b>2,366,382</b>
<b>Live</b>	<b>172,594</b>	<b>270,914</b>	<b>172,594</b>	<b>270,914</b>
Concerts and festivals	27,104	107,109	27,104	107,109
Church concerts and musical church services	5,626	3,910	5,626	3,910
Theatre, variety and cabaret	910	3,469	910	3,469
Foreign Rights Societies	133,366	150,783	133,366	150,783
Other	5,588	5,643	5,588	5,643
<b>Background</b>	<b>248,936</b>	<b>296,696</b>	<b>248,936</b>	<b>296,696</b>
Cinemas	5,169	16,451	5,169	16,451
Shops & retail premises	35,384	36,826	35,384	36,826
Discos, DJ	10,595	19,288	10,595	19,288
Hotels	20,373	35,026	20,373	35,026
Sports and fitness	29,287	27,712	29,287	27,712
Music at work	18,927	16,845	18,927	16,845
Restaurants	32,664	35,732	32,664	35,732
Foreign Rights Societies	84,842	86,121	84,842	86,121
Other	11,694	22,696	11,694	22,696
<b>Radio</b>	<b>289,518</b>	<b>340,671</b>	<b>289,518</b>	<b>340,671</b>
Public service radio	50,966	52,860	50,966	52,860
Advertising radio	39,600	43,105	39,600	43,105
Foreign Rights Societies	184,652	229,432	184,652	229,432
Other	14,300	15,274	14,300	15,274
<b>TV</b>	<b>457,229</b>	<b>499,463</b>	<b>457,229</b>	<b>499,463</b>
Copyswede-TV	24,929	22,988	24,929	22,988
Public Service TV	52,209	55,601	52,209	55,601
Swedish TV	136,526	130,856	136,526	130,856
Foreign TV	21,905	24,726	21,905	24,726
Foreign Rights Societies	184,143	224,059	184,143	224,059
Other	37,519	41,234	37,519	41,234
<b>Online interactive</b>	<b>657,512</b>	<b>844,050</b>	<b>657,512</b>	<b>844,050</b>
Online ICE	324,367	508,304	324,367	508,304
Online VOD	129,977	96,306	129,977	96,306
Online A-VOD	20,864	8,157	20,864	8,157
Foreign Rights Societies	164,602	211,473	164,602	211,473
Other	17,701	19,810	17,701	19,810
<b>Online non-interactive</b>	<b>9,178</b>	<b>6,801</b>	<b>9,178</b>	<b>6,801</b>
Municipality and region	4,413	863	4,413	863
Foreign Rights Societies	3,518	4,304	3,518	4,304
Other	1,247	1,634	1,247	1,634
<b>Mechanical</b>	<b>72,255</b>	<b>107,787</b>	<b>72,255</b>	<b>107,787</b>
NCB	60,961	101,116	60,961	101,116
Foreign Rights Societies	5,342	2,073	5,342	2,073
Other*	5,953	4,598	5,953	4,598
<b>Other revenue</b>	<b>23,746</b>	<b>24,166</b>	<b>9,343</b>	<b>10,078</b>
Rental income	13,696	14,047	–	–
Exchange gains	382	2,000	382	1,994
Other	9,668	8,120	8,961	8,084
<b>TOTAL OPERATING INCOME</b>	<b>1,930,968</b>	<b>2,390,549</b>	<b>1,916,565</b>	<b>2,376,460</b>

\* Including private copying levy & library levy

### Loans payable and trade payables

Loans payable and trade payables are recognised after the acquisition date at amortised cost with the application of the effective interest method.

Purchases and sales of financial instruments are recognised on the transaction date, i.e. the date on which a binding agreement is entered into. All financial instruments that are not measured at fair value are initially valued at cost, adjusted for transaction costs.

### Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of past events, settlement of the obligation is expected to result in an outflow of resources and the amount to be settled can be estimated reliably. If the point in time at which settlement is made has a significant effect, the provision is calculated by discounting the anticipated future cash flow. Discounting is applied at a pre-tax interest rate that reflects current market assessments of the time value of money.

### Contingent liabilities

A contingent liability is reported when there is a possible obligation arising from past events and its presence will be confirmed by one or more uncertain future events or when there is an obligation that has not been reported as a liability or provision due to it not being probable that an outflow of resources will be required.

