

STIM://

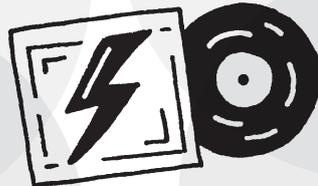


# ANNUAL REPORT

## 2016 STIM



Total number of affiliated members  
(at year-end) was 83,999, of which  
3,442 were music publishers.



Total number of notified works with  
at least one STIM-affiliated author:  
1,509,682



Paid to rightsholders during the year:  
SEK 1.7 billion.



A total of SEK 7.4 million was  
allocated for scholarships.



STIM's Council for the Promotion  
of Swedish Music supported 39 projects  
in 2016.

Strong in changing times.....	2
Music has value.....	4
The STIM process.....	6
New consumer habits, new legislation and no more borders.....	8
Continued growth in Online and new media.....	9
Revenue.....	10
More royalties than ever – paid to more rightsholders than ever.....	12
The distribution year 2016.....	13
STIM contributes to new generations and diversity.....	17
The STIM sphere.....	18
STIM’s committees.....	19
Board.....	20
Group of companies owned by STIM.....	22
Administration report.....	24
Sales and performance.....	26
Accounting and valuation policies.....	31
Notes to the accounts.....	34
Auditors’ report.....	45
Would you like to know more about STIM?.....	48

# Strong in changing times

It was a record year for STIM in 2016 in virtually all aspects: payments, revenue, number of members and the number of authors who received money through STIM.

This is because the industry is growing and the Swedish music miracle continues to conquer the world. Another reason is STIM's strong position in an industry characterised more than anything else by change. At all levels.

The way we use and listen to music has changed dramatically over the past decade. New technology and new services have resulted in us listening to music more than ever, with music taking on an increasingly important role in people's everyday lives.

We are also now seeing rights management being transformed at an ever-faster rate and new commercial players entering the market.

For us here at STIM, this means that we need to redefine what collective rights management will look like in the future, on a global digital market. Accordingly, we focused strongly on this during 2016.

At the end of 2015, we developed a new strategic plan, which we have begun to apply during this financial year. We have invested – and will continue to invest – in more efficient IT systems so as to provide a better service to both our rightsholders and our customers. We have developed our website to make it even more user-friendly, and it has been named best organisation website by trade journal Internetworld. We have developed systems to make it easier to match musical works against entries. We have also performed a complete overhaul of STIM's analogy-based royalty distributions.

All this represents investment in our core business and is based on a belief that collective rights management is the best model for music creators.

Music has no borders today. This means that STIM must also think globally in everything we do. One of the most important investments of all that we have made in modern times is to establish ICE, which we have formed in conjunction with Germany's GEMA and the UK's PRS for Music. ICE – which supports the owners and other rightsholders with a range of services, from copyright to licensing – demonstrates the strength of being able to work with other organisations that have the same basic belief in the value of music.

During the course of the year, we have also sharpened up our own organisation, to better meet the needs of the future. In autumn 2016, we recruited three key personnel to our management team and we start the new year with a team that has the skill, maturity and strength to implement the changes we need to make if we are to continue not just to follow but to lead development within collective management.

STIM has a strong corporate culture, with a lot of heart and passion for copyright, for the interests of our members and for promoting Swedish music creation. This is vital if we are to remain a key player on the market in the future.



**KARSTEN DYHRBERG NIELSEN, CEO**



**STIM has a strong corporate culture,  
with a lot of heart and passion  
for copyright, for the interests  
of our members and for  
promoting Swedish music creation.**

# Music has value

Music has value. This sums up STIM's philosophy and mission statement in three words. STIM's mission is to ensure that the creators of music and their publishers are paid when their music is used. It does this using a non-profit collective management model, which secures the long-term value of music and ensures that the rightsholders receive the royalties to which they are entitled.

Music is an important export product for Sweden and it contributes to growth and employment. Just like other industries, though, music needs the right conditions. One basic requirement is that you are paid for what you have created. This way, the music industry will continue to grow and contribute to the Swedish economy in general – and this is where STIM plays a vital role.

## SHAPING OPINION AND DIVERSITY

STIM also has a broader mission. It also includes shaping opinion to achieve a strong and modern copyright and to ensure diversity in music creation – these are some of the things that separate STIM from the commercial players in the market. STIM is the sum of all its affiliated music creators. From those writing international hits to those making modern art music.

At the other end of the spectrum are all the millions of people who listen to music and who STIM connects with the music creators. Music is a constant presence in our lives and it creates feelings and identity – but it also brings commercial benefits. STIM's customers range from streaming services, TV companies and concert organisers to gyms, cafés and hair salons, and STIM provides all of these with easy access to a global repertoire. In one central place, they can ensure that they have the rights to the music and can use it commercially. They all pay a licence fee to STIM, thereby ensuring that the rightsholders receive the royalties to which they are entitled, while at the same time investing in the future of music.

## MUSIC WITHOUT BORDERS

These days, music moves freely across international borders. The same is also true of STIM, which has a network of sister organisations in different countries. This means that our customers can use music wherever in the world it has been created and at the same time we can ensure, through our global partners, that our STIM-affiliated rightsholders are paid when music is performed in other countries. Last year, STIM distributed royalties to over half a million rightsholders worldwide, with a large proportion going to STIM-affiliated authors and publishers.

STIM's global network of affiliated societies has been in place for many years, but is changing as globalisation brings new conditions. STIM now licenses music directly for other markets, while STIM's partners license music on the Swedish market. Sometimes this means that STIM's foreign counterparts can be both competitors and close partners at the same time.

The structural changes to the market mean that STIM increasingly sees the whole world as its market and they also mean that music users in Sweden sometimes need to obtain a licence from foreign rights managers. For STIM, however, the core business remains the same as before: to secure the long-term value of music for those STIM represents and to make sure that the money is distributed fairly – but also to provide continued understanding of why the revenue generated should go to those who created the music and not to another of the stakeholders in the financial chain.

# STIM's vision

**Our aim is to be the main rights manager for Sweden's authors and music publishers and an obvious choice for international rightsholders on both the Swedish and international markets.**

**We will achieve this by delivering unique, transparent and market-leading services to our rightsholders and customers and by explaining and advocating copyright and the value of music to everyone.**

# The STIM process

## Money in



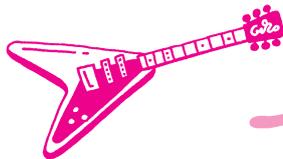
### Internet and mobile

Digital services in Sweden (and even certain services in Europe via so-called direct licensing). Music reports on the number of streams/views.



### Reproduction of recordings

(Mechanical reproductions for the entire Nordic region, administered by NCB). Issuers of DVDs, CDs, etc. Reports on copies produced and sales figures.



### Public performances

Companies that use music publicly (radio, TV, shops, restaurants, events, concerts, etc.) Music reports from music users.



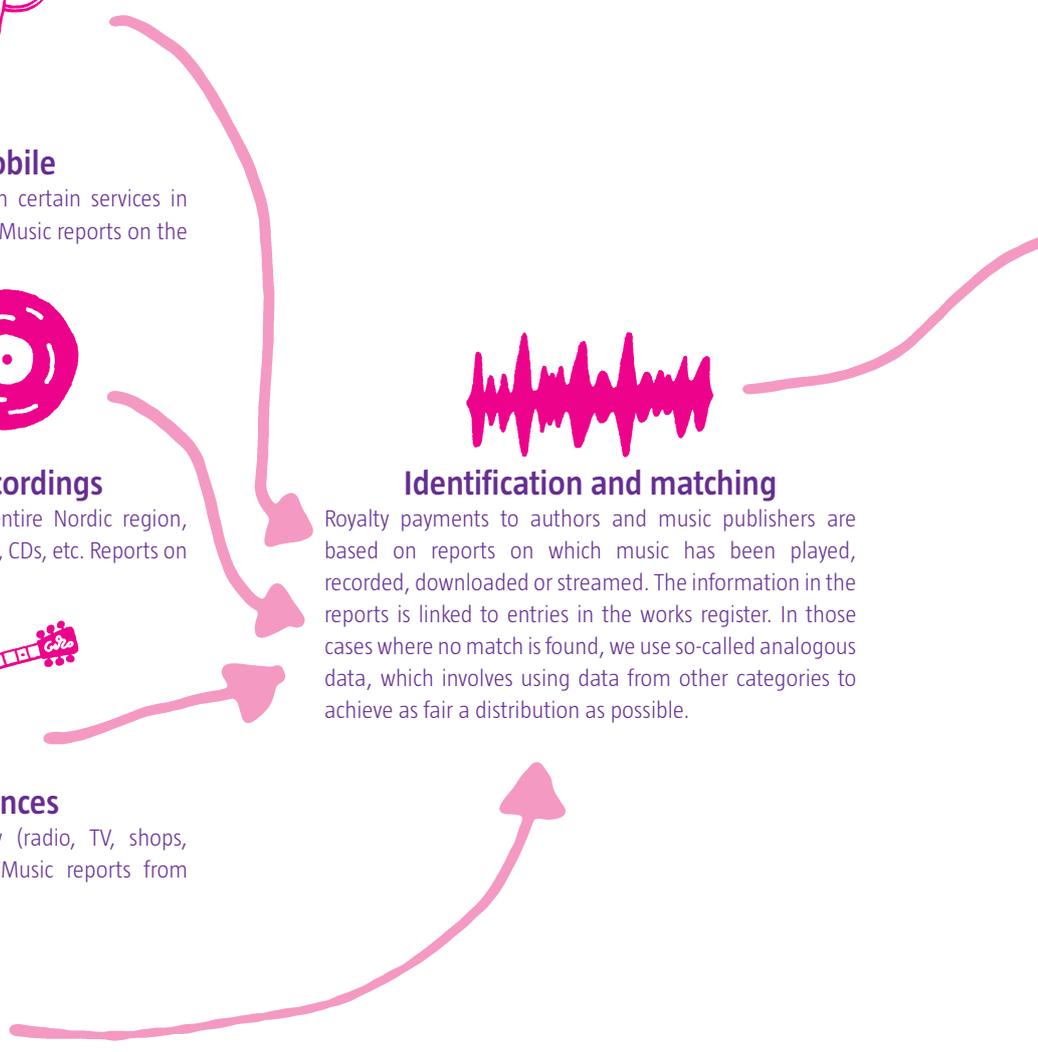
### International

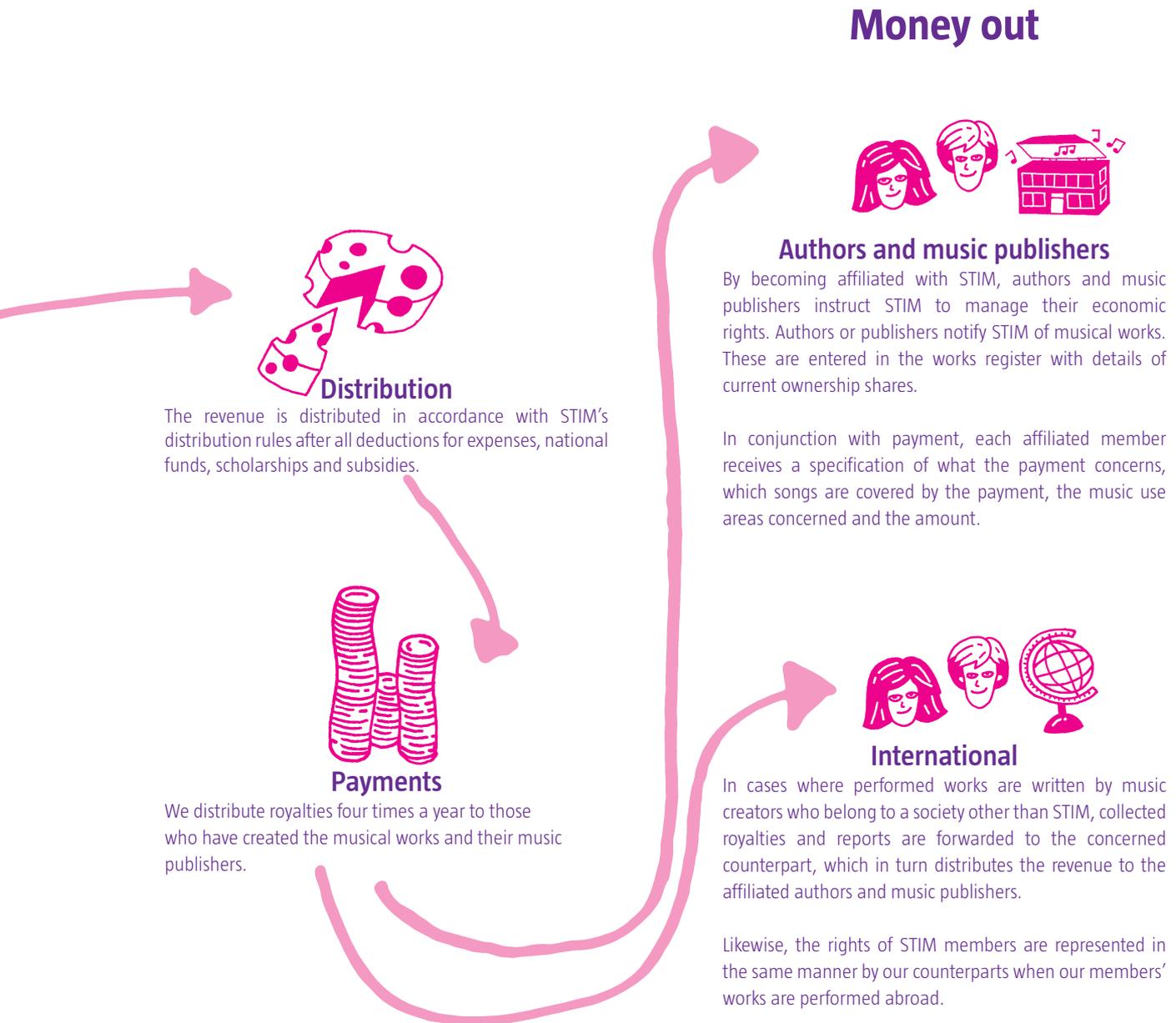
STIM's international counterparts collect royalties, identify STIM-affiliated rights holders, and send reports and money to STIM. STIM then distributes the money to the right authors and, in applicable cases, also to the music publishers without any administrative deductions.

