

STIM://

Transparency report 2021



Introduction

STIM is a copyright organisation with more than 100,000 affiliated music creators and music publishers. Ever since STIM was established in 1923, we have been working for strong copyright protection and making sure that our affiliated rightsholders get paid when their music is used.

The purpose of this report is to provide an overview, with full transparency, of how STIM has managed rightsholders' funds during the past year. Here, you will find information on where the money comes from, the process for administering funds that have not yet been paid out and deductions that have been made from revenue in order to finance operations.

The transparency report has been prepared in accordance with the Act on Collective Management of Copyrights (2016:977). The annual

report provides more of an overall financial snapshot of the year past and scope of operations, whereas the transparency report offers insight into the various flows of funds that are typical for a collective rights management organisation like STIM. The two reports thus complement each other in this way.

STIM is a non-profit organisation, entirely devoted to serving its affiliates. Managing the funds of music creators is a tremendous responsibility, which is why this report is so important, both for STIM as an organisation and you, our affiliates. The business is complex, as are the various parts of the report. We nevertheless strive to explain it all as clearly as possible and hope you will enjoy reading it.

STIM, May 2022

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The first section provides an overview of STIM's organisation, governance and the STIM sphere, i.e. the other organisations that are close to STIM that we cooperate with.

The second section is intended to provide good transparency into how the copyrights of affiliates are financially managed. We do this by breaking down the royalty revenue, showing the deductions that have been made to finance the cost of operations, accounting for funds that have been paid out during the year and showing the balance of outstanding sums to rightsholders at year-end.

The final section reports on the use of funds earmarked for social, cultural and educational objectives. These are the funds used by STIM for special music promotion purposes, a task we have pursued for nearly 100 years.

1. Organisation and governance

1.1 Legal structure

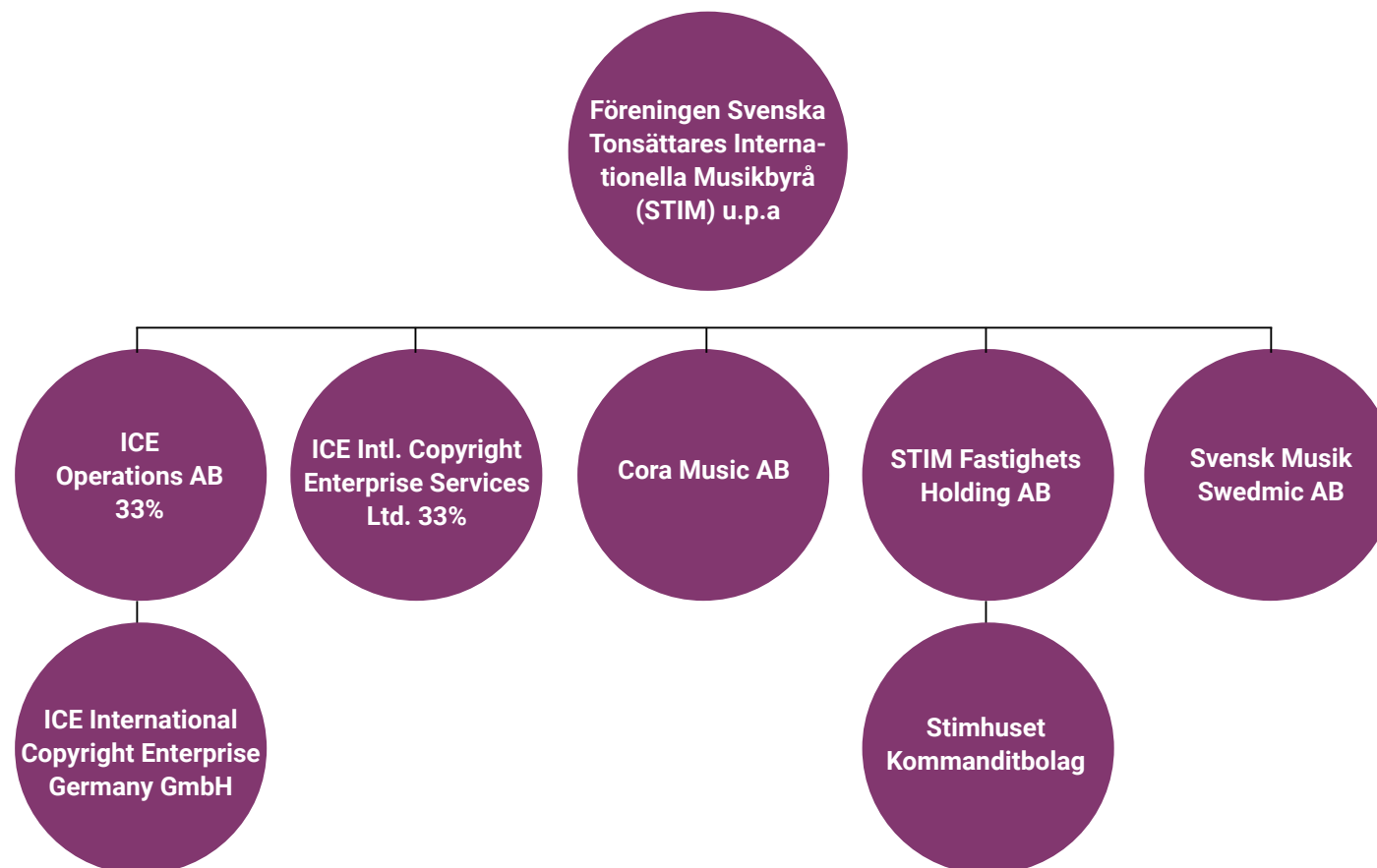
STIM is a collective rights management organisation for copyrighted music. The business is operated as a not-for-profit financial association. On behalf of music creators and music publishers, STIM grants licenses and collects remuneration for the use of the music. This remuneration is then disbursed to rightsholders, in accordance with STIM's distribution rules. Through its agreements with sister organisations in other countries, STIM also represents the rights

to the world repertoire of music. STIM also promotes diversity and regrowth in the Swedish music scene, which is carried out within the scope of our special music promotion activities.