### Employee benefits

The Group's plans for benefits once employment has ended encompass both defined benefit and defined contribution pension plans. With a defined benefit pension plan, the pension is based on final salary and the number of years of membership in the plan. The Group bears the risk of the established benefits being paid. Certain defined benefit pension plans are secured with an insurance plan from Alecta and this is a multi-employer defined benefit plan. The company has not had access to such information as is necessary to report this plan as a defined benefit pension plan. As such, Swedish ITP pension plans secured with insurance from Alecta are reported as a defined contribution plan. With defined contribution plans, the company pays set contributions to a separate legal entity. Once the contribution is paid the company has no further obligations.

The company has pension commitments with values linked to separate endowment insurance policies held by the company. The value of the endowment insurance always covers the obligation to pay pensions, but not the obligation to pay special employer's contributions in conjunction with the pension being disbursed. The company's obligation is limited to the amount for which the endowment insurance was acquired. Benefits to employees such as salary and pension are reported as costs in the period in which the employee performed the services the benefits cover.

### Income taxes

Income tax reporting includes current tax and any deferred tax. Deferred tax is calculated in accordance with the balance sheet method for all significant temporary differences. A temporary difference exists when the book value of an asset or a liability differs from the value for tax purposes. Such a difference can arise, for example, in the event of the appreciation or depreciation of an asset or when applied accounting policies differ between an individual group company's accounts and the consolidated accounts.

Deferred tax is calculated using the tax rate that has been decided or announced as at the balance sheet date and that is expected to apply when the deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are reported to the extent it is probable that future taxable surpluses will exist against which temporary differences can be offset.

### Cash flow statement

The cash flow statement is prepared in accordance with the direct method. The reported cash flow consists only of the transactions that involve incoming or outgoing payments. Cash and cash equivalents comprise cash at bank and cash in hand.

### Foreign currency

The Group receives a not-inconsiderable part of its revenue in foreign currencies. The amounts are reported in Swedish kroner, calculated at the exchange rate prevailing on the date of conversion. Purchases and sales are essentially conducted in the same currency and as such currency exposure is limited. Receivables and liabilities in currencies other than the functional currency are translated using the closing rate on the balance sheet date (unrealised).

### Leasing

Non-current assets obtained via leasing are classified in accordance with the leasing agreement's economic implications. Items leased via finance leasing are reported as non-current assets and future leasing fees are reported as interest-bearing liabilities. In the case of leased items classified as operating leases, the leasing cost is reported as an operating cost in the income statement. The Group has no significant finance leases. As such, all lease agreements are reported as operating leases, which means that the leasing fees, including additional initial charges but excluding costs for services such as insurance and maintenance, are reported as costs on a straight-line basis throughout the term of the lease.

## 2 Operating expenses

(SEK thousand)	Group		Parent Society	
	2020	2019	2020	2019
<b>External costs</b>				
Office and administration *	68,308	88,910	71,588	91,388
Of which capitalised development costs	-16,897	-8,359	-16,897	-8,359
Rental costs	835	691	11,998	11,901
IT operations	8,190	6,683	8,145	6,592
Property costs	7,883	8,019	7	136
<b>Total external costs</b>	<b>85,216</b>	<b>104,302</b>	<b>91,738</b>	<b>110,017</b>
<i>* In addition to the above amounts, additional external costs have been reported as SCE funds</i>	3,442	3,831	382	422
<b>Personnel costs</b>				
Salaries and other remuneration	82,098	77,932	78,475	73,590
Social security contributions	25,923	24,638	24,801	23,177
Pension costs	12,383	12,540	11,810	11,908
Other personnel costs *	78	-1,463	1,355	3,751
<b>Total personnel costs</b>	<b>120,482</b>	<b>113,648</b>	<b>116,441</b>	<b>112,426</b>
<i>* In addition to the above amounts, additional personnel costs have been reported as SCE funds</i>	5,194	5,408	1,070	1,229
Of which Board of Directors and CEOs				
Salaries and other remuneration	4,735	4,833	4,571	4,664
Social security contributions	1,488	1,519	1,436	1,466
Pension costs	988	1,281	988	878
<i>Invoiced fees included in External costs</i>	639	-	-	-
Of which Board of Directors				
Salaries and other remuneration	1,745	1,835	1,581	1,666
Social security contributions	548	576	497	523
<i>Invoiced fees included in External costs</i>	-	-	-	-
<b>Depreciation/amortisation</b>				
Capitalised expenditure on system development	9,259	15,403	9,017	14,581
Equipment	2,598	2,851	2,579	2,831
Buildings	8,183	8,089	-	-
Disposal	-	14	-	-
<b>Total depreciation/amortisation</b>	<b>20,041</b>	<b>26,357</b>	<b>11,595</b>	<b>17,413</b>
<i>* In addition to the above amounts, additional external costs have been reported as SCE funds</i>	<b>787</b>	<b>616</b>	-	-
<b>Total operating expenses</b>	<b>225,738</b>	<b>244,306</b>	<b>219,774</b>	<b>239,856</b>

Gross remuneration including holiday pay and benefits to STIM's Chief Executive Officer amounted to SEK 3.0 (3.0) million in 2020.