## Identification and matching



Royalty payments to authors and music publishers are based on reports on which music has been played, recorded, downloaded or streamed. The information in the reports is linked to entries in the works register. In those cases where no match is found, we use so-called analogous data, which involves using data from other categories to achieve as fair a distribution as possible.





## Money out

# New consumer habits, new legislation and no more borders

Major global trends such as web-based services and globalisation continue to have a significant impact on STIM's environment. A clear example of this is the strong international growth in music streaming services over the past 12 months. In the same way, the market for moving images is also developing, as traditional players are increasingly directing their activities towards the digital world.

These have been strong trends in Sweden for several years now. STIM is therefore well equipped to face these changes, even now as we are issuing licences that cover more territories than just Sweden. This multi-territorial licensing increasingly takes place in conjunction with PRS and GEMA through the jointly owned licensing company ICE Services Ltd. Together, we can offer an attractive repertoire that is competitive in a market that has recently seen an influx of brand new kinds of players, who, backed by risk capital, are challenging collective management.

## NEW OPPORTUNITIES

The breakthrough of web-based services into historically traditional markets such as background music is opening up new opportunities for STIM and its affiliated members. Data from digital background music services enables a more precise distribution of licensing revenue in this area in a way that was not previously possible. A telling example is the number of works that STIM distributes, which has risen from 220,000 sixteen years ago to 1.75 million today. STIM currently has over 25,000 customers, who together have almost 42,000 licences within 72 music use areas.

One of STIM's primary objectives is to give music users easy access to its repertoire. During 2016, a large proportion of STIM's agreements were adapted to the new conditions on the market, while at the same time STIM developed and simplified the customer journey through STIM's internal processes, among other things through the administrative web services on STIM's website.

The preceding year also saw a thorough review of data management procedures and systems, which is essential in order to deal with the growing quantity of data produced by the industry's rapid revolution. This work will also continue during 2017.

## NEW LAW PROTECTS RIGHTSHOLDERS

In October 2016, the Swedish Parliament passed a new law concerning the collective management of copyright. The law is based on an EU directive that is designed to protect the interests of rightsholders, something which STIM considers to be a very positive step.

The new law, which entered into force at the beginning of 2017, regulates, among other things, the influence of rightsholders over decision-making – but also the obligations incumbent on STIM to collect, distribute and disburse royalties to the rightsholders in a satisfactory manner. As this is completely new legislation, STIM has devoted a large amount of time in 2016 to preparations for the changes this law entails.

During the year, STIM also worked to adapt its operations to the modernised Economic Associations Act, which came into effect on 1 July. The new rules make it easier to change the Articles of Association and also provide clearer rules on membership lists and greater opportunities to communicate electronically with STIM's members, among other things.

# Continued growth in Online and new media

STIM's total revenue for 2016 was SEK 1.87 billion (1.81 billion in 2015). The largest increase in revenue came in the Live music category, which rose by 30.5 per cent.

The Online and new media category also continues to grow. This is no surprise, given that Sweden leads the world in the use of streaming services.

"Swedes and the Internet", a survey from 2015, shows that 60 per cent of internet users listen to music online at least once a week and 45 per cent watch some form of moving images. The most obvious change is that it has become more common to watch films, video and TV online. All these channels use music that must be licensed.

## LARGE FOREIGN REVENUE

Royalties from abroad continue to represent a large proportion of STIM's revenue. This is mainly the result of the success of Swedish music creators, both on large markets such as the USA and the UK and on smaller markets around the world. Web-based services also play a major role here, partly because the use of music is spread across several services, which increases the global impact, and partly because technology has also enabled STIM to obtain better reports on what music is played where. STIM's direct licensing work also contributes to revenues.

It was also a good year for live music in 2016, both for festivals and individual concerts. Mega-concerts in particular were a big draw – 12 individual concerts attracted over 25,000 attendees. The revenue received by STIM, which is based on both the ticket prices and the number of attendees, was SEK 100.4 million (76.9 million in 2015), which represents an increase in revenue of 30.5 per cent.

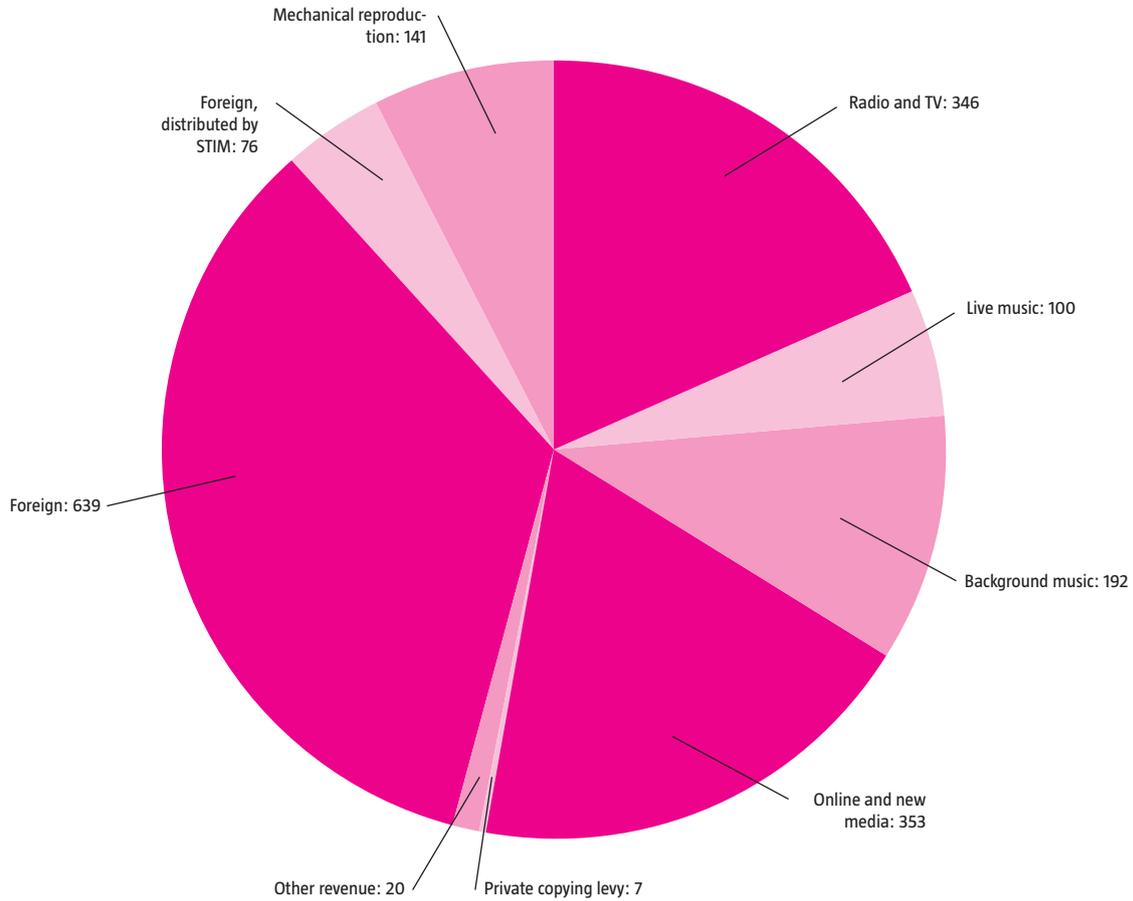
The Swedes' craving for live music has not worn off. The big festivals are holding their ground as before, while the number of one-day festivals has increased, particularly within the electronic dance music genre. Swedish art music also had a successful year on the stages.

## INCREASED COMPETITION WITHIN BACKGROUND MUSIC

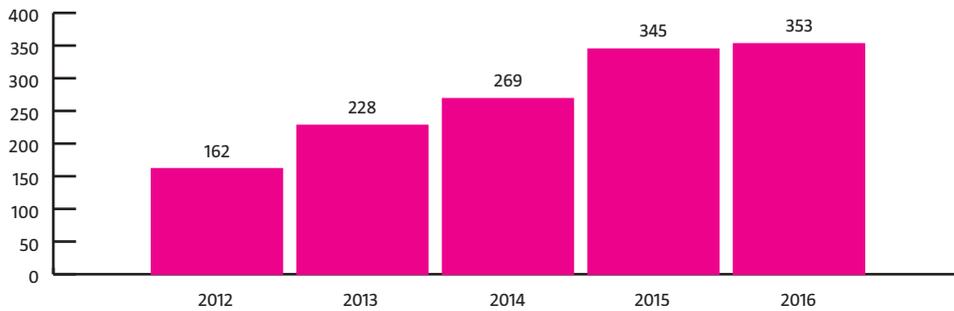
More music providers and increased competition from royalty-free music are the trends within the background music that we hear at the gym, hotels and restaurants. In 2016, STIM's revenue within this category was at roughly the same level as last year, but this is a category that is growing. An increasing number of STIM's customers are making more conscious use of music than before, as research clearly shows that the choice of music affects our desire to spend. This is particularly true of the major chains, which often use their own music providers.

As a result, there are now more suppliers of background music and Nordic music providers are also now interested in the Swedish market. STIM has signed agreements with both Icelandic and Danish providers and has an agreement with Spotify's "Soundtrack Your Brand", which has several global customers.

**TOTAL REVENUE BY CATEGORY 2016, SEK M**

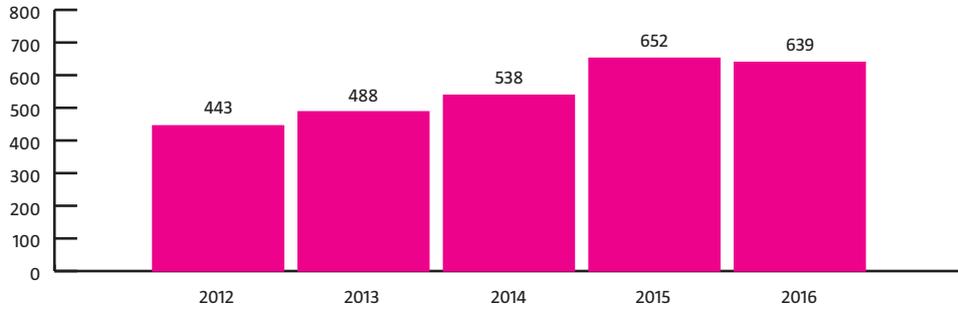


**REVENUE, ONLINE AND NEW MEDIA, SEK M**



Revenue in the Online and new media category in 2016 was SEK 352.8 million. In 2015, revenue in this category was SEK 344.7 million.

**FOREIGN REVENUE, SEK M**

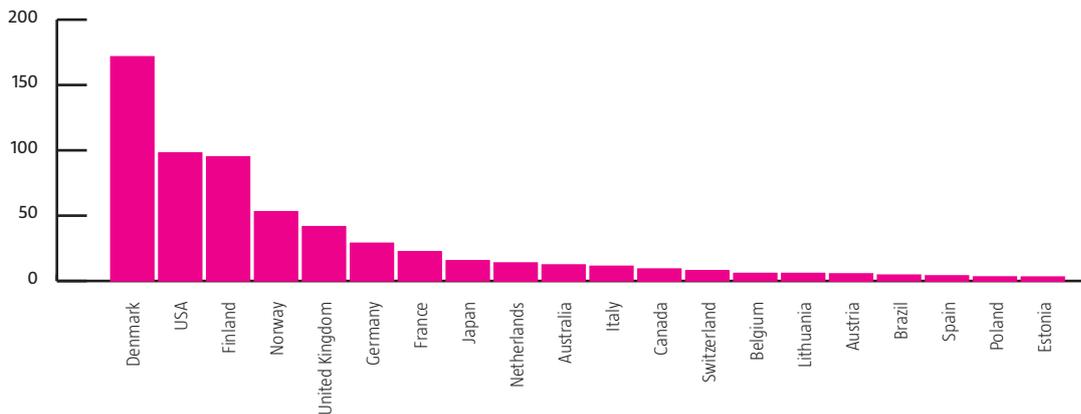


Revenue from the Foreign category, i.e. revenue from the use of Swedish authors’ and sub-publishers’ music rights collected by foreign copyright organisations in the Nordic and Baltic territories represents just over one third, SEK 639.0 million, of STIM’s total revenue. There is a drop of 2.0 per cent compared with 2015 (SEK 651.8 million). The reason for this fall is that retrospective revenue from previous years was received in 2015. The success of music creators, both on large markets such as the USA and the UK and on smaller markets around the world, remains strong however.