The number of STIM affiliates grew in 2021 to 98,756, of which 3,844 were music publishers. This is an increase of 3.4 percent compared with the previous year.

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.

Group



1.2 Board

1 Eva Botmar

Employee Representative since 2012. Board member of Mattias Silvell AB. Works at STIM's publishing service.

2 Carina Brorman

Chair since 2017 Independent. CEO of CB Consulting AB. Chair of the Board for Orienteatern AB, Skåne Stadsmission and Stiftelsen Anna Lindh Academy. Board member of Swedish Film Institute, AB Konsthall Tornedalen, ICE Operations AB and ICE International Copyright Enterprise Germany GmbH. Senior Advisor at Prime Weber Shandwick.

3 Douglas Carr

Member since 2006. Representing SKAP. Composer and music producer. Board member of SKAP and Lacarr Music AB.

4 Hans Fahlin

Member since 2016. Independent. Head of Asset Management for the Second Swedish National Pension Fund (AP2). Board member and Chair of Inquire Europé - Institute of Quantitative Research Europe, BRF Glasbjörken13 and Welcome to the Centre for Finance (CFF) at University of Gothenburg School of Business, Economics and Law.

5 Dror Feiler

Member since 2016. Representing FST. Composer and musician. Member and Vice-Chair of the Association of the Society of Swedish Composers (FST). Chair of the Board for Svensk Musik Swedmic AB. Member of the working committee of KLYS (the Swedish Joint Committee for Artistic and Literary Professionals).

6 Anette Hökengren

Member since 2020, Vice Chair. Representing Musikförläggarna. General Manager for Sony Music Publishing Scandinavia AB. Board member and owner of Fem Finger AB. Board member of Musikförläggarna. Deputy Board member of Sony Music Publishing Scandinavia AB.

7 Martin Jonsson Tibblin

Member since 2015. Representing FST. Composer and Chair of the Board, also Head of FST. Board member of ICE Services Ltd, Musiksverige Samlad Svensk Musikbransch (financial association) and Stiftelsen Saltö. Deputy board member of Bonus Copyright Access (a non-profit copyright society).

8 Alfons Karabuda

Member since 2005 (with a hiatus in 2014). Representing SKAP.



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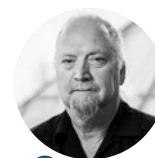
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Composer, board member and CEO of Naomi Musikförlag AB. Chair of the Board for SKAP, International Music Council (IMC), European Composer & Songwriter Alliance (ECSA), The global node Stockholm AB and Internet Media Foundation. Board member of the Royal College of Music, Musiksverige Samlad Svensk Musikbransch (financial association), Kaffe Diktatorn AB, Global Music Vault and Polar Music Prize music committee (Chair of the prize committee). Also member of the Culture Committee for the Swedish National Commission for UNESCO and the working committee for KLYS (the Swedish Joint Committee for Artistic and Literary Professionals).

9 Kerstin Mangert

Member since 2020. First Vice-Chair. Active in Musikförläggarna, CEO Arctic Rights Management. Chair of Musikförläggarna SMFF financial association. Board member of KMS

Business Development AB, ICE Operations AB, ICE International Copyright Enterprise Germany GmbH and ICE Services Ltd. Deputy of Musiksverige Samlad Svensk Musikbransch (financial association)

10 Linda Portnoff

Member since 2020. Independent. Board member and CEO of Riteband AB. Board member of Swedish Label Rights (financial association) Board member and Vice Chair of the Royal College of Music. Deputy Board member of Alicess AB.

11 Susan Roberts

Employee Representative since 2019. Works at STIM's distribution service. Board member of BRF Plögen 7.

12 Casper Bjørner

CEO since 2021 Board member of ICE Operations AB, ICE International Copyright Enterprise Germany GmbH and ICE Services Ltd.

Deputy members

Johan Blixt

First deputy, FST

Anders Wollbeck

First deputy, SKAP

Lars Karlsson

First deputy, Musikförläggarna

Viktor Sellgren

First deputy, Employee representative

Eric Sjöström

First deputy, Independent

Ylva Fred

Second deputy, FST

Alexandra Nilsson

Second deputy, SKAP

Filiz Erat Edhlund

Second deputy, Musikförläggarna

Åsa Otterlund

Second deputy, Independent

Mikael Alenmark

Second deputy, Employee representative

1.3 Management

As of 31 December 2021

Casper Bjørner
CEO

Jan-Christer Stoppel
Finance

Lisa Stålspets
Legal

Peter Lindström
Members & Market

Eleonor Otterdahl
Communication

Nils Danielsson
Strategy & Partnership

Theres Annerstedt
HR

Jenny Möllberg
IT

Claudia Salazar
Music Reporting & Administration



1.4 The organisation around STIM

As of 31 December 2021

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). NCB has agreements with copyright societies abroad to administer mechanical rights in a corresponding manner in their countries. NCB's operations were managed by Koda from 1 April 2017.

Board

Cato Strøm	Tono, Chair
Guðrún Björk Bjarnadóttir	Stef, Vice Chair
Kerstin Mangert	STIM
Risto Salminen	Teosto
Gorm Arildsen	Koda

NMP, Network of Music Partners

NCB is a co-owner alongside UK company PRS for Music NMP A/S. NMP supplies NCB, PRS for Music, Koda, Teosto, Tono, Stef and Buma Stemra with various back office services.

Board

Gorm Arildsen	Koda
Lina Heyman	STIM
Laura Golding	PRS for Music
Andrea Martin	PRS for Music
Simon Platz	Bucks Music Group
Risto Salminen	Teosto
Cato Strøm	Tono
Steve Burton	MCPS
Katja Manley Østergaard	employee representative

Cora Music AB

The organisation shall provide music services for audiovisual licensing products aimed at professional video creators on video platforms.