### Defined contribution plans

Pension plans are secured with insurance from Alecta. These are multi-employer defined benefit plans.

The company has not had access to such information as is necessary to report this plan as a defined benefit pension plan. As such, Swedish ITP pension plans secured with insurance from Alecta are reported as a defined contribution plan.

### Pension commitments secured with endowment insurance

The outcome of certain other pension plans is linked to the development of individually signed endowment policies. The value of the endowment insurance always covers the obligation to pay pensions, but not the obligation to pay special employer's contributions in conjunction with the pension being disbursed. A surplus arises when value growth is better than expected and this surplus falls to the policyholder. The value of the surplus fund as at 31 December 2020 was SEK 63 (61) thousand. The endowment insurance has been pledged as security. No part of the year's provision is covered by the Swedish Pension Obligations Vesting Act.

The market value of the endowment insurance is established through the annual statement issued by the concerned bank or equivalent. The value of the endowment insurance as at 31 December 2020 was SEK 5,315 (5,199) thousand.

## 3 Intragroup transactions

Sales to Group companies (SEK thousand)	Parent Society	
	2020	2019
Invoiced cost for personnel	998	948
Invoiced cost for IT	530	1,456
Other revenue	298	290
<b>Total</b>	<b>1,827</b>	<b>2,694</b>
Share of total operating income	0.1%	0.1%

Operating costs from Group companies (SEK thousand)	Parent Society	
	2020	2019
Cost of premises	11,666	11,536
SCE funds	7,970	8,205
Other expenses	-	67
<b>Total</b>	<b>19,636</b>	<b>19,807</b>
Share of total operating costs	8.9%	8.0%

Sales via associates (SEK thousand)	Parent Society	
	2020	2019
Direct licensing revenue	325,697	509,602
Consulting services	885	290
<b>Total</b>	<b>326,582</b>	<b>509,892</b>
Share of total operating costs	17%	21.5%

Operating costs from associates (SEK thousand)	Parent Society	
	2020	2019
Remuneration for licensing and distribution services	20,245	34,715
Documentation and reporting	13,358	12,667
Consulting services	-	1,570
<b>Total</b>	<b>33,603</b>	<b>48,952</b>
Share of total operating costs	15.3%	19.7%

## 4 Average number of employees

Average number of employees	2020		2019	
	Average number of employees	Of which men	Average number of employees	Of which men
Parent Society	130	58%	128	58%
Subsidiaries	9	67%	9	67%
<b>Group</b>	<b>139</b>	<b>58%</b>	<b>137</b>	<b>58%</b>

Board members and senior executives	2020		2019	
	Number on balance sheet date	Of which men	Number on balance sheet date	Of which men
<b>Parent Society</b>				
Board members, including employee representatives	11	55%	10	60%
Deputy Board members, including employee representatives	10	40%	10	30%
Chief executive and other senior executives	7	57%	7	57%
<b>Group*</b>				
Board members, including employee representatives	19	63%	16	63%
Deputy Board members, including employee representatives	11	45%	12	33%
Chief executive and other senior executives	9	56%	8	50%

\* The calculation at the Group level has been made based on the number of roles. One individual may have several different roles.

## 5 Terms of employment for Chief Executive Officer

### Parent Society

Agreement has been reached with the Chief Executive Officer on severance pay equal to 12 months salary if notice is served by STIM

for reasons other than gross negligence on the part of the Chief Executive Officer under Swedish law. The mutual period of notice is six months.

## 6 Auditors' fees

(SEK thousand)	Group		Parent Society	
	2020	2019	2020	2019
KPMG AB				
Audit	572	600	490	508
Tax	-	-	-	-
Other non-auditing services	75	150	75	150
Auditors appointed by STIM				
Auditing	38	39	38	39
<b>Total auditors' fees</b>	<b>685</b>	<b>789</b>	<b>603</b>	<b>697</b>