**SONGS WITH THE MOST FOREIGN REVENUE IN 2016**

Title	Authors	Artist
1. LOVE ME LIKE YOU DO	SH Kotecha, M Martin, T Lo, A Payami, I Salmanzadeh	Ellie Goulding
2. STYLE	T Swift, A Payami, Shellback, M Martin	Taylor Swift
3. BLANK SPACE	Shellback, M Martin, T Swift	Taylor Swift
4. CAN'T FEEL MY FACE	A Payami, A Tesfaye, P Svensson, M Martin, SH Kotecha	The Weeknd
5. TALKING BODY	L Söderberg, J Jerlström, T Lo	Tove Lo
6. SHAKE IT OFF	T Swift, Shellback, M Martin	Taylor Swift
7. WILDEST DREAMS	T Swift, Shellback, M Martin	Taylor Swift
8. ANIMALS	Shellback, A Levin, B Levine	Maroon 5
9. HABITS	T Lo, J Jerlström, L Söderberg, D Ledinsky	Tove Lo
10. BAD BLOOD	T Swift, Shellback, M Martin	Taylor Swift

**TOP 20 – FOREIGN REVENUE, SEK M**



# More royalties than ever – paid to more rightsholders than ever

In 2016, STIM paid SEK 1.7 billion to authors and publishers affiliated to STIM or one of our partner associations.

This is a record high and represents an increase of 11.9 per cent on last year, which held the previous record. The number of STIM-affiliated members is also at a record high: 83,999 rightsholders, of which 3,442 are music publishers – a total increase of 4 per cent.

The payments made were in relation to over 1.75 million different works, a figure that is rising and clearly illustrates a trend: the number of works for which STIM is distributing royalties is increasing as the digital market grows. The number of channels is increasing and they are becoming more individually tailored, which in turn creates scope for more works to be performed.

Web-based services have resulted in new ways of consuming music and this in turn requires new models for distributing the royalties to those who own the rights to the music. When music is performed live, STIM's licence fee is based on the number of attendees and the ticket price, while STIM has other calculation methods for music that is downloaded or streamed.

It is also no longer the case that STIM is the only player on the domestic market, which places great demands in terms of standing out from the competition but also creates new opportunities for STIM as a copyright organisation with a good global reputation. In addition, distribution is naturally a fundamental factor.

## THREE DISTRIBUTION PRINCIPLES

STIM has three distribution principles: full reporting, sampling and analogy.

Full reporting means that every piece of music played generates royalties for the rightsholder. In a perfect world, this would also include reporting on everything that is played in every shop and hair salon. At present, however, this is neither technically nor logistically possible – although STIM strives unceasingly to achieve the perfect.

Sampling is another principle used by STIM where there is incomplete reporting. This relates to music that is played in church, for example, or at school graduations and where reporting still takes place in paper form.

Analogy is a distribution principle used by STIM where, for technical, practical or cost reasons, it is not possible to find out exactly what music has been played. Amounts are distributed instead on the basis of reports from other categories that are deemed comparable. Analogous data is used for around ten categories, such as background music in shops and restaurants and unreported live performances.

STIM continually tests new technical solutions for listening to and identifying music so that as much revenue as possible can be distributed on the basis of accurate music reports.

## NOT FOR PROFIT

STIM is a non-profit membership organisation. An administrative overhead, as it is called, is used internationally as a measure of the efficiency of copyright organisations. This is the portion of total revenue from performed music that covers the organisation's administrative costs. In 2016, this figure was 8.3 per cent at STIM.

STIM does not currently apply a cost deduction to the distribution of foreign revenue and income from NCB. The average administrative overhead for other income, where STIM does apply a cost deduction, is 14.3 per cent.

Alongside distributing remuneration, STIM is also tasked by its members to secure new generations of Swedish songwriters and composers, to promote musical diversity and to lobby on behalf of Sweden's authors. This is financed through a deduction of 6.8 per cent from performance revenues, after deduction of administration costs, for live, background and media in Sweden.

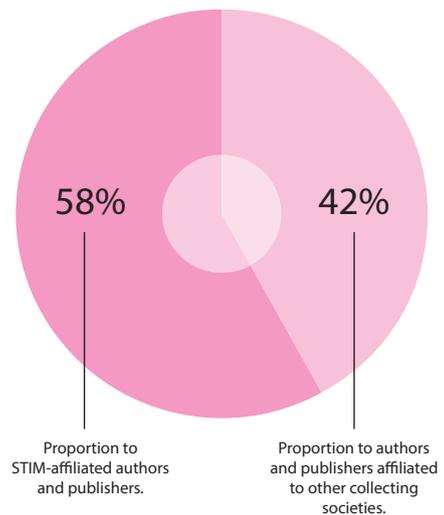
# The distribution year 2016

The distribution year 2016 is not the same as the revenue year 2016. The licensing revenue distributed by STIM in 2016 derived primarily from the revenue years 2015 and 2016, but also from previous years. STIM always endeavours to distribute the revenues as quickly as possible. There is always some degree of time lag, however, between the execution date and the distribution date.

## REVENUE FROM BACKGROUND MUSIC

Background music refers to the music played in background environments everywhere from restaurants, shops, trade fairs and airports to music at cinemas, theatres and nightclubs. Revenues are distributed according to the type of revenue, music use and whether or not STIM receives a music report. Every two years, STIM carries out a music source survey, where STIM asks its background customers which music sources they use in their business. This information is then used to make an analogous distribution of the revenue for which STIM does not receive a music report, in category 09, Background music, not reported.

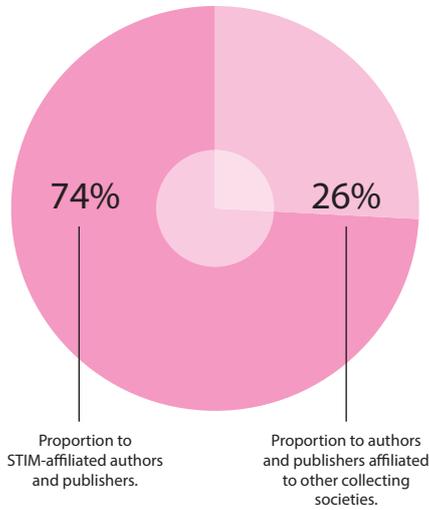
Distribution category	Amount distributed, SEK thousand	
	2016	2015
04 Dance – nightclubs	16,066	17,668
07 Theatre music	1,235	665
08 Background music, reported	16,925	9,556
09 Background music, not reported	92,660	95,657
15 Cinemas	6,228	10,939
<b>Total</b>	<b>133,114</b>	<b>134,485</b>



**INCOME FROM LIVE MUSIC**

Revenues arising from live music are distributed in a number of distribution categories, according to the type of revenue, type of repertoire, and whether or not STIM receives a music report. Revenue for which STIM does not receive music reports is distributed analogously on the basis of existing music reports within the same category. The relatively low figure for 2016 compared with 2015 in distribution category 02, Church concerts, is due to STIM not being able to collect payment on account of ongoing contract negotiations during 2016.

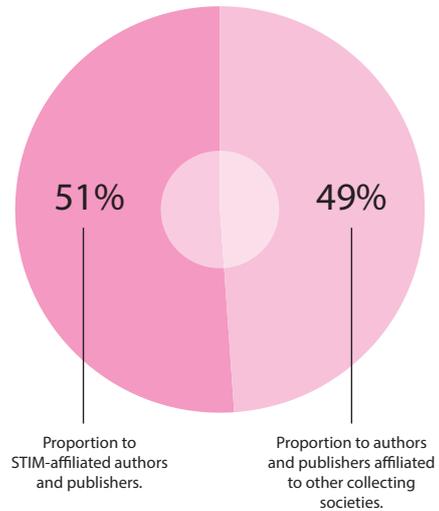
Distribution category	Amount distributed, SEK thousand	
	2016	2015
01 Concerts with art music	3,351	2,330
02 Church concerts	61	1,772
05 Live music, reported	45,383	41,510
06 Live music, not reported	18,152	10,784
98 Musical drama	1	50
<b>Total</b>	<b>66,948</b>	<b>56,446</b>



**INCOME FROM RADIO AND TV**

Income from the media category is collected from customers that broadcast TV and radio. In its distribution, STIM differentiates between public service and commercial TV and radio channels, as well as community radio channels. The relatively high amount for 2015 compared with 2016 in distribution category 13, Commercial TV, is due in part to a large additional distribution in 2015 relating to television broadcasts for the period 2010–2014.

Distribution category	Amount distributed, SEK thousand	
	2016	2015
10 Swedish Radio (SR)	41,608	36,387
11 SVT (Swedish Television)	60,589	48,907
12 Commercial radio	21,754	17,213
13 Commercial TV	105,236	151,495
14 Community radio	1,362	1,746
<b>Total</b>	<b>230,549</b>	<b>255,748</b>



**INCOME FROM ONLINE AND NEW MEDIA**

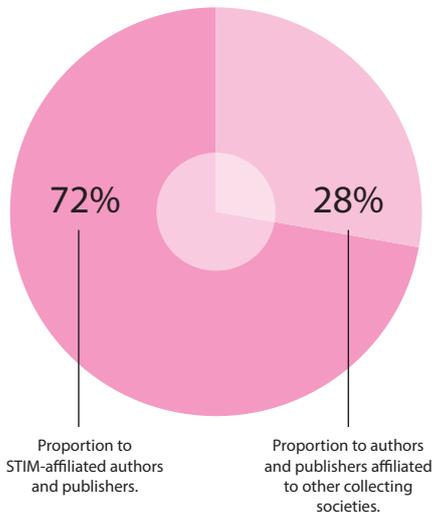
Income from online music services is collected from customers that provide dedicated music services, such as streaming, downloads and online radio. STIM receives music reports for these music services, which provide the basis for distribution. The music reports are distributed in category 16 – Online/new media, reported.

STIM also licenses a number of music services outside Sweden. This means that STIM is paid for and obtains music reports for the repertoire of STIM members, even if the music has been used in countries other than Sweden. At present this licensing covers territories within Europe, which also includes Sweden.

STIM’s income from both national licensing and direct licensing in Europe has increased steadily as more music services have become available on the market and online music use has increased.

STIM also collects revenue where customers are offered a broader range of usage of music in their own web-based services for example. These may be companies or organisations that use music in their web services in some way, for example. STIM therefore collects revenue that has no connection to a music report. This revenue is distributed analogously in category 19 – Online/new media, not reported.

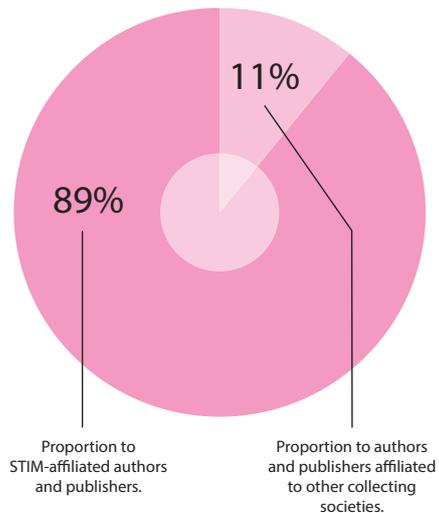
Distribution category	Amount distributed, SEK thousand	
	2016	2015
16 Online/new media, reported	216,261	149,584
<i>Of which national licensing</i>	<i>111,103</i>	<i>95,821</i>
<i>Of which direct licensing in Europe</i>	<i>105,158</i>	<i>53,763</i>
19 Online/new media, not reported	17,586	10,106
<b>Total</b>	<b>233,847</b>	<b>159,690</b>



**PRIVATE COPYING LEVY & LIBRARY LEVY**

The private copying levy is a statutory compensation for the loss of income on legal copying to recordable media for private use. This compensation is distributed on the basis of market surveys of copying behaviour. The library levy is compensation from the state that compensates authors for the lending of audio carriers in libraries and is distributed on the basis of music reports from libraries.

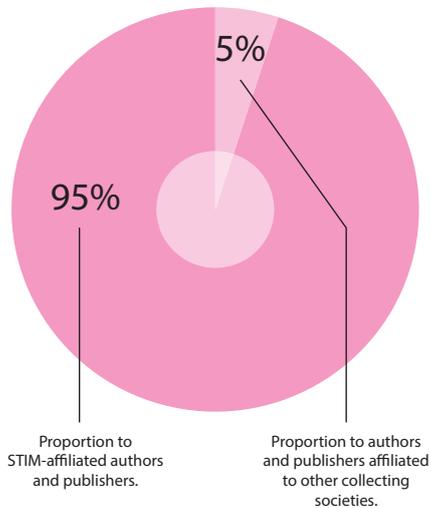
Distribution category	Amount distributed, SEK thousand	
	2016	2015
17 Private copying levy	7,347	9,648
18 Library levy	2,138	2,138
<b>Total</b>	<b>9,485</b>	<b>11,786</b>



**INCOME FROM FOREIGN COLLECTING SOCIETIES**

Just as STIM distributes revenues for foreign music played in Sweden, so STIM receives revenues from foreign collecting societies when the music of a STIM affiliate is played in another country. STIM has reciprocal agreements with around 80 foreign collecting societies. STIM also distributes revenues on behalf of foreign collecting societies. The increase in the amounts distributed in 2016 compared with 2015 in section 21 – Neighbouring country is partly due to a large one-off payment in 2016 from a neighbouring Nordic country relating to broadcasts of Swedish TV channels for the period 2010–2015.