Board

Peter Lindström	STIM, Chair
Jan-Christer Stoppel	STIM
Lisa Stålspets	STIM

STIM Fastighets Holding AB

(with wholly-owned subsidiary, Stimhuset KB)

Owns and manages the property, Stockholm Krukamakaren 17, where STIM's own business is located and the other approximately 6,000 sqm are rented out to external tenants.

Board

Jan-Christer Stoppel	STIM
Lisa Stålspets	STIM, Deputy

Svensk Musik Swedmic AB

Svensk Musik Swedmic AB is a wholly owned subsidiary of STIM since 2008. The task of the company 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 STIM grants and travel contributions to STIM affiliated authors.

Board

Dror Feiler	FST, Chair
Örjan Klintberg	Musikförläggarna
Anna Wedin	SKAP
Lisa Stålspets	STIM

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

Dr. Rainer Minz	independent, Chair
Casper Bjørner	Stim
Carina Broman	STIM
Kerstin Mangert	STIM
Andrea C Martin	PRS for Music
Nigel Elderton	PRS for Music
Steve Powell	PRS for Music
Michael Ohst	GEMA
Lorenzo Colombini	GEMA
Dr. Ralf Weigand	GEMA

Styrelse ICE International Copyright Enterprise Germany GmbH

Dr. Rainer Minz	independent, Chair
Casper Bjørner	STIM
Carina Broman	STIM
Kerstin Mangert	STIM
Andrea C Martin	PRS for Music
Nigel Elderton	PRS for Music
Steve Powell	PRS for Music
Michael Ohst	GEMA
Lorenzo Colombini	GEMA
Dr. Ralf Weigand	GEMA

Board of ICE International Copyright Enterprise Services Ltd.

Dr. Rainer Minz	independent, Chair
Casper Bjørner	STIM
Martin Jonsson Tibblin	STIM
Kerstin Mangert	STIM
Andrea C Martin	PRS for Music
Dru Masters	PRS for Music
Steve Powell	PRS for Music
Dr. Harald Heker	GEMA
Stefan Wagershausen	GEMA
Dr. Ralf Weigand	GEMA

1.5 Elected bodies

As of 31 December 2021

NÄMMU, STIM's committee for promoting Musical Diversity and Copyrights

STIM's committee for promoting Musical Diversity and Copyrights has a very long name, which is why we refer to it by its Swedish acronym, NÄMMU. STIM's music promotion activities are focused on ensuring musical diversity, regrowth and strong copyright protection in the music industry. Ways that this is done include awarding scholarships to music creators, granting travel subsidies, supporting various initiatives and projects to develop the music scene and financing activities that promote copyright protection. As an independent body, NÄMMU has a central role in deciding on the use of the funds that go to these social, cultural and educational purposes, a mission and mandate granted by STIM's annual general meeting.

NÄMMU's members are proposed by the Nomination Committee and appointed by the AGM.

Ordinary members

Eva Schöld chair
Mats Bernerstedt nominated by Musikförläggarna
Kerstin Brunnberg independent
Jonas Forssell nominated by FST
Håkan Glänte nominated by SKAP

Deputy members

Hans Desmond nominated by Musikförläggarna
Rasmus Lindwall nominated by SKAP
Ida Lundén nominated by FST
Kjell Holmstrand independent
Sara Norell Murberger independent

Nomination Committee

The Nomination Committee is responsible for making proposals to the AGM on members of the Board of Directors, NÄMMU, the Nomination Committee itself and the auditors. It also proposes fees for the Board of Directors, committees and subsidiary boards.

Erik Peters FST, Chair
Elise Einarsdotter SKAP
Rebecca Edwards Musikförläggarna
Elisabeth Kreivi independent
Jan Sandred independent

1.6 Groups and committees

As of 31 December 2021

Grading committee

The Grading Committee assesses and evaluates STIM's system for grading of works. It also reexamines past decisions on grading of works, based on requests for a reassessment. Works are graded as a means of compensating composers of works that have required an excessive amount of time and effort, with limited opportunities to perform the composition. When grading works, things like form and structure have been assessed. In this context, it is worthwhile to point out that the allocation rules are currently being reviewed and revised to introduce a new, more modern support scheme that promotes musical diversity. It will replace the current grading system.

Ordinary members

Anders Annerholm	Musikförläggarna
Ylva Q Arkvik	FST
Jonas Valfridsson	FST
Vacant	SKAP
Vacant	SKAP

Deputy members

Joakim Milder	Musikförläggarna
Marcus Wrangö	FST
Leo Correia de Verdier	FST
Vacant	SKAP
Vacant	SKAP

Sheet music support group

The Sheet Music Support Group prepares matters that will be decided by the Board regarding support for sheet music publishing that STIM-affiliated music publishers can apply for. The aim of this support is to promote musical diversity.

Ordinary members

Björn Ehrling	Musikförläggarna
Lotta Lillieström Stenberg	Musikförläggarna
Birgitta Sacilotto	Musikförläggarna
Roland Horovitz	Musikförläggarna
Lisa Carr	Musikförläggarna
Pia Åhlund	Musikförläggarna

Distribution committee

The Distribution Committee is appointed by the Board and it is tasked with preparing matters that will be decided by the Board concerning distribution issues.

Casper Bjørner	Stim, Chair
Martin Jonsson Tibblin	FST
Chrichan Larson	FST
Monica Ekmark	Musikförläggarna
Kerstin Mangert	Musikförläggarna
Alfons Karabuda	SKAP
Örjan Strandberg	SKAP

Travel subsidy group

The travel subsidy group prepares and decides on grants of travel subsidies. STIM's affiliated authors can apply for both travel and lodging subsidies for the premiere of their works in both Sweden and abroad.