## 7 Distribution cost

(SEK thousand)	Group		Parent Society	
	2020	2019	2020	2019
<b>Distribution rights categories</b>				
Of which				
Public performance – Live	159,919	236,969	159,919	236,969
Public performance – Background	193,301	184,237	193,301	184,237
Public transmission – Radio	256,706	310,508	256,706	310,508
Public transmission – TV	381,150	433,707	381,150	433,707
Public transmission online – Interactive	601,090	775,729	601,090	775,729
Public transmission online – Non-interactive	8,612	57,482	8,612	57,482
Mechanical revenue	71,805	107,558	71,805	107,558
<b>Total distribution</b>	<b>1,672,582</b>	<b>2,106,190</b>	<b>1,672,582</b>	<b>2,106,190</b>

## 8 Ongoing new investment in IT systems

(SEK thousand)	Group		Parent Society	
	2020	2019	2020	2019
Opening cost of acquisition	7,453	10,870	7,453	9,272
Costs for the year	17,937	9,254	16,897	8,359
Depreciation/amortisation during the year	-4,648	-12,671	-4,648	-10,178
<b>Closing cost of acquisition</b>	<b>20,742</b>	<b>7,453</b>	<b>19,703</b>	<b>7,453</b>

## 9 Capitalised expenditure on system development

(SEK thousand)	Group		Parent Society	
	2020	2019	2020	2019
Opening cost of acquisition	172,708	160,037	165,287	155,109
Acquisitions during the year	-	2,494	-	-
Depreciation/amortisation during the year	4,648	10,178	4,648	10,178
Disposal	-47,602	-	-47,602	-
<b>Closing accumulated cost of acquisition</b>	<b>129,755</b>	<b>172,708</b>	<b>122,333</b>	<b>165,287</b>
Opening depreciation/amortisation	-142,716	-127,313	-139,132	-124,551
Depreciation/amortisation during the year	-10,046	-15,403	-9,017	-14,581
Disposal	47,602	-	47,602	-
<b>Closing accumulated depreciation/amortisation</b>	<b>-105,160</b>	<b>-142,716</b>	<b>-100,547</b>	<b>-139,132</b>
<b>Closing residual value</b>	<b>24,595</b>	<b>29,993</b>	<b>21,785</b>	<b>26,154</b>

The portion of SCE cost that is depreciation/amortisation is included in Depreciation/amortisation for the year in the Group accounts.

## 10 Buildings and land

(SEK thousand)	Group		Parent Society	
	2020	2019	2020	2019
<b>Buildings</b>				
Opening cost of acquisition	289,252	284,808	-	-
Acquisitions during the year	441	4,752	-	-
Sales and disposals	-	-308	-	-
<b>Closing accumulated cost of acquisition</b>	<b>289,693</b>	<b>289,252</b>	<b>-</b>	<b>-</b>
Opening depreciation/amortisation	-63,209	-55,414	-	-
Depreciation/amortisation during the year	-8,183	-8,089	-	-
Sales and disposals	-	294	-	-
<b>Closing accumulated depreciation/amortisation</b>	<b>-71,392</b>	<b>-63,209</b>	<b>-</b>	<b>-</b>
<b>Closing residual value, buildings</b>	<b>218,301</b>	<b>226,044</b>	<b>-</b>	<b>-</b>
<b>Land</b>				
Opening acquisition value	129,145	129,145	-	-
<b>Closing acquisition value, land</b>	<b>129,145</b>	<b>129,145</b>	<b>-</b>	<b>-</b>
<b>Closing residual value, buildings and land</b>	<b>347,446</b>	<b>355,189</b>	<b>-</b>	<b>-</b>

In the case of the property Stockholm Krukomakaren 17, the percentage of the building held for investment purposes is 59 per cent.

## 11 Equipment

(SEK thousand)	Group		Parent Society	
	2020	2019	2020	2019
Opening cost of acquisition	24,280	21,847	23,442	21,009
Acquisitions during the year	6,375	2,433	6,375	2,433
Sales and disposals	-10,320	-	-10,320	-
<b>Closing accumulated cost of acquisition</b>	<b>20,334</b>	<b>24,280</b>	<b>19,496</b>	<b>23,442</b>
Opening depreciation/amortisation	-21,220	-18,369	-20,502	-17,671
Depreciation/amortisation during the year	-2,598	-2,851	-2,579	-2,831
Sales and disposals	10,311	-	10,311	-
<b>Closing accumulated depreciation/amortisation</b>	<b>-13,506</b>	<b>-21,220</b>	<b>-12,770</b>	<b>-20,502</b>
<b>Closing residual value</b>	<b>6,829</b>	<b>3,061</b>	<b>6,727</b>	<b>2,940</b>