Distribution category	Amount distributed, SEK thousand	
	2016	2015
20 Foreign	598,892	557,800
21 Neighbouring country	98,279	46,729
96 Foreign, online	36,018	18,116
<b>Total</b>	<b>733,189</b>	<b>622,645</b>



**INCOME FROM MECHANICAL REPRODUCTION (NCB)**

The distribution for mechanical reproduction includes royalties for, among other things, CDs, DVDs and downloads. Distribution is carried out by the Nordic Copyright Bureau (NCB) on behalf of STIM.

Distribution category	Amount distributed, SEK thousand	
	2016	2015
Mechanical reproduction distribution (NCB)	141,237	136,644

**OTHER INCOME**

This is revenue for which STIM does not have an adequate music report, such as foreign TV channels. This revenue is distributed by the collecting societies that receive music reports from the TV channel. The big difference between 2015 and 2016 is mainly due to a large one-off payment in 2015 relating to broadcasts of foreign TV channels for the period 2004–2007.

Distribution category	Amount distributed, SEK thousand	
	2016	2015
Other payments	26,716	42,808

# STIM contributes to new generations and diversity

STIM is about much more than just compensation for songwriters, composers, and music publishers. STIM sets aside a portion of its revenues for the new generations of Swedish songwriters and composers. This is something that the members themselves have decided and it differentiates STIM from the commercial players on the market. It is STIM's contribution to the Swedish music industry – STIM wants to provide benefits for society.

Swedish music occupies a strong position, particularly at international level. In order for this to continue to live and thrive, however, new generations of Swedish songwriters and composers are needed. An important factor here is the need for diversity, with the new musical culture finding a place in society.

STIM therefore set aside 6.8 per cent or SEK 33.5 million in 2016 (33.9 million the previous year) of its revenue, after the deduction of administration costs, from live, background and media in Sweden, in order to increase the recognition, availability and performance of new Swedish music. This is equivalent to 1.8 per cent of STIM's total revenue. Some of the money, 7.6 million, is used by subsidiary Svensk Musik Swedmic AB, which manages the digitisation of SKAP's archive, orchestral sheet music printouts and travel grants for composers in conjunction with the premiere public performance of their new work. Swedish music also has its own sheet music publisher, Edition Suecia.

## SUPPORTING NEW SWEDISH MUSIC

STIM also invested SEK 5.1 million in 2016 through its Council for the Promotion of Swedish Music. The Council initiates and supports projects that aim to increase the performance of new Swedish music across all genres by improving its availability and recognition – both nationally and internationally. STIM's Council for the Promotion of Swedish Music works to increase the performance of copyright-protected Swedish music – regardless of genre – both in Sweden and internationally. The Council for the Promotion of Swedish Music is run with the active participation of SKAP (Swedish Society of Songwriters, Composers and Authors), FST (Society of Swedish Composers) and Musikförläggarna (Swedish Music Publishers Association). In 2016, the Council for the Promotion of Swedish Music selected 39 projects to support. Some of these projects were conducted during the year, while others will begin in 2017.

STIM's interest organisations FST, SKAP and Musikförläggarna also receive annual grants from STIM. In 2016, these grants totalled SEK 17.5 million. This money is used partly for the associations' work to promote musical diversity and partly for their lobbying activities – initiatives that benefit all of STIM's rightsholders.

Another important part of STIM's mission to promote music is to draw attention to and encourage Swedish songwriters and composers. This is done through initiatives such as STIM's scholarships, which are awarded on an annual basis and can be applied for by all STIM-affiliated authors. In 2016, STIM set aside SEK 7.4 million for scholarships, of which SEK 4.2 million is administered by Svensk Musik, with 1.6 million each administered by FST and SKAP.

# The STIM sphere

As at 31 December 2016.

## NCB, NORDISK COPYRIGHT BUREAU

NCB, Nordisk Copyright Bureau, is tasked with upholding the rights of authors and music publishers in the recording, copying and distributing of protected music and lyrics on CD, vinyl, DVD and similar media. NCB is governed by STIM and its counterparts in Denmark (Koda), Finland (Teosto), Norway (TONO) and Iceland (STEF). The NCB also administers the mechanical rights of the Baltic collecting societies, Latga-A in Lithuania, EAÜ in Estonia and Akka-LAA in Latvia. NCB has agreements with copyright societies abroad to administer mechanical rights to Nordic music in a corresponding manner in their countries.

### BOARD OF DIRECTORS

Anders Lassen ..... CEO, Koda, chair  
 Gudrun Björk Bjarnadóttir ..... CEO, STEF  
 Karsten Dyhrberg Nielsen ..... CEO, STIM  
 Katri Sipilä ..... CEO, Teosto  
 Cato Ström ..... CEO, TONO

## STIM DIREKT AB

Stimdirekt AB is a wholly owned subsidiary and part of a collaboration with Kobalt Music Group. The company is being wound down.

Karsten Dyhrberg Nielsen ..... CEO, STIM, chair  
 Sara Kilander ..... Board member  
 Kristina Walles ..... deputy

## SVENSK MUSIK SWEDMIC AB

Svensk musik swedmic AB is a wholly owned subsidiary of STIM since 2008. Its task is to document and provide information about copyright-protected Swedish music. This is achieved by, for example, cataloguing and archiving art music and older popular music and producing music scores for, among other things, orchestral works and works for larger jazz ensembles. Svensk Musik also administers travel grants for STIM-affiliated authors.

### Board of Directors

Dror Feiler ..... FST, chair  
 Peter Magro ..... Musikförläggarna  
 Elise Einarsdotter ..... SKAP

## ICE

Together with the UK's PRS for Music and Germany's GEMA, STIM owns ICE Operations AB, ICE Germany GmbH and ICE Services Ltd. The aim is to offer joint administration and joint pan-European licensing.

### Board of ICE Operations AB and ICE International Copyright Enterprise Germany GmbH

Dr. Rainer Minz ..... chair  
 Karsten Dyhrberg Nielsen ..... STIM  
 Eva Jonbacker ..... STIM  
 Kerstin Mangert ..... STIM  
 Robert Ashcroft ..... PRS for Music  
 Craig Nunn ..... PRS for Music  
 Nigel Elderton ..... PRS for Music  
 Lorenzo Colombini ..... GEMA  
 Rolf Budde ..... GEMA  
 Enjott Schneider ..... GEMA  
 Patrik Lindgren (employee representative) ..... ICE Services AB

### Board of ICE International Copyright Enterprise Services Ltd.

Karsten Dyhrberg Nielsen (interim chair) ..... STIM  
 Kerstin Mangert ..... STIM  
 Martin Jonsson Tibblin ..... STIM  
 Robert Ashcroft ..... PRS for Music  
 Craig Nunn ..... PRS for Music  
 Julian Nott ..... PRS for Music  
 Harald Heker ..... GEMA  
 Frank Dostal ..... GEMA  
 Ralf Weigand ..... GEMA

# STIM's committees

As at 31 December 2016.

## ASSESSMENT COMMITTEE FOR MUSIC AND COPYRIGHT

Provides opinions on similarities between musical works in copyright disputes.

Kristina Walles .....	STIM, chair
Jonas Nordin .....	STIM, secretary
Peo Nylén .....	Musikförläggarna
Karina Kampe .....	SKAP
Mattias Svensson Sandell .....	FST

## GRADING COMMITTEE

Establishes praxis for grading and deals with grading complaints.

### Regular members:

Jan Levander .....	SKAP
Torgny Söderberg .....	SKAP
Jonas Valfridsson .....	FST
Ylva Q Arkvik .....	FST
Kristina Fryklöf .....	Musikförläggarna

### Deputy members:

Vacant .....	SKAP
Dan Bornemark .....	SKAP
Lina Järnegård .....	FST
Marcus Wrangö .....	FST
Ingemar Hahne .....	Musikförläggarna

## DISTRIBUTION COMMITTEE

Preparatory body for the Board in distribution issues.

Karsten Dyhrberg Nielse .....	chair
Martin Q Larsson .....	FST
Chrichan Larson .....	FST
Alfons Karabuda .....	SKAP
Örjan Strandberg .....	SKAP
Monica Ekmark .....	Musikförläggarna
Kettil Skarby .....	Musikförläggarna
Sara Kilander .....	STIM
Erik Forsblom .....	STIM

## COMMITTEE FOR NATIONAL FUNDS

Preparatory body for the promotion of Swedish music.

Kjell-Åke Hamrén .....	chair
Alfons Karabuda .....	SKAP
Martin Q Larsson .....	FST
Monica Ekmark .....	Musikförläggarna
Karsten Dyhrberg Nielsen .....	STIM

## FEES COMMITTEE

Preparatory body for the annual general meeting to propose fees to regular and deputy members of STIM's Board of Directors, committees and subsidiary boards.

Sten Melin .....	FST
Claes Ånstrand .....	SKAP
Margareta Neld .....	Musikförläggarna

## STIM'S COUNCIL FOR THE PROMOTION OF SWEDISH MUSIC (SPN)

Initiates and supports projects that aim to improve the availability and recognition of new Swedish music – both nationally and internationally.

Fredrik Wetterqvist .....	chair, external
Alfons Karabuda .....	SKAP
Mårten Karlsson .....	SKAP
Sten Sandell .....	FST
Anne Pajunen .....	FST
Gunnar Helgesson .....	Musikförläggarna
Elisabet Widlund .....	Musikförläggarna

## SCHOLARSHIP COMMITTEE

Awards STIM's scholarships

Gustaf Bergel .....	chair
Stefan Gullberg .....	Musikförläggarna
Ann-Sofi Söderqvist .....	SKAP
Pär Lindgren .....	FST
Anna Svendsdotter .....	external
Josephine Forsman .....	external

## Board of Directors

FST (Society of Swedish Composers), SKAP (Swedish Society of Songwriters, Composers and Authors) and Musikförläggarna (Swedish Music Publishers Association) each appoint two members and one deputy. They jointly appoint the chair of the board and a further two external members. The STIM local branch of Unionen appoints one member and two deputies.



**KJELL-ÅKE HAMRÉN** Musician and music researcher. Chair of the Board since 2012. Until 2015 also a member of the boards of ICE Operations and ICE Services.



**DOUGLAS CARR** Composer and music producer. Board member since 2006. Member of the boards of SKAP (Swedish Society of Songwriters, Composers and Authors) and LaCarr Music.



**MONICA EKMARK** General Manager at Universal Music. Board Member since 2003. Chair of the Board of Musikförläggarna. Member of the boards of Musik-sverige, Polar Music Prize and Insamlingsstiftelsen Musikskattens Hus.



**ERIC HASSELQVIST** Partner in Publishing Company Ten AB. Board Member since 2007, with a hiatus in 2013. Deputy Chair of the Board of Musikförläggarna. Member of the boards of Monza Publishing AB, BD Pop AB, Elementica AB (publ), Bahnhof AB (publ) and Ten Music Group AB.



**ALFONS KARABUDA** Composer. Board Member since 2005. Chair of ECSA (European Composer & Songwriter Alliance), Chair of SKAP (Swedish Society of Songwriters, Composers and Authors), Executive Vice President of the International Music Council and member of the boards of the Culture Committee of the Swedish National Commission for UNESCO, the Swedish Performing Arts Agency and Polar Music Prize. He is also the CEO and owner of Naomi Musikförlag AB.



**MARTIN Q LARSSON** Composer and musician. Board member since 2010. Chair of the boards of FST (Society of Swedish Composers) and the Council of Nordic composers. Founder of Matandarnas transgalaktiska hiphopkapell, New Music Incubator and Composer's Radio.



**HANS FAHLIN** M.Sc. in Economics and Business from Stockholm School of Economics. Former CEO of Alfred Berg Asset Management AB and currently Investment Director at the Second Swedish National Pension Fund. Elected to the Board in May 2016.



**HANNAH GULLANDER** Currently working as a management consultant at Strasys AB and has previously worked with business development at Ideon Innovation and LU Innovation System in Lund. Elected to the Board in May 2016.



**MARTIN JONSSON TIBBLIN** Studied composition at the Royal College of Music in Stockholm, where he now acts as an adviser and consultant. Also works as a manager at Deluxe Music in Stockholm and has previously been an audio engineer and a producer.