Ordinary members

Daniel Carlberg	FST
Ayesha Quraishi	SKAP
Roland Horovitz	Musikförläggarna

Scholarship committee

The Scholarship Committee reviews scholarship applications and makes proposals on decisions to the STIM Board. STIM scholarships aim to promote musical diversity and regrowth.

Ann-Christin Biel	Svensk Musik, Chair
Mattias Rodrick	FST
Pär Lindgren	FST
Michaela Lundin	Musikförläggarna
Lisa Grotherus	SKAP
Alina Devecerski	SKAP
Frida Hyvönen	SKAP

At the Board meeting on 23 February 2022, the Board decided that the Sheet Music Support Group, Scholarship Committee and Travel Subsidy Group would each report to the CEO, rather than the Board of Directors.

2. Financial information

2.1 Overall financial information

The purpose of this section is to provide an overview of STIM's financial activities during the past year. A look at an organisation's financial situation provides valuable insight into how it is run and whether or not it is properly pursuing its mission and meeting its obligations to clients, which, for STIM, are music creators and music publishers. This overall information consists of an income statement, balance sheet and cash flow statement, which can also be found in the STIM Annual Report for 2021.

The financial reporting in this report is a more expanded version of what can be found in the Annual Report. Here, the focus is on the distinguishing characteristics of a rights management organisation and it has been prepared in accordance with the Act on Collective Management of Copyrights. The purpose is to provide a thorough understanding of how affiliates' funds are managed and where they are in the overall process that stretches from collection to payment.

2.1.1 Income statement

An income statement shows the income and expenses of an organisation, along with its profit or loss for the period. STIM is a collective rights management organisation that is run as a non-profit. This is reflected in the Parent Company income statement such that any remaining profit is reported as a distribution cost that entirely belongs to affiliates. To arrive at that profit, income and expenses are accounted for, along with deductions for management costs and the costs for music promotion activities.

(SEK thousand)	Group		Parent Society	
	2021	2020	2021	2020
Operating income				
Royalty revenue	2,153,943	1,907,222	2,153,938	1,907,222
Other revenue	21,753	23,746	7,160	9,343
Total operating income	2,175,695	1,930,968	2,161,098	1,916,565
Operating expenses				
Personnel costs	-144,059	-143,640	-136,056	-139,599
Other management costs	-88,042	-78,955	-90,445	-85,476
Capitalised development costs	20,808	16,897	15,256	16,897
Depreciation/amortisation	-24,406	-20,041	-15,710	-11,595
Other management costs	-235,698	-225,738	-226,955	-219,774
Profit/loss from participations in associates	44,312	14,655	-	-
Distribution costs	-1,909,802	-1,672,582	-1,909,802	-1,672,582
Costs of music promotion activities	-36,715	-39,618	-36,715	-39,618
Earnings before financial items	37,792	7,686	12,373	15,409
Interest income	2,132	2,292	2,947	3,113
Other financial items	356	3,188	363	3,188
Interest expenses	-19	-1	-19	-
Earnings after financial items	40,261	13,164	-9,083	-9,108
Appropriations	-	-	8,960	9,116
Tax on earnings for the year	120	-15	122	-8
Profit for the year	40,380	13,149	-	-

2.1.2. Balance sheet

A balance sheet reflects the financial position of an organisation by accounting for its assets, liabilities and equity as of the reporting date. One of the things that stands out on the balance sheet of an organisation like STIM (Parent Company) is the distribution liability. It consists of revenue that has been collected (recognised revenue less cost deductions) and it represents STIM's liability to affiliates up until when those funds have been paid out. Because STIM is a non-profit organisation, there are no accumulated profits or losses as a component of equity in its balance sheet (Parent Company).

Assets (SEK thousand)	Group		Parent Society	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
Non-current assets				
Intangible assets				
Ongoing new investment in IT systems	13,371	20,742	13,371	19,703
Capitalised expenditure on system development	38,791	24,595	31,028	21,785
Total intangible assets	52,163	45,337	44,399	41,488
Property, plant, and equipment				
Buildings and land	341,011	347,446	–	–
Equipment	8,296	6,828	7,922	6,727
Total property, plant and equipment	349,307	354,274	7,922	6,727
Financial assets				
Participations in Group companies	–	–	10,200	5,200
Participations in associates	59,472	16,751	41,319	41,319
Receivables from Group companies	–	–	101,138	102,167
Receivables from associates	85,099	71,779	85,099	71,779
Other non-current assets	102	151	102	151
Other non-current financial assets	5,999	5,315	5,999	5,315
Total non-current financial assets	150,672	93,995	243,857	225,931
Deferred tax asset	1,536	1,413	1,536	1,413
Total non-current assets	553,677	495,020	297,714	275,559
Current assets				
Current receivables				
Trade receivables	93,160	52,974	90,125	51,225
Receivables from Group companies	–	–	11,835	11,508
Receivables from associates	19,149	20,293	19,149	20,293
Other receivables	16,745	25,372	16,558	24,998
Tax assets	3,489	11,422	2,676	10,639
Total prepaid expenses and accrued income	374,438	274,711	370,138	273,801
Total current receivables	506,981	384,772	510,481	392,463
Short-term investments	1,067,267	1,108,091	1,067,267	1,108,091
Cash and bank balances	94,320	108,986	62,561	77,597
Total current assets	1,668,568	1,601,849	1,640,309	1,578,151
Total assets	2,222,246	2,096,869	1,938,022	1,853,710