## 12 Participations and receivables in group companies

Subsidiaries	Corporate identity number	Reg'd Office	Share of equity, %	Number of shares, thousands	Parent Society	
					Carrying amount 31/12/2020	Carrying amount 31/12/2019
Svensk Musik Swedmic AB	556754-1338	Stockholm	100	1	100	100
Cora Music AB	556884-6371	Stockholm	100	50	50	50
STIM Fastighets Holding AB	556842-4880	Stockholm	100	50	50	50
<b>Total participations in Group companies</b>					<b>200</b>	<b>200</b>
<b>Subsidiaries, indirectly owned</b>						
Stimhuset KB, part ownership	969696-4361	Stockholm	-	-	-	-

Receivables from Group companies (SEK thousand)	Group		Parent Society	
	2020	2019	2020	2019
<i>Financial assets</i>				
Interest-bearing loans to Group companies*	-	-	102,167	101,387
Conditional Shareholder Contribution	-	-	5,000	-
<i>Current receivables</i>				
Trade receivables from Group companies	-	-	648	1,922
Interest-bearing loans to Group companies*	-	-	-	-
Accrued performance revenue	-	-	-	-
Other receivables from Group companies	-	-	10,860	12,228
<b>Other receivables from Group companies</b>	<b>-</b>	<b>-</b>	<b>118,676</b>	<b>115,538</b>

\*Interest-bearing loans to Group companies are subject to interest at the prevailing repo rate +1%. The loans are repaid on demand, which is not expected to happen within 1 year.

## 13 Participations and receivables in associates

Associates (SEK thousand)	Corporate identity number	Reg. Office	Share of equity and votes, %	Number of shares, thousands	Parent Society	
					Carrying amount 31/12/2020	Carrying amount 31/12/2019
ICE Operations AB	556723-5907	Stockholm	33	33	39,997	39,997
International Copyright Enterprise Services Ltd	08983089	London	33	100	1,322	1,322
<b>Total participations in associates</b>					<b>41,319</b>	<b>41,319</b>

Associates (SEK thousand)	Group	
	Carrying amount 31/12/2020	Carrying amount 31/12/2019
<b>Opening balance</b>	<b>3,337</b>	<b>722</b>
Adjustment of Opening Balance for Associates*	-1,122	-873
Translation difference	-119	-8
Share of profit from associates	14,655	3,496
<b>Closing balance</b>	<b>16,751</b>	<b>3,337</b>

\* Difference between the preliminary and final year-end results for associated companies. When STIM compiled its annual report, the final year-end results of its associated companies were not yet available.

Receivables from associates (SEK thousand)	Group		Parent Society	
	2020	2019	2020	2019
<i>Financial assets</i>				
Interest-bearing loans to associates	71,779	56,026	71,779	56,026
<i>Current receivables</i>				
Interest-bearing loans to associates	20,138	38,160	20,138	38,160
Other receivables from associates	155	198	155	198
<b>Total receivables from associates</b>	<b>92,071</b>	<b>94,384</b>	<b>92,071</b>	<b>94,384</b>
<i>Liabilities to associates</i>				
Current liabilities				
Other liabilities	-540	-	-540	-
<b>Total liabilities to associates</b>	<b>-540</b>	<b>-</b>	<b>-540</b>	<b>-</b>

Loans to ICE Operations AB are subject to interest at Stibor6M +2%, with a minimum rate of 2%. The interest rate is set at the beginning of the year.

Loans to International Copyright Enterprise Germany GmbH are subject to interest at EURIBOR6M +2%, with a minimum rate of 2%. The interest rate is set at the beginning of the year.

Loans to International Copyright Enterprise Services Ltd are subject to interest at the UK Base rate +2%, with a minimum rate of 2%. The interest rate is set at the beginning of the year.

In 2020, associates paid dividends to the parent company in the amount of SEK 1.6 million. That amount is included in the income statement under "other financial items".

## 14 Total prepaid expenses and accrued income

(SEK thousand)	Group		Parent Society	
	2020	2019	2020	2019
Accrued royalty revenue				
directly licensed STIM	166,773	165,880	166,773	165,880
Directly licensed via ICE	82,622	53,182	82,622	53,182
Mechanical	15,750	5,600	15,750	5,600
Foreign Rights Societies	-	12,000	-	12,000
Prepaid expenses	9,423	14,773	8,512	14,316
Other	144	4,148	144	4,148
<b>Total prepaid expenses and accrued income</b>	<b>274,711</b>	<b>255,583</b>	<b>273,801</b>	<b>255,126</b>

## 15 Appropriation of profit or loss

(SEK thousand)	Parent Society	
	2020	2019
The following funds are at the disposal of the society's annual general meeting:		
Retained earnings, SEK	-37,208	-26,795
Profit/loss for the year, SEK	-	-
<b>Total</b>	<b>-37,208</b>	<b>-26,795</b>
The Board of Directors proposes that any profit be carried forward, SEK	-37,208	-26,795