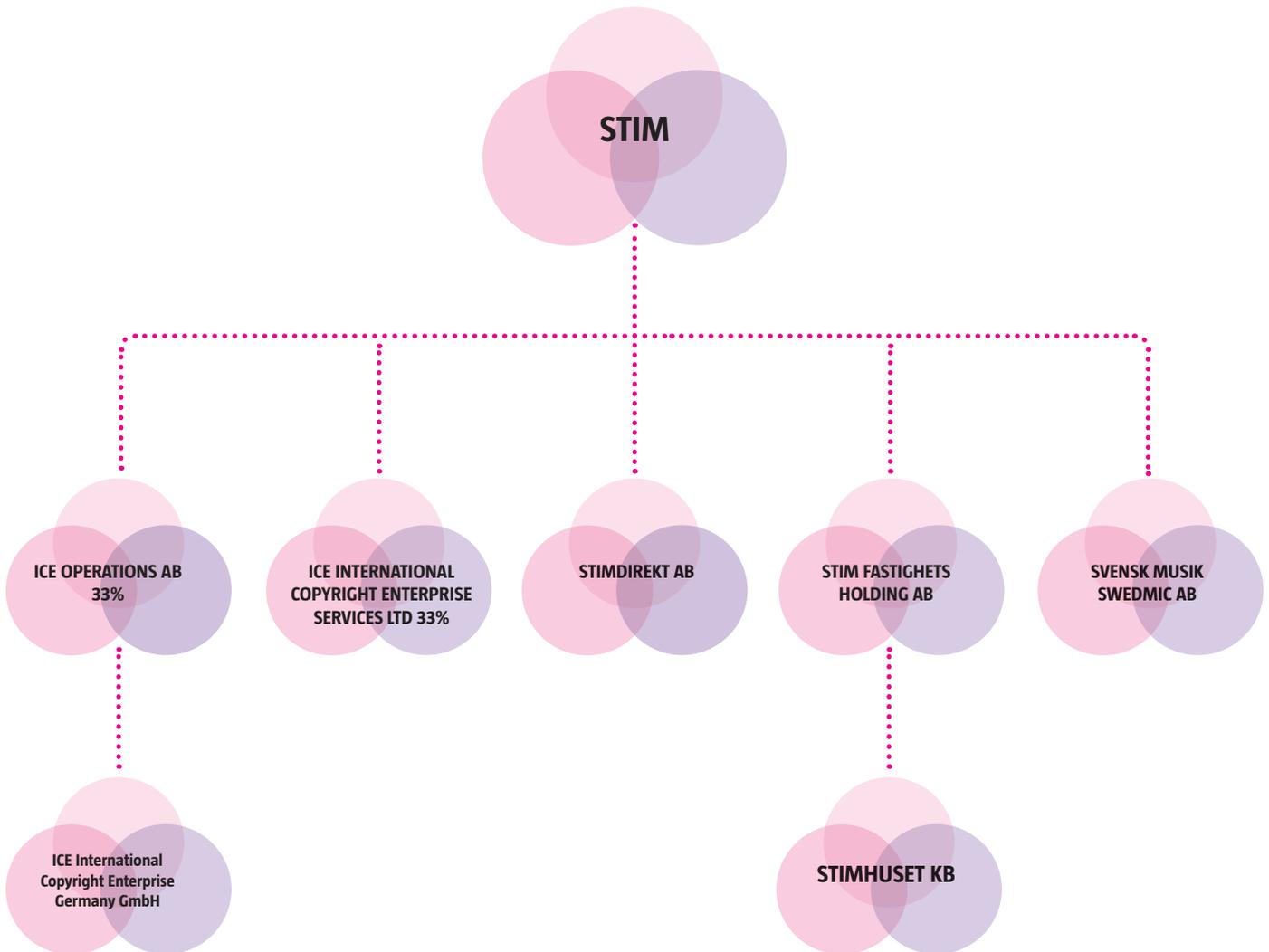
**EVA BOTMAR** Administrator, STIM's Member and Publisher Services. Board member since 2012 as an employee representative. Chair of the STIM local branch of Unionen.

**DEPUTY MEMBERS**

Marie Samuelsson.....FST  
 Dror Feiler.....FST  
 Elise Einarsdotter.....SKAP  
 Anders Wollbeck.....SKAP

Elisabet Widlund..... Musikförläggarna  
 Åsa Enström..... Musikförläggarna  
 Victor Larsson..... Unionen  
 Annika Falkenäng..... Unionen

# Group



STIM, the UK's PRS for Music and Germany's GEMA each own 33 per cent of ICE Operations AB and ICE International Copyright Enterprise Services Ltd.

## STIM'S SUBSIDIARIES AND ASSOCIATES

## SEK THOUSAND

	2016	2015	2014
<b>Stimdirekt AB (name changed from Kobalt STIM Aggregated Rights AB)</b>			
Revenue (within the Group, %)	1,030 (58%)	95,444 (49%)	120,733 (54%)
Operating profit/loss	-2,253	5,083	4,185
Average number of employees	–	–	–
Average number of employees	–	–	–
<b>Stim Fastighets Holding AB</b>			
Revenue (within the Group, %)	2,150 (97%)	4,490 (47%)	2,747 (77%)
Operating profit/loss	-615	-314	-145
Average number of employees	–	–	–
<b>Stimhuset KB</b>			
Revenue (within the Group, %)	26,085 (43%)	25,783 (43%)	25,800 (42%)
Operating profit/loss	11,702	11,925	12,999
Average number of employees	–	–	–
<b>Svensk Musik Swedmic AB</b>			
Revenue (within the Group, %)	10,422 (73%)	10,118 (68%)	10,554 (64%)
Operating profit/loss	40	117	27
Average number of employees	8	8	9
<b>CEE Services AB*</b>			
Revenue (within the Group, %)	–	–	24,929 (100%)
Operating profit/loss	–	0	1,302
Average number of employees	–	–	20
<b>ICE Operations AB**</b>			
Revenue (within the Group, %)	218,719 (10%)	125,617 (15%)	119,677 (21.6%)
Operating profit/loss	-13,500	-40,527	-6,835
Average number of employees	185	125	94
<b>ICE International Copyright Enterprise Services Ltd**</b>			
Revenue (within the Group, %)	90,501 (0.35%)	–	–
Operating profit/loss	-16,792	-48,709	–
Average number of employees	31	22	–

\* CEE Services AB was merged with Stimdirekt AB on 29 December 2015.

\*\* The figures for ICE Operations AB include the subsidiary ICE International Copyright Enterprise Germany GmbH. The figures apply to the companies as a whole, of which STIM owns one third. The figures for ICE Operations AB and ICE International Copyright Enterprise Services Ltd have not been audited.

# Administration Report

The Board of Directors and the Chief Executive Officer of Svenska Tonsättares Internationella Musikbyrå (STIM) u.p.a., corporate identity number 702002-3524, hereby present the annual report and consolidated financial statements for the 2016 financial year.

## DESCRIPTION OF OPERATIONS

STIM is a non-profit incorporated society and special-interest copyright organisation for authors and publishers. STIM administers and licenses economic rights to music and lyrics on their behalf. Through its international network, STIM also represents rights to the worldwide repertoire of music. Moreover, STIM promotes the creation and distribution of new Swedish music.

At the end of December 2016, STIM had 83,999 affiliated composers, song writers, arrangers and music publishers, an increase of 4 per cent on the previous year. STIM upholds the economic rights of authors and music publishers under copyright legislation. Based on inter-governmental agreements and reciprocal agreements with STIM's counterpart organisations abroad, rights to both domestic and international music in Sweden are protected.

When a rightsholder joins STIM, they transfer their legal rights to recompense in connection with public performance, recording and mechanical reproduction to STIM. 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 then pays the monies received to the owner or owners of the rights to the music. As such, STIM licenses music from throughout the world to users of music and distributes the revenue collected to the individual rightsholders, both Swedish and international. This means that anyone who wishes to use music in, for example, a radio broadcast, a shop or an entertainment venue can easily obtain access to millions of musical works with a licence from STIM. It also means that the owners of the copyright to the music are paid for the use of their music.

STIM cooperates with other authors' societies on the licensing of rights and data administration. STIM owns, together with the UK's PRS for Music and Germany's GEMA, the companies ICE Operations AB along with its wholly owned German subsidiary International Copyright Enterprise GmbH and International Copyright Enterprise Services Ltd. These companies register

and administrate the musical works of music creators and music publishers and manage the multi-territorial licensing of the owners' online rights and the administration of other rights managers' licensing agreements. The ICE companies are equally owned by STIM, PRS for Music and GEMA.

Together with other Nordic authors' societies, STIM also governs Nordisk Copyright Bureau, which manages the licensing and administration of music when recorded on physical products, such as CDs and DVDs.

STIM owns the property Stockholm Krukamakaren 17 through its subsidiary Stimhuset KB. This property houses, among other things, STIM's office.

## CHANGES ON THE BOARD OF DIRECTORS AND IN THE MANAGEMENT TEAM

At STIM's annual general meeting in May 2016, Hans Fahlin, Hanna Gullander and Martin Jonsson Tibblin were elected as members of the Board. Elisabet Widlund and Dror Feiler were elected as deputy members of the Board. Victor Larsson was elected as deputy employee representative on the Board.

STIM strengthened its management team during 2016. In May, Kristina Walles was appointed Head of Legal Affairs. In August, Sara Davidsson was appointed HR Director and Eva Jonbacker was appointed Chief Financial Officer.

## NON-FINANCIAL PERFORMANCE INDICATORS

### **HR policy and equal opportunities plan**

Performance reviews provide a basis for skills development initiatives. Openness and transparency are important cornerstones of the organisation.

### **Work environment policy**

Work environment management at STIM aims to create conditions that favour a positive atmosphere and environment at work. A clear policy is used to support STIM's ongoing management of the work environment.

### **Equal opportunities plan**

At STIM, work conditions and development opportunities are to be independent of gender, ethnicity, sexual orientation, functional disability, age, religion and faith.

At STIM, we expect everyone to act to ensure a workplace characterised by equality.

### **Occupational health services**

STIM strives to be a health-conscious company, offering health and fitness opportunities to its employees. Measures include workplace massages, exercise on company time and gym membership for all employees. HR and the company's health and fitness committee actively work to inspire and motivate employees to improve their health with regular health and fitness activities.

## SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

During autumn 2015, STIM's Board of Directors adopted a strategic focus on developing and delivering new and better services to members and rightsholders over the next three years, in order to strengthen STIM's core business.

In January 2016, the public section of STIM's new website was launched and during the course of the year, a number of new web services were introduced for both members and licensees, such as music reporting for live concerts and My Pages. Stim.se won Internetworld's award for Best Swedish Website 2016 in the organisations category.

STIM has implemented a new case management system in order to improve service and follow-up for customers and members, with further system development within foreign distribution, reporting and data management (business intelligence) planned during the year.

In 2016, STIM licensed a range of international music services, such as Spotify, for the use of STIM's rights throughout Europe and also began licensing certain services through ICE Services Ltd. in London during the year, such as Google Play and Apple Music. From the beginning of 2017, STIM will license all international music services, including YouTube, through ICE Services Ltd.

Work to improve and ensure the quality of STIM's use of analogous data for distribution continued during the year and, through increased use of reporting by music providers, it has been possible to distribute approximately SEK 20 million of STIM's income from background music usage on the basis of exact knowledge of which music has been played.

New Swedish legislation on collective rights management, based on the EU's Collective Rights Management Directive, has been adopted and enters into force on 1 January 2017. Extensive preparation and planning has taken place during 2016 in order to implement the new legislation. A number of changes have been implemented and further projects are planned for 2017.

In order to protect the rights of its members and secure the long-term value of music, STIM occasionally needs to initiate legal proceedings against companies that do not want to pay reasonable compensation for their use of music. STIM has initiated court proceedings against, among others, Bonnier-owned SF Anytime, which refuses to pay the compensation required by STIM for the music included in its movie range.

During 2016, ICE Operations AB transferred the majority of operations from Stockholm to Berlin. A small part of the organisation remains in Stockholm.

In autumn 2016, STIM decided to carry out a reorganisation of the business with effect from 1 January 2017. The aim is to provide the best possible conditions for the continued development of STIM to become a modern service organisation for rightsholders and customers.

## SIGNIFICANT RISKS AND UNCERTAINTIES

The markets on which STIM operates, international and national are changing continually and at an ever-increasing rate. Major changes are underway in terms of how rights are managed and how music is distributed and consumed. STIM's licensing activities are no longer limited to Sweden and users of music on the Swedish market must, in many cases, obtain a licence from rights managers other than STIM in order to operate in Sweden. This changed market structure means increased uncertainty for STIM with regard to future revenue and the return that can be expected on future investments.

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. The repayment of this financing is dependent on the operations of the associates developing as expected and development projects being conducted as planned. During 2016, the main focus at the ICE companies has been the transfer of the majority of ICE AB's operations from Stockholm to Berlin and the ongoing establishment of licensing operations at ICE Services Ltd.

# Sales and performance

## GROUP

Consolidated profit (SEK thousand)	2016	2015	2014	2013	2012
Operating income	1,884,248	1,886,713	2,015,408	1,619,218	1,479,909
Operating expenses	-199,402	-209,078	-219,588	-181,568	-175,602
Profit/loss from participations in associates	-10,255	-25,073	-4,495	298	-439
Impairment of non-current receivables from other companies	–	4	-1,461	–	–
<b>Distribution</b>	<b>-1,689,324</b>	<b>-1,677,448</b>	<b>-1,542,763</b>	<b>-1,441,004</b>	<b>-1,312,033</b>
Interest	3,863	-976	2,678	1,679	5,783
Tax	-25	224	-71	-246	-138
<b>Profit/loss for the year</b>	<b>-10,896</b>	<b>-25,633</b>	<b>249,709</b>	<b>-1,621</b>	<b>-2,520</b>

The Group's revenue during the financial year was SEK 1,884.2 (1,886.7) million and operating expenses were SEK 199.4 (209.1) million. The result from participations in associates was SEK -10.3 (-25.1) million. Distributable income in the Group totalled SEK 1,678.4 (1,651.8) million.