Equity and liabilities (SEK thousand)	Group		Parent Society	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
Equity				
Restricted equity				
Invested capital	12	10	12	10
Capitalised expenditure for development work	49,872	41,062	42,108	37,213
Other restricted equity	1,226	1,226	1,226	1,226
Total restricted equity	51,110	42,299	43,347	38,449
Unrestricted equity				
Accumulated profit	162,427	160,029	-42,104	-37,208
Adjustment of Opening Balance for Associates	1,789	1,122	-	-
Translation difference	-198	119	-	-
Profit for the year	40,381	13,149	-	-
Total unrestricted equity	204,399	174,419	-42,104	-37,208
Total equity	255,509	216,718	1,243	1,242
Provisions				
Provisions for pensions	7,454	6,604	7,454	6,604
Total provisions	7,454	6,604	7,454	6,604
Non-current liabilities				
Non-current liabilities	1,075	500	-	-
Total non-current liabilities	1,075	500	-	-
Current liabilities				
Trade payables	6,504	9,641	10,015	8,239
Distribution liabilities	1,463,800	1,403,210	1,463,800	1,403,210
Liabilities to Associates	-	540	-	540
Tax liabilities	233	240	-	-
Other liabilities	173,215	156,045	170,148	154,314
Accrued expenses and prepaid income	314,456	303,371	285,361	279,561
Total current liabilities	1,958,208	1,873,047	1,929,325	1,845,864
Total equity and liabilities	2,222,246	2,096,869	1,938,022	1,853,710

2.1.3 Cash flow statement

A cash flow statement contains information about an organisation's cash flows, which means payments it has both received and made during the period. It provides an overview of the organisation's cash situation and the cash streams flowing both in and out. The cash flowing in to STIM's organisation consists of payments from customers (music users) and the largest stream of cash flowing out of the organisation is the payments made to affiliated music creators.

(SEK thousand)	Group		Parent Society	
	2021	2020	2021	2020
Operating activities				
Payments from customers	2,048,605	2,105,802	2,043,082	2,097,634
Payments to rightsholders	-1,841,770	-1,983,701	-1,841,770	-1,983,701
Payments to suppliers and employees	-233,293	-238,760	-223,404	-238,784
Cash flow from operating activities before interest and income taxes paid	-26,459	-116,659	-22,092	-124,851
Interest received	2,132	2,292	2,947	3,113
Other financial items	356	1,570	363	3,188
Interest paid	-19	-1	-19	-
Income taxes paid	-3	-7	-	-
Cash flow from operating activities	-23,992	-112,806	-18,801	-118,550
Investment activities				
Investments in property, plant and equipment and intangible non-current assets	-18,753	-24,568	-19,816	-23,263
Investments in financial assets	-19,035	-43,883	-18,533	-44,606
Disposal of non-current financial assets	6,290	28,131	6,290	28,131
Investments in subsidiaries	-	-	-5,000	-5,000
Change in short-term investments of excess liquidity	40,824	169,204	40,824	169,204
Cash flow from investment activities	9,326	128,884	3,765	124,466
Cash flow for the year	-14,666	16,079	-15,036	5,916
Cash and cash equivalents at beginning of year	108,986	92,908	77,597	71,681
Cash and cash equivalents at year-end	94,320	108,986	62,561	77,597

2.2 Information on refusals of licence issuing requests

During 2021, STIM did not reject any requests from music users for the issuance of a licence.

If STIM chooses not to offer a licence, it is usually in one of the following situations:

- The use of music does not require a licence, as it is not a question of copyright relevant disposal. Examples of this are when music is used for private use or is no longer protected by copyright.
- The licence request pertains to something other than use of the music creator's rights. STIM does not represent the performing artist's rights or other rights groups' rights (image, literature, film, etc.) In those cases, STIM is not the right party for licensing.

2.3 Information on remuneration to the CEO, other senior executives and members of the Board of Directors

The tables below show information on the total amounts of remuneration and royalties received in 2021 to members and deputies of STIM's board of directors, the CEO and other executives of STIM's management team. In addition, the tables also include royalties paid to music publishers where a person who has held the position of member or deputy member of STIM's Board of Directors or has been an executive in STIM's management team, is the owner or holds a senior position.

Table 1a shows remuneration paid out in 2021 from STIM, directly to members and deputies of STIM's Board of Directors, CEO and STIM's management team.

Table 1a - Remuneration and other benefits to senior executives, board and CEO

Directors' fees	Sum, SEK thousand
Board fees to STIM's Board of Directors	2,163
Fees to the boards and committees of the Group	755
Salary and benefits paid to the management team and CEO	12,582
Pension provisions (premiums) to the management team and CEO	2,619
Social security contributions on the above salaries and benefits	5,506
Total remuneration and benefits	23,625

Table 1b shows the rights payment paid in 2021 from STIM to a person who is a board member or deputy board member, CEO or senior executive of STIM, or to music publishers or other legal entities where such executives are owners, employees or have similar affiliations.

Table 1b - Royalty from STIM to senior executives, Board and CEO

Royalties	Sum, SEK thousand
Copyright remuneration directly to copyright holder	41
Remuneration via a company/publisher on behalf of the copyright holder	476
Remuneration to publishers that are wholly or partly owned to senior executives	94
Remuneration to publishers where senior executives are employed or have a similar affiliation.	214,256
Total royalties from STIM (not incl. VAT)	214,868

2.4. Information on rights revenue, cost of management and other services, as well as information on deductions from rights revenue

This section reports the royalty revenue and deductions that have been made to cover STIM's management costs and the costs for music promotion activities. The revenue and deductions are reported for each rights category.

2.4.1 Royalty revenue and categories

Each rightsholder is able to decide on the scope of the management assignment. For that purpose, the copyright organisation manages rights by category. The rightsholder then chooses which category or categories of rights that they would like the organisation to manage on their behalf, thus giving them the freedom to decide the scope of the management assignment.

Each copyright organisation decides for itself on how to categorize rights and thereby its service offering. For STIM, the rights categories are decided by STIM members at the Annual General Meeting.

Below are the seven rights categories currently used by STIM:

Public performance – Live

Music use in the form of public performance rights are split into two categories. “Public performance – Live” is one. This category covers music use when a work is made accessible to the public, with or without use of technical aids, in the same location as the public can enjoy the work. An example of music use that falls into this category is the live performance of a work at a concert.

Public performance of background music

The second category of public performance rights is “Public performance of background music”. This category covers music use when a work is made accessible to the public, with or without use of technical aids, in the same location as the public can enjoy the work. This refers, for example, to the performance of music in public environments such as restaurants, hotels and workplaces.