## 16 Non-current liabilities

(SEK thousand)	Group		Parent Society	
	2020	2019	2020	2019
Deposit, tenants	500	500	-	-
<b>Total non-current liabilities</b>	<b>500</b>	<b>500</b>	<b>-</b>	<b>-</b>

## 17 Distribution liabilities

(SEK thousand)	Group		Parent Society	
	2020	2019	2020	2019
<b>Distribution, national licensing revenue</b>				
Unpaid revenue at the beginning of the year	764,627	681,206	764,627	681,206
Adjustment, Unpaid revenue at the beginning of the year	-244	-	-244	-
<b>Adjustment, Unpaid revenue at the beginning of the year</b>	<b>764,383</b>	<b>681,206</b>	<b>764,383</b>	<b>681,206</b>
Funds collected during the year	552,276	626,115	552,276	626,115
Payment to STIM-affiliated rightsholders	-378,007	-299,709	-378,007	-299,709
Payment to foreign rights societies	-308,285	-242,985	-308,285	-242,985
<b>Outstanding payments at year-end</b>	<b>630,367</b>	<b>764 627</b>	<b>630,367</b>	<b>764 627</b>
<b>Distribution multi-territorial licensing revenue</b>				
Unpaid revenue at the beginning of the year	630,684	466,628	630,684	466,628
Funds collected during the year	290,933	466,798	290,933	466,798
Payment to STIM-affiliated rightsholders	-363,772	-256,690	-363,772	-256,690
Payment to foreign rights societies	-68,635	-46,051	-68,635	-46,051
<b>Outstanding payments at year-end</b>	<b>489,210</b>	<b>630,684</b>	<b>489,210</b>	<b>630,684</b>
<b>Distribution Foreign Societies' revenue</b>				
Unpaid revenue at the beginning of the year	427,088	347,131	427,088	347,131
Funds collected during the year	768,412	912,161	768,412	912,161
Payment to STIM-affiliated rightsholders	-806,990	-832,205	-806,990	-832,205
Reserve to SCE provision as per the 2020 STIM Annual General Meeting	-105,000	-	-105,000	-
<b>Outstanding payments at year-end</b>	<b>283,509</b>	<b>427,088</b>	<b>283,509</b>	<b>427,088</b>
<b>Distribution of mechanical reproduction revenue</b>				
Unpaid revenue at the beginning of the year	-2,825	-2,922	-2,825	-2,922
Funds collected during the year	60,961	101,116	60,961	101,116
Payment to STIM-affiliated rightsholders	-58,012	-101,019	-58,012	-101,019
<b>Outstanding payments at year-end</b>	<b>124</b>	<b>-2,825</b>	<b>124</b>	<b>-2,825</b>
<b>Total distribution liability at year-end</b>	<b>1,403,210</b>	<b>1,819,573</b>	<b>1,403,210</b>	<b>1,819,573</b>

## 18 Other liabilities

(SEK thousand)	Group		Parent Society	
	2020	2019	2020	2019
SCE funds	106,106	-	106,106	-
Other liabilities	49,938	28,261	48,208	26,514
<b>Total accrued expenses and prepaid income</b>	<b>156,045</b>	<b>28,261</b>	<b>154,314</b>	<b>26,514</b>

## 19 Accrued expenses and prepaid income

(SEK thousand)	Group		Parent Society	
	2020	2019	2020	2019
Prepaid royalty revenue	106,625	118,726	106,625	118,726
Prepaid advances ICE	144,455	-	144,455	-
Accrued expenses SCE funds	7,784	17,492	7,784	17,492
Prepaid rental income	6,952	7,208	-	-
Accrued holiday pay liability	6,305	4,924	6,022	4,694
Accrued social security expenses and payroll tax	8,983	6,006	8,675	5,727
Other accrued expenses	22,266	19,072	5,999	2,776
<b>Total accrued expenses and prepaid income</b>	<b>303,371</b>	<b>173,428</b>	<b>279,561</b>	<b>149,415</b>

## 20 Contingent liabilities and pledged assets

### Contingent liabilities

STIM has endowment insurance policies that have been pledged as security for its pension commitments. See Note 2. The fair value of the endowment insurance, including payroll tax, amounts as at 31 December 2020 to SEK 6,604 (6,461) thousand.

Conditional Shareholder contribution has been given by the Parent Association to Cora Music AB, see Note 12.