## PARENT SOCIETY

Parent Society's profit (SEK thousand)	2016	2015	2014	2013	2012
Operating income	1,874,222	1,811,008	1,677,956	1,584,064	1,455,816
Operating costs	-183,268	-187,261	-196,853	-168,717	-159,926
Impairment of non-current receivables from other companies	–	4	-1,461	–	–
<b>Operating profit/loss before distribution</b>	<b>1,690,954</b>	<b>1,623,751</b>	<b>1,479,642</b>	<b>1,415,347</b>	<b>1,295,890</b>
Interest	4,519	-203	8,338	11,461	16,551
Appropriations and taxes	7,910	19,812	17,026	-273	-408
<b>Distributable income</b>	<b>1,703,382</b>	<b>1,643,359</b>	<b>1,505,006</b>	<b>1,426,535</b>	<b>1,312,033</b>

The Parent Society STIM's total sales for the financial year were SEK 1,874.2 (1,811.0) million, corresponding to an increase of 3.5 (7.9) per cent compared with the previous year. Revenue for the performance of music both in Sweden and abroad increased by SEK 67.0 (153.1) million or 4.1 (10.3) per cent, while revenue from mechanical reproduction increased by SEK 4.9 (-26.2) million or 3.6 (-16.2) per cent. The Parent Society STIM's net distributable income totalled SEK 1,703.4 (1,643.4) million, corresponding to an increase in royalty payments to rightsholders equal to SEK 60.0 (138.4) million or 3.7 (9.2) per cent.

## FINANCIAL POSITION

### Group

The Group's accumulated profit at year-end was SEK 178.4 (199.9) million.

### Parent Society

The Parent Society STIM's equity at year-end totalled SEK 1.2 (1.2) million, or 0.1 (0.1) per cent of the balance sheet total. Liabilities to rightsholders at year-end totalled SEK 1,017.4 (1,007.3) million.

### Liquidity

Cash and cash equivalents, including short-term investments, totalled SEK 456.1 (449.4) million for the Parent Society and SEK 475.2 (482.1) million for the Group. Surpluses are invested in short-term fixed interest funds in accordance with the current investment policy.

### Group contributions

During the financial year, the Parent Society received group contributions from subsidiaries totalling SEK 7.9 (19.6) million.

## INCOME STATEMENT

SEK THOUSAND		GROUP		PARENT SOCIETY	
Operating income	Note	2016	2015	2016	2015
Performance revenue		1,699,271	1,687,896	1,706,321	1,639,342
Mechanical reproduction revenue		140,499	135,637	140,499	135,637
Other revenue		44,478	63,180	27,402	36,029
<b>Total operating income</b>	1.3	<b>1,884,248</b>	<b>1,886,713</b>	<b>1,874,222</b>	<b>1,811,008</b>
<b>Operating expenses</b>					
External costs	2,3,6	-87,809	-96,001	-85,015	-87,397
Personnel costs	2,4,5	-94,324	-94,913	-89,354	-90,213
Depreciation/amortisation	2, 9–11	-17,269	-18,164	-8,900	-9,652
<b>Total operating expenses</b>		<b>-199,402</b>	<b>-209,078</b>	<b>-183,268</b>	<b>-187,261</b>
Profit/loss from participations in associates	13	-10,255	-25,073	–	–
Impairment of non-current receivables from other companies		–	4	–	4
Distribution	7	-1,689,324	-1,677,448	-1,703,382	-1,643,359
<b>Operating profit/loss</b>		<b>-14,733</b>	<b>-24,882</b>	<b>-12,428</b>	<b>-19,608</b>
Interest income		3,880	1,338	4,532	2,110
Interest expenses		-17	-2,314	-13	-2,313
<b>Profit/loss before tax</b>		<b>-10,871</b>	<b>-25,858</b>	<b>-7,910</b>	<b>-19,811</b>
Appropriations		–	–	7,923	19,555
<b>Profit/loss before tax</b>		<b>-10,871</b>	<b>-25,858</b>	<b>13</b>	<b>-257</b>
Tax on profit for the year	20	-25	224	-13	257
<b>Profit/loss for the year</b>		<b>-10,896</b>	<b>-25,633</b>	<b>0</b>	<b>0</b>

## BALANCE SHEET

.....ANNUAL REPORT STIM 2016 .....

30

## BALANCE SHEET

SEK THOUSAND	Note	GROUP		PARENT SOCIETY	
		16-12-31	15-12-31	16-12-31	15-12-31
<b>Assets</b>					
<b>Non-current assets</b>					
<b>Intangible assets</b>					
Current investment in new IT systems	8	11,938	5,961	11,938	5,961
Capitalised costs for system development	9	25,843	27,633	24,437	25,500
<b>Total intangible assets</b>		<b>37,780</b>	<b>33,593</b>	<b>36,375</b>	<b>31,461</b>
<b>Property, plant, and equipment</b>					
Buildings and land	10	371,916	378,924	–	–
Construction, extensions and redevelopment in progress		0	0	–	–
Equipment	11	8,568	6,658	8,271	6,198
<b>Total property, plant and equipment</b>		<b>380,484</b>	<b>385,582</b>	<b>8,271</b>	<b>6,198</b>
<b>Financial assets</b>					
Participations in Group companies	12	–	–	200	200
Participations in associates	13	-13,255	-3,021	41,319	41,319
Receivables from Group companies	12	–	–	100,387	100,387
Receivables from associates	13	90,295	56,907	90,295	56,907
Other financial assets	2	4,371	4,232	4,371	4,232
<b>Total financial assets</b>		<b>81,412</b>	<b>58,118</b>	<b>236,574</b>	<b>203,046</b>
Deferred tax asset	20	1,195	1,157	1,195	1,157
<b>Total non-current assets</b>		<b>500,872</b>	<b>478,450</b>	<b>282,414</b>	<b>241,861</b>
<b>Current assets</b>					
<b>Current receivables</b>					
Trade receivables		145,595	187,722	123,418	171,514
Receivables from Group companies	12	–	–	42,531	63,840
Receivables from associates	13	21,946	10,029	21,946	10,029
Other receivables		22,569	16,124	22,175	14,784
Tax assets		1,792	1,694	1,584	1,159
Prepaid expenses and accrued income	14	261,350	258,853	259,164	236,955
<b>Total current receivables</b>		<b>453,251</b>	<b>474,423</b>	<b>470,818</b>	<b>498,281</b>
<b>Short-term investments</b>		<b>399,007</b>	<b>381,774</b>	<b>399,007</b>	<b>381,774</b>
<b>Cash and bank balances</b>		<b>76,175</b>	<b>100,281</b>	<b>57,057</b>	<b>67,611</b>
<b>Total current assets</b>		<b>928,433</b>	<b>956,478</b>	<b>926,882</b>	<b>947,666</b>
<b>Total assets</b>		<b>1,429,304</b>	<b>1,434,928</b>	<b>1,209,296</b>	<b>1,189,527</b>

## BALANCE SHEET CONT.

SEK THOUSAND	Note	GROUP		PARENT SOCIETY	
		16-12-31	15-12-31	16-12-31	15-12-31
<b>Equity and liabilities</b>					
<b>Equity</b>					
<b>Restricted equity</b>					
Contributed capital		6	6	6	6
Capitalised expenditure for development work		10,593	–	10,593	–
Other restricted equity		1,226	1,226	1,226	1,226
<b>Total restricted equity</b>		<b>11,826</b>	<b>1,232</b>	<b>11,826</b>	<b>1,232</b>
<b>Accumulated profit/unrestricted equity</b>					
Accumulated profit/unrestricted equity		189,268	225,538	-10,588	5
Translation difference		22	-44	–	–
Profit/loss for the year		-10,896	-25,633	–	–
<b>Total accumulated profit/unrestricted equity</b>	15	<b>178,394</b>	<b>199,861</b>	<b>-10,588</b>	<b>5</b>
<b>Total equity</b>		<b>190,220</b>	<b>201,093</b>	<b>1,238</b>	<b>1,237</b>
<b>Provisions</b>					
Provisions for pensions	2, 19	5,432	5,259	5,432	5,259
<b>Total provisions</b>		<b>5,432</b>	<b>5,259</b>	<b>5,432</b>	<b>5,259</b>
<b>Non-current liabilities</b>					
Non-current liabilities	16	571	571	–	–
<b>Total non-current liabilities</b>		<b>571</b>	<b>571</b>	<b>–</b>	<b>–</b>
<b>Current liabilities</b>					
Trade payables		24,656	15,304	23,515	14,397
Distribution liabilities	17	1,023,672	1,018,918	1,017,433	1,007,283
Liabilities to Group companies		–	–	5,063	123
Tax liabilities		1,567	876	471	511
Other liabilities		21,994	19,618	18,697	11,264
Accrued expenses and deferred income	18	161,192	173,289	137,447	149,454
<b>Total current liabilities</b>		<b>1,233,081</b>	<b>1,228,005</b>	<b>1,202,627</b>	<b>1,183,032</b>
<b>Total equity and liabilities</b>		<b>1,429,304</b>	<b>1,434,928</b>	<b>1,209,296</b>	<b>1,189,527</b>

## CHANGE IN EQUITY – PARENT SOCIETY (SEK THOUSANDS)

	Contributed capital	Reserve for development costs	Other restricted equity	Retained earnings	Profit/loss for the year	Total equity
<b>Amount at the start of the year, 01/01/2015</b>	5	–	1,226	5	–	1,236
Change in contributed capital	0	–	–	–	–	0
<b>Amount at the end of the year, 31/12/2015</b>	6	0	1,226	5	0	1,237
<b>Amount at the start of the year, 01/01/2016</b>	6	0	1,226	5	0	1,237
Change in contributed capital	1	–	–	–	–	1
Allocated to reserve for development costs	–	10,593	–	-10,593	–	0
<b>Amount at the end of the year, 31/12/2016</b>	6	10,593	1,226	-10,588	0	1,238

## CHANGE IN EQUITY – GROUP (SEK THOUSAND)

	Contributed capital	Reserve for development costs	Other restricted equity	Retained earnings	Profit/loss for the year	Total equity
<b>Amount at the start of the year, 01/01/2015</b>	5	–	1,226	-24,171	249,709	226,770
Appropriation of profits	–	–	–	249,709	-249,709	0
Change in contributed capital	0	–	–	–	–	0
Translation difference	–	–	–	-44	–	-44
Profit/loss for the year	–	–	–	–	-25,633	-25,633
<b>Amount at the end of the year, 31/12/2015</b>	6	0	1,226	225,494	-25,633	201,093
<b>Amount at the start of the year, 01/01/2016</b>	6	0	1,226	225,494	-25,633	201,093
Appropriation of profits	–	–	–	-25,633	25,633	0
Change in contributed capital	1	–	–	–	–	1
Allocated to reserve for development costs	–	10,593	–	-10,593	–	0
Currency translation difference	–	–	–	22	–	22
Profit/loss for the year	–	–	–	–	-10,896	-10,896
<b>Amount at the end of the year, 31/12/2016</b>	6	10,593	1,226	189,290	-10,896	190,220

## CASH FLOW STATEMENT

SEK THOUSAND	GROUP		PARENT SOCIETY		
	2016	2015	2016	2015	
<b>Operating activities</b>	<b>Note</b>				
Payments from customers		1,900,552	1,880,382	1,901,318	1,785,013
Payments to rightsholders	17	-1,658,121	-1,547,015	-1,659,776	-1,484,979
Payments to suppliers and employees		-203,509	-229,442	-190,206	-205,665
<b>Cash flow from operating activities before interest paid and income taxes paid</b>		<b>38,922</b>	<b>103,925</b>	<b>51,336</b>	<b>94,369</b>
Interest received		3,880	1,338	4,532	2,110
Interest paid		-17	-2,314	-13	-2,313
Income taxes paid		-63	-77	-51	-44
<b>Cash flow from operating activities</b>		<b>42,722</b>	<b>102,872</b>	<b>55,803</b>	<b>94,121</b>
<b>Investing activities</b>					
Investments in property, plant and equipment and intangible non-current assets	8, 10, 11	-16,575	-11,490	-16,104	-7,967
Disposal of property, plant and equipment	10.11	368	0	368	0
Investments in non-current financial assets		-41,586	-34,593	-41,586	-34,594
Disposal of non-current financial assets		8,198	4,363	8,198	4,363
Investments in current financial investments		-17,233	-68,704	-17,233	-68,704
Disposal of associates	13	–	14,054	–	14,054
Investments in associates	13	–	-1,322	–	-1,322
<b>Cash flow from investing activities</b>		<b>-66,828</b>	<b>-97,692</b>	<b>-66,357</b>	<b>-94,170</b>
<b>Cash flow for the year</b>		<b>-24,106</b>	<b>5,180</b>	<b>-10,554</b>	<b>-49</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>100,281</b>	<b>95,101</b>	<b>67,611</b>	<b>67,660</b>
<b>Cash and cash equivalents at year-end</b>		<b>76,175</b>	<b>100,281</b>	<b>57,057</b>	<b>67,611</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.

## DISTRIBUTION

The annual revenue from providing rights for public performances is burdened with the society's expenses for this area of operations. The remainder comprises a liability to the society's members and affiliated members who have transferred their rights. Following a decision at the annual general meeting, a maximum of three per cent of the remuneration due to the society's members may be used for scholarship purposes. Furthermore, following a decision by the annual general meeting and in accordance with special rules, creativity in musical fields that are vulnerable to market forces is supported with special initiatives in such fields. Regarding royalties from foreign organisations that cooperate with the society, such royalty payments are made without the above-mentioned deductions.