Public transmission on television (broadcasting, including simulcasting)

Public transmission rights are split into a number of categories, of which the category “public transmission on television” is one. This category covers music use when a work is made accessible to the public via cable or wirelessly from a different location to the one in which the public can enjoy the work. Public transmission includes transmission that allows individuals to access the work at a time and location of their own choosing. This rights category also includes reproduction. Examples of music use in this rights category include music broadcasts on linear television and simultaneous linear and online broadcasting.

Public transmission on radio (broadcasting, including simulcasting)

This category covers music use when a work is made accessible to the public via cable or wirelessly from a different location to the one in which the public can enjoy the work. Public transmission includes transmission that allows individuals to access the work at a time and location of their own choosing. Music use in this category typically includes radio stations broadcasting a musical work in the form of traditional radio broadcasts, for example on linear radio, or simultaneous linear and online broadcasting.

Reproduction on physical sound formats – Mechanical

This category covers the right to produce copies of a work, but only on physical audio sound formats, such as CDs, vinyl records and DVDs.

Public transmission online (interactive)

This category covers music use when a work is made accessible to the public via cable or wirelessly from a different location to the one in which the public can enjoy the work. Public transmission includes transmission that allows individuals to access the work at a time and location of their own choosing. This category of rights could also include reproduction that is done to enable the transfer. This category covers music that is made accessible via an online service where users are able to choose what to play and when, such as music and film streaming services, music and film downloading services and non-linear Play services where, for example, TV programmes are made accessible after broadcast.

Public transmission online (non-interactive)

This category covers when a work is made accessible to the public via cable or wirelessly from a different location to the one in which the public can enjoy the work and users can access the work at a time and location of their choosing, but they are unable to choose what to play and when. This category includes webcasting/streaming services where the public cannot influence where in the broadcast they want to start or linear web television that is not simultaneously broadcast by conventional means. This category does not cover simulcasting, however. This category of rights could also include reproduction that is done to enable the transfer.

When reporting revenue and deductions at the transaction level, STIM uses revenue and deduction areas that are not fully aligned with the rights categories. This occurs primarily with foreign revenue via agreements with other copyright societies, which falls into its own revenue and deduction area, but is not a separate and distinct rights category. Soon after the revenue has been recognized, before any detailed documentation has been received and processed, STIM lacks the information for assigning the revenue to a rights category. Thus, in order to report annual revenue by rights category, estimates must be used if the actual processing has not yet taken place. When the revenue is later processed and analysed, reconciliations will be made to make sure that all of the revenue has been put into the correct category. Deviations between these preliminary estimates and the actual outcome are corrected by making adjustments to the opening balances of each rights category, which can be seen in Section 2.5, where the liability to rightsholders is reported.

2.4.2 Cost and cost deductions

STIM is a non-profit membership organisation. The costs of running the business are financed by, each year, making a management deduction on the revenue for an amount equal to those costs, without any additional margin added. When calculating the total cost that shall be covered by the management deduction, other STIM revenue besides royalty revenue is included, as well as net financial income/expense and the surpluses/deficits of the STIM Group's other companies (which flow to the Parent Company via Group contributions) and, where applicable, taxes. Any remaining profit, once management costs and the costs associated with music promotion activities have been deducted from royalty revenue, belongs to the rightsholder collective. It is reported as distribution cost in the income statement and as a distribution liability in the balance sheet, representing the outstanding amount owed to rightsholders in advance of paying out those funds.

Besides managing rights on behalf of its rightsholders, STIM also engages in music promotion activities to promote musical diversity, regrowth and strong copyright protection. The costs associated with those efforts are financed via a special deduction for music promotion activities. More information about those activities and how the funds set aside for that purpose have been used in 2021 is available in Chapter 3.

Royalty revenue and costs for 2021	Sum, SEK thousand
STIM's total royalty revenue	2,153,938
STIM's total rights management costs	-207,421
STIM's total costs for music promotion activities	-36,715
STIM's total distribution costs	1,909,802

The deductions to royalty revenue differ for each specific area. The size of each deduction is based on what is reasonable to cover the costs of those activities (e.g. management, music promotion) and in several areas, an international industry practice for the deduction levels has been established. Decisions on the deduction levels for both management and music promotion activities are made each year by the STIM Board of Directors at the time when they set the budget for the year.

For some of the deduction areas, it can be necessary to have a variable deduction in order for the total management deduction to match the total annual management costs. It means that the final amount of the deduction cannot be calculated and established until the year-end closing of accounts is done. However, the variable deduction still needs to be applied on a running basis to the current year's revenue in order to keep the bookkeeping up to date. This is why the Board decides on the level of the variable deductions at the beginning of each year when they set the budget. Note however that the variable deductions are preliminary and they may need to be adjusted during the year to close any gaps between budgeted and actual revenue and expenses. When preparing the interim financial statements and updated forecasts, an assessment is made as to whether or not is necessary to adjust the deduction levels. If there are major deviations, the new deduction level will be used for the remainder of the year. When there are minor deviations, which means a surplus or deficit that does not exceed 5 percent of the total budgeted revenue, it will not be necessary to adjust the deduction for the remainder of the year. Instead the difference between the actual costs and deductions made are reported as an accrued settlement item in the annual accounts. When establishing the deduction levels for the year ahead (when the budget is set), consideration is given to whether there was a surplus or deficit the year before.

2.4.3 Report of the year's royalty revenue, costs and deductions

The year's deficit for deductions was SEK 4.3 million and it corresponds to 2 percent of STIM's total costs. The opening balance for 2021 contained prior years' excess deductions for music promotion. The amount of SEK 5,792 million was incorrectly reported as capitalised surplus/deficit of management deduction instead of funds for music development. It has been corrected via an adjustment to the opening balance, as shown in the table below. The opening balance was also adjusted for complaints that were financed via the capitalised surplus/deficit of management deduction. The balance of the portion of STIM's distribution liability/receivable that refers to surplus/deficit deduction is reported below.