STIM has, together with the other owners, financed investments in the associates ICE AB and ICE Ltd in order to establish effective cooperation with PRS for Music and GEMA. Further investments remain that STIM is contractually obligated to finance.

This obligation cannot be quantified as the amount has not been established in the agreement.

## 21 Tax

(SEK thousand)	Group		Parent Society	
	2020	2019	2020	2019
<b>Tax on earnings for the year</b>				
Current tax for current year	-6	-6	-	-
Current tax attributable to previous years	-1	-32	-	-32
Change in deferred tax for the year	-8	67	8	67
<b>Total tax as per the income statement</b>	<b>-15</b>	<b>29</b>	<b>8</b>	<b>35</b>
The difference between the reported tax expense and the tax expense based on the current tax rate is explained by:				
Profit/loss before tax	13,164	2,801	8	-35
Adjustment for Profit/loss of subsidiaries	840	-	-	-
Adjustment for Profit/loss from participations in associates (after tax) included in the amounts above	-14,655	-3,496	-	-
Profit/loss before tax - adjusted for taxed associates' participations	-651	-695	8	-35
<b>Tax based on the current tax rate</b>	<b>139</b>	<b>149</b>	<b>-2</b>	<b>8</b>
Tax effect of non taxable and non deductible items - Permanent	-1,592	-1,651	-1,586	-1,646
Tax effect of non taxable and non deductible items - Temporary	-67	-64	75	79
<b>Estimated tax to be paid on taxable profit</b>	<b>-1,520</b>	<b>-1,566</b>	<b>-1,513</b>	<b>-1,560</b>
Less deduction for foreign taxes paid (not recorded, revenue reported net)	1,513	1,560	1,513	1,560
Reported taxes that are not attributable to the current year	-8	35	-8	35
<b>Reported tax expense</b>	<b>-15</b>	<b>29</b>	<b>-8</b>	<b>35</b>

### Pension commitments

As at 31 December 2020, the Group's temporary difference with respect to pension commitments amounted to SEK 6,604 (6,461)

thousand, corresponding to a deferred tax asset of SEK 1,413 (1,421) thousand.

Deferred taxes (SEK thousand)	Group		Parent Society	
	2020	2019	2020	2019
Other provisions for pensions	1,413	1,421	1,413	1,421
<b>Total deferred tax</b>	<b>1,413</b>	<b>1,421</b>	<b>1,413</b>	<b>1,421</b>

## 22 Appropriations

(SEK thousand)	Group		Parent Society		
	2020	2019	2020	2019	
Group contributions	STIM Fastighets Holding AB	-	-	9,116	9,524
Group contributions	Stimdirekt AB	-	-	-	-11
<b>Total Group contributions</b>		<b>-</b>	<b>-</b>	<b>9,116</b>	<b>9,513</b>

## 23 Significant events after the end of the financial year

The effects of the COVID-19 pandemic continue to impact revenue streams in 2021. The Live and Background segments are still the segments that have been hit the hardest by this.

During the second quarter of 2021, STIM's wholly-owned subsidiary, Cora Music AB, will launch a new service to the market. It is a new, unique service that will provide video creators with access to a selected repertoire of protected music that they may use as background music in their videos, provided that they pay the monthly

licensing fee. Nearly all of the revenue from the monthly fees will be used to pay royalties for the music. The new company is expected to claim a strong position in the market and thereby facilitate higher compensation to STIM's affiliated authors and publishers.

Now that a framework agreement with the Swedish Association of Local Authorities and Regions (SKR) is in place, efforts are underway to sign separate agreements with individual municipalities.

## 24 Administrative cost percentage

Administrative cost percentage	Parent Society	
	2020	2019
Administrative cost percentage	10.2%	9.0%

STIM is a non-profit membership organisation. Prior to distribution and payment to the members, a deduction is made to rights royalties that covers the costs for administration.

As a measure of the cost-effectiveness of management, the KPI administrative cost percentage is used. A corresponding measure is

also used internationally and by most copyright organisations. STIM calculates the administrative cost percentage as follows: (Operating expenses- Other revenue - Net financial items - Group contributions)/Royalty revenue.

The income statements and balance sheets will be presented to the Society's Annual General Meeting to be held on 26 May 2021 for adoption.