The amounts to be paid for rights transferred to the society are distributed in accordance with the rules established at the annual general meeting held on 22 May 2008 and at the extraordinary general meeting held on 18 June 2008. 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 acquisition 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 acquired software are depreciated on a straight-line basis over the estimated useful life, although subject to a maximum of ten years. Depreciation is applied as of the time at which the asset is ready to be placed in service. As such, no depreciation is applied to investments in progress.

Property, plant and equipment are recognised at acquisition 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. Property, plant and equipment are systematically depreciated over the estimated useful life of the asset. A straight-line method of depreciation is applied to all categories of property, plant and equipment and intangible assets.

**The following depreciation periods are applied:**

**Components in buildings**

Shell, roof and windows	50 years
Tenant adaptations	5 years
Façade	30 years
Overhead walkways and lifts	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	5 years
Computers	3 or 4 years

In the case of the property Stockholm Krukamakaren 17, 57 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.

**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 acquisition 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.

## NOTE 1. OPERATING INCOME

SEK THOUSAND	GROUP		PARENT SOCIETY	
	2016	2015	2016	2015
<b>Performance licences</b>	<b>1,699,271</b>	<b>1,687,896</b>	<b>1,706,321</b>	<b>1,639,342</b>
Performance of Swedish and foreign music in Sweden, including STIM's direct licensing in Europe	984,238	1,015,461	991,288	966,907
of which				
Online and new media *	345,801	393,297	352,851	344,743
Radio	33,019	29,594	33,019	29,594
Public service radio	53,905	52,693	53,905	52,693
Public service TV	71,980	76,615	71,980	76,615
Swedish TV	152,215	141,987	152,215	141,987
Foreign TV	21,825	17,167	21,825	17,167
Copyswede – TV	13,189	33,368	13,189	33,368
Cinemas	17,125	17,999	17,125	17,999
Concerts and festivals	89,658	67,414	89,658	67,414
Shops and sales rooms	43,266	43,582	43,266	43,582
Restaurants	30,111	29,758	30,111	29,758
Nightclubs, dance, bar DJs	21,397	24,339	21,397	24,339
Hotels	28,475	25,671	28,475	25,671
Sports and fitness	22,661	21,972	22,661	21,972
Municipalities, county councils and care	9,187	16,789	9,187	16,789
Music at work	14,829	9,257	14,829	9,257
Theatre, variety and cabaret	4,597	4,912	4,597	4,912
Church concerts and musical church services	6,165	4,633	6,165	4,633
Transportation	2,831	2,785	2,831	2,785
Other	2,003	1,628	2,003	1,628
* Mechanical reproduction income is included in Online and new media to a certain extent				
Performance of Swedish music abroad and foreign music sub-published by STIM-affiliated publishers for entire Nordic region.	638,976	651,816	638,976	651,816
Performance of Swedish and foreign music abroad distributed by STIM on behalf of others.	76,057	20,620	76,057	20,620
<b>Mechanical reproduction licences</b>	<b>140,499</b>	<b>135,637</b>	<b>140,499</b>	<b>135,637</b>
Refers to the right to record, reproduce and sell recordings, etc. See also Note 17. Licensing was administered by NCB, Nordic Copyright Bureau, of Copenhagen for the Nordic territory.				
<b>Other revenue</b>	<b>44,478</b>	<b>63,180</b>	<b>27,402</b>	<b>36,029</b>
STIM/Svensk Musik, sheet music hire and recorded media sales	1,201	1,476	–	–
STIM/Svensk Musik government grant/subsidy	1,620	1,752	–	–
Private copying levy	7,244	8,352	7,244	8,352
Library levy	2,500	2,500	2,500	2,500
Administrative contribution from NCB	951	977	951	977
Rental income	14,977	14,586	–	–
Other	15,984	33,537	16,708	24,199
<b>Total operating income</b>	<b>1,884,248</b>	<b>1,886,713</b>	<b>1,874,222</b>	<b>1,811,008</b>

## NOTE 2. OPERATING COSTS

SEK THOUSAND	GROUP		PARENT SOCIETY	
	2016	2015	2016	2015
<b>External costs</b>				
Office and administration	85,123	86,584	80,527	78,464
Rental costs	529	673	10,080	10,135
IT operation	5,177	5,126	5,109	4,390
Capitalised development costs	-10,708	-5,667	-10,701	-5,592
Property costs	7,688	9,285	–	–
<b>Total external costs</b>	<b>87,809</b>	<b>96,001</b>	<b>85,015</b>	<b>87,397</b>
<b>Personnel costs</b>				
Salaries and other remuneration	61,529	64,655	58,284	59,858
Social security expenses	18,943	19,634	17,888	18,118
Pension costs	9,908	9,892	9,389	9,319
Other personnel costs	3,944	732	3,793	2,918
<b>Total personnel costs</b>	<b>94,324</b>	<b>94,913</b>	<b>89,354</b>	<b>90,213</b>
<i>Of which Board of Directors and CEOs</i>				
Salaries and other remuneration	3,606	5,554	3,462	3,714
Social security contributions	953	907	908	329
Pension costs	823	967	823	925
<i>Invoiced fees included in External costs</i>	<i>443</i>	<i>–</i>	<i>443</i>	<i>–</i>
<i>Of which Board of Directors</i>				
Salaries and other remuneration	1,116	1,335	972	1,195
Social security contributions	351	419	305	375
<i>Invoiced fees included in External costs</i>	<i>443</i>	<i>–</i>	<i>443</i>	<i>–</i>
Salaries and social security expenses totalling SEK 689 (629) thousand for employees within national funds are presented in Note 7 (Distribution).				
<b>Depreciation/amortisation</b>				
Capitalised costs for system development	6,781	8,230	5,786	7,281
Equipment	3,027	2,556	3,114	2,370
Buildings	7,461	7,378	–	–
<b>Total depreciation/amortisation</b>	<b>17,269</b>	<b>18,164</b>	<b>8,900</b>	<b>9,652</b>
<b>Total operating expenses</b>	<b>199,402</b>	<b>209,078</b>	<b>183,268</b>	<b>187,261</b>

The fall in payroll expenses for the Board of Directors and Chief Executive Officers in the Group compared with the previous year is attributable to the severance pay disbursed when the operations of subsidiary CEE Services AB were transferred to STIM. Gross remuneration including holiday pay and benefits to STIM's Chief Executive Officer amounted to SEK 2.5 (2.5) million in 2016.

## SEVERANCE PAY

During the first quarter of 2015, severance pay was disbursed in the Group to the Chief Executive Officer of the subsidiary CEE Services AB in the amount of SEK 1.7 million. At the Parent Society, agreements were entered into during 2016 on severance pay of SEK 1.1 million for senior executives for the period January–December 2017.

## DEFINED CONTRIBUTION PLANS

Certain pension plans are secured with an insurance plan from Alecta and 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 2016 was SEK 52 (50) 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 2016 was SEK 4,371 (4,232) thousand.

**NOTE 3. INTRAGROUP TRANSACTIONS**

Of the Parent Society’s total operating income for 2016, 0.2 (2.8) per cent is attributable to sales to other Group companies. Of the Parent Society’s total operating costs for 2016, 10.1 (9.6) per cent is attributable to purchases from other Group companies.

In addition to the above, transactions with associates also took place during the year. Of the Parent Society’s total operating income for 2016, 0.27 (0.02) per cent is attributable to sales to associates. Of the Parent Society’s total operating costs for 2016, 12.2 (11.39) per cent is attributable to purchases from associates.

**NOTE 4. AVERAGE NUMBER OF EMPLOYEES**

	2016		2015	
	Average number of employees	Of which men	Average number of employees	Of which men
Parent Society	103	55%	103	50%
Subsidiaries	8	72%	8	72%
<b>Group</b>	<b>111</b>	<b>57%</b>	<b>111</b>	<b>52%</b>

	2016		2015	
	Number on balance sheet date	Of which men	Number on balance sheet date	Of which men
<b>Board members and senior executives</b>				
<b>Parent Society</b>				
Board members, including employee representatives	10	70%	10	70%
Deputy Board members, including employee representatives	7	43%	7	43%
Chief executive and other senior executives	7	43%	7	57%
<b>Group</b>				
Board members, including employee representatives	13	69%	13	69%
Deputy Board members, including employee representatives	7	43%	7	43%
Chief executive and other senior executives	7	43%	7	57%

**NOTE 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.

**NOTE 6. AUDITORS' FEES**

SEK THOUSAND	GROUP		PARENT SOCIETY	
	2016	2015	2016	2015
KPMG AB				
Auditing	620	516	528	369
Tax	–	–	–	–
Other non-auditing services	16	210	16	210
Auditors appointed by STIM				
Auditing	40	40	40	40
<b>Total auditors' fees</b>	<b>676</b>	<b>766</b>	<b>584</b>	<b>619</b>

**NOTE 7. DISTRIBUTION**

SEK THOUSAND	GROUP		PARENT SOCIETY	
	2016	2015	2016	2015
<b>Distribution – performance licences</b>				
Performance in Sweden and abroad licensed by STIM	814,896	845,526	821,302	804,494
Performance abroad	638,976	651,816	638,976	651,816
Performance abroad distributed by STIM on behalf of others	69,150	17,561	69,150	17,561
<b>Total performance distribution</b>	<b>1,523,021</b>	<b>1,514,903</b>	<b>1,529,428</b>	<b>1,473,871</b>
<b>Distribution – mechanical reproduction licences</b>	<b>140,499</b>	<b>135,637</b>	<b>140,499</b>	<b>135,637</b>
<b>Distribution – national funds*</b>	<b>25,804</b>	<b>26,908</b>	<b>33,456</b>	<b>33,850</b>
<b>Total distribution</b>	<b>1,689,324</b>	<b>1,677,448</b>	<b>1,703,382</b>	<b>1,643,359</b>

National funds include salaries and social security expenses for salaried employees totalling SEK 689 (629) thousand.

**NOTE 8. CURRENT INVESTMENT IN NEW IT SYSTEMS**

SEK THOUSAND	GROUP		PARENT SOCIETY	
	2016	2015	2016	2015
Opening acquisition value	5,961	1,730	5,961	1,730
Acquisitions during the year	10,701	5,592	10,701	5,592
Reclassifications during the year	-4,724	-1,361	-4,724	-1,361
<b>Closing acquisition value</b>	<b>11,938</b>	<b>5,961</b>	<b>11,938</b>	<b>5,961</b>

**NOTE 9. CAPITALISED COSTS FOR SYSTEM DEVELOPMENT**

SEK THOUSAND	GROUP		PARENT SOCIETY	
	2016	2015	2016	2015
Opening acquisition value	134,843	133,407	130,572	129,211
Acquisitions during the year	7	75	–	–
Reclassification	4,724	1,361	4,724	1,361
<b>Closing accumulated acquisition value</b>	<b>139,573</b>	<b>134,843</b>	<b>135,296</b>	<b>130,572</b>
Opening depreciation/amortisation	-107,210	-98,980	-105,072	-97,791
Depreciation/amortisation during the year	-6,520	-8,230	-5,786	-7,281
<b>Closing accumulated depreciation/amortisation</b>	<b>-113,731</b>	<b>-107,210</b>	<b>-110,858</b>	<b>-105,072</b>
<b>Closing residual value</b>	<b>25,843</b>	<b>27,633</b>	<b>24,437</b>	<b>25,500</b>

**NOTE 10. BUILDINGS AND LAND**

SEK THOUSAND	GROUP		PARENT SOCIETY	
	2016	2015	2016	2015
<b>Buildings</b>				
Opening acquisition value	283,115	279,702	–	–
Acquisitions during the year	453	3,413	–	–
<b>Closing accumulated acquisition value</b>	<b>283,568</b>	<b>283,115</b>	<b>–</b>	<b>–</b>
Opening depreciation/amortisation	-33,337	-25,959	–	–
Depreciation/amortisation during the year	-7,461	-7,378	–	–
<b>Closing accumulated depreciation/amortisation</b>	<b>-40,798</b>	<b>-33,337</b>	<b>–</b>	<b>–</b>
<b>Closing residual value, buildings</b>	<b>242,771</b>	<b>249,779</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>371,916</b>	<b>378,924</b>	<b>–</b>	<b>–</b>

In the case of the property Stockholm Krukumakaren 17, 57 per cent of the building is held for investment purposes.

**NOTE 11. EQUIPMENT**

SEK THOUSAND	GROUP		PARENT SOCIETY	
	2016	2015	2016	2015
Opening acquisition value	15,237	25,993	13,988	24,686
Acquisitions during the year	5,415	2,615	5,404	2,580
Sales and disposals	-721	-13,371	-721	-13,278
<b>Closing accumulated acquisition value</b>	<b>19,930</b>	<b>15,237</b>	<b>18,670</b>	<b>13,988</b>
Opening depreciation/amortisation	-8,580	-19,189	-7,790	-18,492
Depreciation/amortisation during the year	-3,288	-2,556	-3,114	-2,370
Sales and disposals	504	13,166	504	13,073
<b>Closing accumulated depreciation/amortisation</b>	<b>-11,363</b>	<b>-8,580</b>	<b>-10,399</b>	<b>-7,790</b>
<b>Closing residual value</b>	<b>8,568</b>	<b>6,658</b>	<b>8,271</b>	<b>6,198</b>

**NOTE 12. PARTICIPATIONS AND RECEIVABLES IN GROUP COMPANIES**

SEK THOUSAND	PARENT SOCIETY						
	Subsidiaries	Corporate identity number	Reg'd Office	Share of equity, %	Number of shares, thousands	Carrying amount 31/12/2016	Carrying amount 31/12/2015
	CEE Services AB	556723-5923	Stockholm	0	0	0	0
	Svensk Musik Swedmic AB	556754-1338	Stockholm	100	1	100	100
	Stimdirekt 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>

**Subsidiaries, indirectly owned**

Stimhuset KB, part ownership	969696-4361	Stockholm
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CEE Services AB was merged with Stimdirekt AB on 29 December 2015.