Capitalised surplus/deficit of management deduction	Sum, SEK thousand
Opening balance 01/01/2021	9,829
Adjustment of opening balance	-5,792
Complaints for the year	-896
Deficit deduction for the year	-4,269
Closing balance 31/12/2021	-1,128

The year's revenue and the deductions that were made are reported below, for each rights category.

2.5 Information on outstanding sums to rightsholders

In the next sections we report and comment on the outstanding sums not yet paid to rightsholders, broken down by rights categories. We also report the aging structure, breaking down outstanding sums by length of time they have been owed. The reporting is supplemented by comments on outcomes and an account of STIM's continuous efforts to improve its routines for search and payment of older funds in STIM's distribution liability.

Table 2 – Royalty revenue and deductions made in 2021

Rights category	Royalty revenue, SEK thousand	Management deduction, SEK thousand	Management deduction, %	Deduction for Music Promotion Activities, SEK thousand	Deduction for Music Promotion Activities, %	The year's surplus (+)/deficit (-) deduction, SEK thousand	Distribution cost for the year, SEK thousand
Public performance – Live	37,350	-8,185	21.9	-2,596	6.9	-307	26,263
Public performance – Background	154,528	-33,978	22.0	-10,807	7.0	-1,278	108,465
Public transmission – TV	265,189	-51,382	19.4	-16,435	6.2	-1,870	195,502
Public transmission – Radio	104,524	-21,998	21.0	-6,738	6.4	-800	74,988
Reproduction on physical sound formats – Mechanical	79,664	-333	0.4	-106	–	-13	79,211
Public transmission online – Interactive	784,701	-86,550	11.0	-33	–	-2	698,116
Public transmission online – Non-interactive	7,263	-726	10.0	–	–	–	6,536
Total national licensing and direct licensing online	1,433,218	-203,152	14.2	-36,715	2.6	-4,269	1,189,082
Public performance – Live Other Societies*	61,167	–	–	–	–	–	61,167
Public performance – Live Other Societies*	73,734	–	–	–	–	–	73,734
Public transmission – TV Other Societies*	200,074	–	–	–	–	–	200,074
Public transmission – Radio Other Societies*	168,830	–	–	–	–	–	168,830
Reproduction on physical sound formats – Mechanical, Other Societies*	1,394	–	–	–	–	–	1,394
Public transmission online – Interactive, Other Societies*	211,980	–	–	–	–	–	211,980
Public transmission online – Non-interactive, Other Societies*	3,541	–	–	–	–	–	3,541
Total Other Societies	720,721	–	–	–	–	–	720,721
Total royalty revenue and deductions made in 2021	2,153,938	-203,152	9.4	-36,715	1.7	-4,269	1,909,802

* Other Societies means royalty revenue via other collective copyright societies through mutual agreements. The revenue shown under section 2.6.2 (Table 7), where STIM deducts from sums received from other collective management organisations, is excluded.

2.5.1 STIM's distribution liability

STIM's distribution liability consists of the recognised revenue, after deductions have been made, that has not yet been paid out to rightsholders. STIM's principles for revenue recognition are to recognise revenue in the year to which the use of the rights relates, when the amounts are known or information exists for making a reasonable estimate. Consequently, the carrying amount of the distribution liability includes not only established income where payment has been received, but also invoiced income that has not yet been collected, as well as partially accrued income where an estimate has been made of the income that will be received for the period.

To the greatest extent possible, STIM strives to calculate and distribute collected funds based on a music report showing which repertoire has been used. Because of that, there is a certain lead time between when funds are collected and when they can be paid out. STIM must first receive music reporting from music users and then process them by checking and performing quality assurance of the use of music against correct work information. This process is initially carried out mechanically through runs against work databases. Administrators at STIM then review the music usage that could not be directly linked to a work in the databases and match them manually. The time between performance and payout varies from area to area but is usually between 6-12 months.

Because STIM's distribution liability arises as soon as revenue can be recognised and the processing of music reports has lead times attached to it, the vast majority of STIM's distribution liability is amounts earned during the most recent year. This portion of the distribution liability is considered to be normal and is directly related to the lead times in the process as well as to STIM's settlement cycles.

For various reasons, it can sometimes take significantly longer to pay out funds than the 6-12 months considered normal. These are funds that, for various reasons, have not been paid out according to the regular settlement schedule and are therefore subject to STIM's search procedures, which are described in the later sections associated with tables 4 and 5.

STIM's ambition is to constantly, without sacrificing quality, try to shorten lead times between collection and payment. Different processes have different lead times. The basic rule is that the search for funds shall not exceed three years. In exceptional cases, it may take longer. At the beginning of the year, the balance on funds from 2017 and earlier was SEK 135 million. In 2021, SEK 69 million of that amount was settled. Of that, SEK 52 million was settled and paid out directly to the rightsholders. The remaining SEK 17 million was deemed to be non-distributable and transferred to the fund for music promotion activities.

The distribution liability has three components, each of which represents a step in the process:

Collected, unallocated sums (Tables 3a-b)

consist of collected sums (e.g. sums reported as revenue), irrespective of revenue year, which have not yet been allocated for distribution because of, for example, incomplete music reports or a lack of music reports.

Allocated, unassigned sums (Tables 4a-b)

consist of sums, irrespective of revenue year, which have been allocated for distribution but that were not possible to assign to a rightsholder because of a lack of, or incomplete information about the work.

Assigned, unpaid sums (Tables 5a-b)

consist of sums, irrespective of revenue year, that have been assigned to a rightsholder, but are not possible to pay out due to a lack of, or incomplete information about the payment recipient.

In the following tables, STIM's distribution liability is reported for each step in the process described above. Tables 3a, 4a and 5a show amounts at the beginning of the year, changes during the year and amounts at the end of the year for each step by rights category. Tables 3b, 4b and 5b describe the age distribution of the said amount at the end of the year.