Stockholm, 3 May 2021

Carina Brorman Chair of the Board		Karsten Dyhrberg Nielsen Chief Executive Officer	
Alfons Karabuda	Dror Feiler	Douglas Carr	Hans Fahlin
Anette Hökengren	Linda Portnoff	Kerstin Mangert	Martin Jonsson Tibblin
Eva Botmar		Susan Roberts	

Our audit report was submitted on 4 May 2021

Håkan Olsson Reising Authorised Public Accountant KPMG AB	Hans Gefors Association auditor
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# Auditors' report

To the Annual General Meeting of Föreningen Svenska Tonsättare Internationella Musikbyrå (STIM) u.p.a., corporate identity number 702002-3524

## REPORT ON THE ANNUAL ACCOUNTS

### Opinions

We have audited the annual accounts and consolidated accounts of Föreningen Svenska Tonsättare Internationella Musikbyrå (STIM) u.p.a. for the year 2020. The annual accounts and consolidated accounts of the society are included in the printed version of this document on pages 30–53.

In our opinion, the annual accounts and consolidated accounts have been prepared in accordance with the Swedish Annual Accounts Act and present fairly, in all material respects, the financial position of the Parent Society and the Group as of 31 December 2020 and of their financial performance and cash flows for the year then ended in accordance with the Swedish Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual general meeting of the society adopt the income statement and balance sheet for the Parent Society and the Group.

### Basis for opinions

We conducted our audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Certified Auditor's Responsibility section and the Elected Auditor's Responsibility section.

We are independent of the Parent Society and the Group in accordance with professional ethics for accountants in Sweden. As a registered audit firm, we have fulfilled our 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 audit opinions.

### Information other than the annual accounts

This document also contains information other than the annual accounts and consolidated accounts and this can be found on pages 1–29. The Board of Directors and the Chief Executive Officer are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, 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.

### Responsibilities of the Board of Directors and the Chief Executive Officer

The Board of Directors and the Chief Executive Officer are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Swedish Annual Accounts Act. The Board of Directors and the Chief Executive Officer are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, the Board of Directors and the Chief Executive Officer are responsible for the assessment of the society's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Chief Executive Officer intend to liquidate the company, to cease operations, or have no realistic alternative but to do so.

### The registered audit firm's responsibility

We must conduct my audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our objective is to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. 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 the society's internal control relevant to our 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 internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Chief Executive Officer.
- conclude on the appropriateness of the Board of Directors' and the Chief Executive Officer's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the society's and 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 my auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause a society and a group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We are solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during my audit, including any significant deficiencies in internal control that we identified.

### The Elected Auditor's Responsibility

I must conduct my audit in accordance with the Swedish Auditors Act and therefore in accordance with generally accepted auditing standards in Sweden. My objective is to obtain reasonable assurance about whether the annual accounts and consolidated accounts have been prepared in accordance with the Swedish Annual Accounts Act and that the annual accounts and consolidated accounts present fairly the financial position and results of the society.

## REPORT ON OTHER REQUIREMENTS IN ACCORDANCE WITH LAWS, REGULATIONS AND STATUTES

### Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Chief Executive Officer of Föreningen Svenska Tonsättare Internationella Musikbyrå (STIM) u.p.a. for the year 2020 and the proposed appropriations of the society's profit or loss.

We recommend to the society's annual general meeting that the loss be dealt with in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Chief Executive Officer be discharged from liability for the financial year.

### Basis for opinions

We conducted our audit in accordance with generally accepted auditing standards in Sweden. Our responsibility in this respect is further described in the Auditor's Responsibility section. We are independent of the Parent Society and the Group in accordance with professional ethics for accountants in Sweden. As a registered audit firm, we have fulfilled our 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 audit opinions.

### Responsibilities of the Board of Directors and the Chief Executive Officer

The Board of Directors is responsible for the proposal for appropriations of the society's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the society's and the group's type of operations, size and risks place on the size of the parent society's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the society's organisation and the administration of the society's affairs. This includes among other things continuous assessment of the society's and the group's financial situation and ensuring that the society's organisation is designed so that the accounting, management of assets and the society's financial affairs otherwise are controlled in a reassuring manner.

The Chief Executive Officer shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfil the society's accounting in accordance with law and handle the management of assets in a reassuring manner.

### Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Chief Executive Officer in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the society, or
- in any other way has acted in contravention of the Swedish Economic Associations Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the society's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Economic Associations Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the society, or that the proposed appropriations of the society's profit or loss are not in accordance with the Economic Associations Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, the registered audit firm exercises professional judgment and maintains professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the society's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on the professional judgment of the registered audit firm and other elected auditors with a starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the society's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the society's profit or loss, we examined whether the proposal is in accordance with the Economic Associations Act.

Stockholm, 4 May 2021

KPMG AB

Håkan Olsson Reising	Hans Gefors
Authorized Public Accountant	Elected auditor

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