RECEIVABLES FROM GROUP COMPANIES	GROUP		PARENT SOCIETY	
	2016	2015	2016	2015
<i>Financial assets</i>				
Interest-bearing loans to Group companies*	—	—	100,387	100,387
<i>Current receivables</i>				
Trade receivables from Group companies	—	—	946	1,742
Interest-bearing loans to Group companies*	—	—	20,767	18,713
Accrued performance revenue	—	—	12,307	32,510
Other receivables from Group companies	—	—	8,510	10,875
<b>Total receivables from Group companies</b>	<b>—</b>	<b>—</b>	<b>142,918</b>	<b>164,228</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 one year.

**NOTE 13. PARTICIPATIONS AND RECEIVABLES IN ASSOCIATES****SEK THOUSAND****PARENT SOCIETY**

Associates	Corporate identity number	Reg'd Office	Share of equity and votes, %	Number of shares, thousands	Carrying amount 31/12/2016	Carrying amount 31/12/2015
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>

In 2015, STIM together with PRS for Music Ltd (PRS) and Gesellschaft für musikalische aufführungs- und mechanische vervielfältigungsrechte (GEMA) founded a UK-based company, International Copyright Enterprise Services Ltd.

During 2015, STIM sold one third of the holdings in ICE Operations AB and now owns one third, as do both PRS and GEMA.

ICE Operations AB established in 2014 a wholly owned German subsidiary, ICE International Copyright Enterprise Germany GmbH (HRB162426B).

**GROUP**

	Carrying amount 2016-12-31	Carrying amount 2015-12-31
<b>Opening balance</b>	<b>-3,021</b>	<b>34,826</b>
Translation difference	22	-44
Acquisition of shares	-	1,322
Sale of shares	-	-14,053
Share of profit from associates	-10,255	-25,073
<b>Closing balance</b>	<b>-13,255</b>	<b>-3,021</b>

**GROUP****PARENT SOCIETY**

Receivables from associates	2016	2015	2016	2015
<i>Financial assets</i>				
Interest-bearing loans to associates*	90,295	56,907	90,295	56,907
<i>Current receivables</i>				
Interest-bearing loans to associates	21,393	9,759	21,393	9,759
Other receivables from associates	553	270	553	270
<b>Total receivables from associates</b>	<b>112,241</b>	<b>66,937</b>	<b>112,241</b>	<b>66,937</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.

\* Of the interest-bearing loans, SEK 0.5 million falls due six years after the balance sheet date.

**NOTE 14. TOTAL PREPAID EXPENSES AND ACCRUED INCOME**

SEK THOUSAND	GROUP		PARENT SOCIETY	
	2016	2015	2016	2015
Accrued performance revenue	231,899	217,773	231,899	197,144
Accrued income, private copying levy	15,699	17,872	15,699	17,872
Prepaid expenses	8,526	6,419	6,341	5,150
Other	5,227	16,789	5,227	16,789
<b>Total prepaid expenses and accrued income</b>	<b>261,350</b>	<b>258,853</b>	<b>259,164</b>	<b>236,955</b>

**NOTE 15. APPROPRIATION OF PROFIT OR LOSS**

SEK THOUSAND	PARENT SOCIETY	
	2016	2015
The following funds are at the disposal of the society's annual general meeting:		
Retained earnings, SEK	-10,588	5
Profit/loss for the year, SEK	0	0
<b>Total</b>	<b>-10,588</b>	<b>5</b>
The Board of Directors proposes that any profit be carried forward, SEK		
	-10,588	5

**NOTE 16. NON-CURRENT LIABILITIES**

SEK THOUSAND	GROUP		PARENT SOCIETY	
	2016	2015	2016	2015
Deposit, tenants	571	571	-	-
<b>Total non-current liabilities</b>	<b>571</b>	<b>571</b>	<b>-</b>	<b>-</b>

**NOTE 17. DISTRIBUTION LIABILITIES**

SEK THOUSAND	GROUP		PARENT SOCIETY	
	2016	2015	2016	2015
<b>Distribution of performance revenue licensed by STIM</b>				
Undistributed revenue from previous years	735,281	692,989	723,646	666,872
Payment to STIM-affiliated rightsholders	-270,473	-309,484	-263,465	-293,814
Payment to foreign collecting societies	-178,594	-206,323	-173,967	-195,876
<b>Outstanding payments of previous years' revenue</b>	<b>286,214</b>	<b>177,182</b>	<b>286,214</b>	<b>177,182</b>
Revenue for the year for distribution	883,402	870,609	890,452	822,056
Payment to STIM-affiliated rightsholders	-261,415	-187,506	-269,419	-165,355
Payment to foreign collecting societies	-172,613	-125,004	-177,898	-110,237
<b>Outstanding payments from revenue for the year</b>	<b>449,374</b>	<b>558,099</b>	<b>443,134</b>	<b>546,464</b>
<b>Outstanding payments at year-end</b>	<b>735,588</b>	<b>735,281</b>	<b>729,348</b>	<b>723,646</b>
<b>Distribution of performance revenue, foreign</b>				
Undistributed revenue from previous years	283,725	207,655	283,725	207,655
Payment to STIM-affiliated rightsholders	-89,252	-108,823	-89,252	-108,823
<b>Outstanding payments of previous years' revenue</b>	<b>194,474</b>	<b>98,832</b>	<b>194,474</b>	<b>98,832</b>
Revenue for the year for distribution	638,976	651,816	638,976	651,816
Payment to STIM-affiliated rightsholders	-545,627	-466,922	-545,627	-466,922
<b>Outstanding payments from revenue for the year</b>	<b>93,349</b>	<b>184,894</b>	<b>93,349</b>	<b>184,894</b>
<b>Outstanding payments at year-end</b>	<b>287,823</b>	<b>283,725</b>	<b>287,823</b>	<b>283,725</b>
<b>Distribution of mechanical reproduction revenue</b>				
Undistributed revenue from previous years	-89	7,227	-89	7,227
Payment to STIM-affiliated rightsholders	89	-7,227	89	-7,227
<b>Outstanding payments of previous years' revenue</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Revenue for the year for distribution	140,499	135,637	140,499	135,637
Payment to STIM-affiliated rightsholders	-140,237	-135,726	-140,237	-135,726
<b>Outstanding payments from revenue for the year</b>	<b>262</b>	<b>-89</b>	<b>262</b>	<b>-89</b>
<b>Outstanding payments at year-end</b>	<b>262</b>	<b>-89</b>	<b>262</b>	<b>-89</b>
<b>Total distribution liability at year-end</b>	<b>1,023,672</b>	<b>1,018,919</b>	<b>1,017,433</b>	<b>1,007,283</b>

**NOTE 18. ACCRUED EXPENSES AND PREPAID INCOME**

SEK THOUSAND	GROUP		PARENT SOCIETY	
	2016	2015	2016	2015
Prepaid performance revenue	117,975	136,220	117,975	136,220
Prepaid rental income	6,955	6,872	–	–
Accrued holiday pay liability	3,893	4,358	3,720	4,201
Accrued social security expenses and payroll tax	3,085	3,522	2,931	3,041
Other accrued expenses	29,284	22,316	12,822	5,992
<b>Total accrued expenses and prepaid income</b>	<b>161,192</b>	<b>173,289</b>	<b>137,447</b>	<b>149,454</b>

**NOTE 19. CONTINGENT LIABILITIES AND PLEDGED ASSETS****Contingent liabilities**

As of 24 May 2010, STIM has acted as guarantor for ICE Operations AB's rental agreement with Alvikshus HB.

In addition, endowment insurance policies held by the parent company have been pledged as security for provided pension commitments. See Note 2.

The fair value of the endowment insurance, including payroll tax, amounts as at 31 December 2016 amounted to SEK 5,432 (5,259) thousand.

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.

**NOTE 20. TAX**

SEK THOUSAND	GROUP		PARENT SOCIETY	
	2016	2015	2016	2015
<b>Tax on profit for the year</b>				
Current tax for current year	-63	-76	-51	-44
Current tax attributable to previous years	0	157	0	157
Change in deferred tax for the year	38	144	38	144
<b>Total tax as per the income statement</b>	<b>-25</b>	<b>224</b>	<b>-13</b>	<b>257</b>

The difference between the reported tax expense and the tax expense based on the current tax rate is explained by:

<b>Profit/loss before tax</b>	<b>-10,871</b>	<b>-25,858</b>	<b>13</b>	<b>-257</b>
Tax based on the current tax rate	2,392	5,689	-3	56
Tax effect of costs that are not tax-deductible	-91	-248	-87	-246
Tax effect of revenue that is not taxable*	77	290	77	290
Deferred tax	-2,403	-5,663	–	–
Tax attributable to previous years	0	157	0	157
<b>Reported tax expense</b>	<b>-25</b>	<b>224</b>	<b>-13</b>	<b>257</b>

**Temporary differences**

Temporary differences arise in those cases where the carrying amounts and the values for tax purposes of assets and liabilities differ.

**Pension commitments**

As at 31 December 2016, the Group's temporary difference with respect to pension commitments amounted to SEK 5,432 (5,259) thousand, corresponding to a deferred tax asset of SEK 1,195 (1,157) thousand.

Deferred taxes	2016	2015	2016	2015
Other provisions for pensions	1,195	1,157	1,195	1,157
<b>Total deferred tax</b>	<b>1,195</b>	<b>1,157</b>	<b>1,195</b>	<b>1,157</b>

**NOTE 21. SIGNIFICANT EVENTS AFTER THE END OF THE FINANCIAL YEAR**

During the first quarter of 2017, Mattias Wallman was appointed Chief Operating Officer (COO), Eleonor Otterdahl was appointed Head of Communications, and Peter Lindström was appointed Director Members & Markets.

The income statements and balance sheets will be presented to the Society's Annual General Meeting to be held on 29 May 2017 for adoption.

Stockholm, Sweden, April 2017

**KJELL-ÅKE HAMRÉN**  
CHAIR OF THE BOARD

**KARSTEN DYHRBERG NIELSEN**  
PRESIDENT AND CEO

**ALFONS KARABUDA**

**MARTIN Q LARSSON**

**MONICA EKMARK**

**HANS FAHLIN**

**DOUGLAS CARR**

**HANNAH GULLANDER**

**ERIC HASSELQVIST**

**MARTIN JONSSON TIBBLIN**

**EVA BOTMAR**

**Our audit report was submitted on April 2017**

**ANDERS MALMEBY**  
CERTIFIED PUBLIC ACCOUNTANT  
KPMG AB

**KETIL SKARBY**  
AUDITOR APPOINTED BY THE ANNUAL GENERAL  
MEETING

# Auditors' report

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

## REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

### **Opinions**

We have audited the annual accounts and consolidated accounts of Föreningen Svenska Tonsättares Internationella Musikbyrå (STIM) u.p.a. for the year 2016. The annual accounts and consolidated accounts of the society are included in the printed version of this document on pages 24–44.

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 2016 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. I am an authorised public accountant and have fulfilled my 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 and consolidated accounts**

This document also contains information other than the annual accounts and consolidated accounts and this can be found on pages 1–23. 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.

**Certified Auditor's Responsibility**

I must conduct my audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. My 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, I exercise professional judgment and maintain professional scepticism throughout the audit. I 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 my 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 my 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 company's 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. I 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 I conclude that a material uncertainty exists, I am 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 my opinion about the annual accounts and consolidated accounts. My 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. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my opinion.

I must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. I must also inform of significant audit findings during my audit, including any significant deficiencies in internal control that I 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 LEGAL AND REGULATORY REQUIREMENTS****Opinion**

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 Tonsättares Internationella Musikbyrå (STIM) u.p.a. for the year 2016 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. I am an authorised public accountant and have otherwise fulfilled my 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 opinion.

**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, we exercise professional judgment and maintain 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 certified auditor 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,

**Anders Malmeby**  
Authorized Public Accountant  
KPMG AB

**Kettil Skarby**  
Elected auditor

## Would you like to know more about STIM?

### STIM.SE

At [stim.se](http://stim.se), you can join STIM or acquire a licence for using music. Also on our website you will find web services for affiliated creators of musical works, music publishers and customers together with more information and news about STIM's operations.  
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### STIM'S NEWSROOM AT MYNEWSDESK

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# Svenska Tonsättares Internationella Musikbyrå

STIM is a copyright organisation with more than 80,000 affiliated music creators and music publishers in Sweden and abroad. We are a non-profit incorporated society and represent songwriters, composers, authors and music publishers. STIM administers rights to music and lyrics on their behalf.

Our mandate is to ensure that the authors receive fair remuneration for their work.

We achieve this by linking together those who write music with the companies and organisations that make it available to everyone who listens. Through its international network, STIM also manages rights to the worldwide repertoire of music.

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