The adjustment columns in Tables 3a and 4a show the changes that have taken place during the year that cannot be directly attributed to the different stages of the process. These adjustments have three different explanation models:

Reclassifications of rights categories

For example, since some amounts are rights categorised according to standard rates, some of the categorisations will need to be reclassified in the year following actual outcome. An example of this is the revenue from foreign sister societies, where STIM received payment, but had not yet processed the associated settlement files

that establish the actual rights categories. The revenue is preliminarily categorised according to a standard. Later, it is re-categorised once the settlement files have been processed and analysed. Another reason for transfers between rights categories is updates to the standard deduction rates during the year.

Transfers between the various steps in the process

In some cases, transfers are made between the various steps in the process described earlier in this section and specified in Tables 3a, 4a and 5a. For example, an adjustment might have been made to the opening balance of a 2020 amount, where it has been determined that based on the information available at the time, it was to be included in the category "Collected, unallocated sums" but, based on new information available in 2021, it is now clear that it belongs to the category "Allocated, unassigned sums".

Actual settlements of distribution liability

These adjustments are actual adjustments to the size of the distribution liability that do not follow the normal steps in the process. An example could be provisions of non-distributable amount from the distribution liability to music promotion activities.

Table 3a – Collected, unallocated sums

Rights category, SEK thousand	Opening balance 01/01/2021	Adjustments	Distribution cost for the year	Allocated distribu- tions this year	Closing balance 31/12/2021
Public performance – Live	102,229	-28,649	87,430	-93,839	67,171
Public performance – Background	104,081	384	182,199	-166,483	120,180
Public transmission – TV	196,200	15,454	395,576	-415,019	192,211
Public transmission – Radio	91,933	-970	243,818	-236,925	97,857
Reproduction on physical sound formats – Mechanical	20,943	-1,847	80,606	-85,196	14,506
Public transmission online – Interactive	692,815	25,885	910,096	-803,278	825,518
Public transmission online – Non-interactive	25,656	-16,457	10,078	-3,914	15,362
Total collected, unallocated sums	1,233,857	-6,200	1,909,802	-1,804,655	1,332,804

Table 3a shows the amount at the beginning and end of the year, as well as the change for the year in the percentage of STIM's distribution liability that has not yet been allocated for distribution. The column "Allocated distributions this year" consists of amounts, irrespective of revenue year, that have been allocated for distribution.

The adjustment column contains reclassifications between rights categories described in the text leading up to Table 3a and is largely due to reclassification of revenue from foreign sister societies.

Total adjustments amounting to SEK 6.2 million partly consist of the provision of non-distributable funds where STIM transferred SEK 4 million from the distribution liability to the fund for music development. It is a portion of the SEK 17 million deemed to be non-distributable by decision of the STIM AGM on 26 May 2021. The remaining SEK 2.2 million relates to an adjustment attributable to prior years, as well as the allocation of funds for music development.

The increase in collected, unallocated sums between 2020 and 2021 amounts to SEK 99 million. This is essentially due to increased revenues in 2021 compared to the previous year.

STIM's search routines are constantly being carried out, refined and developed for the purpose of finding answers to the reasons why portions of the distribution liability have not been able to be paid out at the ordinary settlement points in accordance with STIM's settlement cycles. The work also involves developing and following principles for managing the amounts which, even after having searched, were assessed as not possible to distribute based on the ordinary principles. The funds where information about music use or payment recipient are so general or lacking that they have been assessed as not possible to settle based on said policies and where three years have elapsed, are regarded as non-distributable. The STIM AGM must then decide each year on how to use such funds. They will be used in accordance with the general principles adopted at the AGM on 29 May 2017 on the use of non-distributable funds.

In 2021, SEK 14 million (net) of collected, unallocated funds older than three years were paid to the rightsholders. This was over and above the non-distributable amount of SEK 4 million which, based on the AGM resolution, was transferred to the fund for music development.

Table 3b – Collected, unallocated sums (age structure)

Year	Sum, SEK thousand
2021	901,831
2020	214,440
2019	131,573
2018 and older	84,961
Total collected, unallocated sums	1,332,804

Table 3b shows the age structure of the amounts that have not yet been able to be allocated for distribution.

There are many reasons for the lead time up until when funds can be allocated for distribution. Several of the main reasons are listed here:

Distribution documentation has not been received and lead times due to STIM's settlement cycles (SEK 921 million)

STIM always endeavours to settle revenue against actual music use. However, there is a natural lag between revenue recognition and reporting of music use, which is why there are lead times between collection and payment. Analogies are used in cases where it is not possible to match the revenue against distribution data containing actual music use. Analogy settlement is a method used by copyright societies throughout the world to distribute revenue in areas where alternative cost-effective methods for reporting customers' music use are not yet available. In such cases, the revenue is allocated based on reports from other areas. Analogy settlement makes it possible for licensees to easily pay for their music use and for Swedish music creators to be compensated for their work. Without cost-effective ways of administering music reporting, the alternative to analogy settlement would be neither collecting nor distributing funds in these areas.

STIM strives to have predictable, steady settlement cycles so that rightsholders are able to anticipate payments during the settlement year and plan for them. It means that STIM, at any given time, is able to assign certain revenue or delayed amounts, but decides instead to hold off and wait until it can pay out all of the amount to all of the rightsholders for a certain category of income. An example of this is TV revenue.

Matching of user data in several steps (SEK 118 million)

Most of the multi-territorial online licenses that ICE grants are paid in advance. Distribution occurs later, for each period, based on the distribution data on works in STIM's music library that have been identified. Because a certain amount of time has, by then elapsed, the same distribution data is analysed again to pull in any additional transactions and amounts which, for various reasons, were not identified in the first round (post-invoicing), along with any new posts that have now been identified for distribution. As a last step, the final settlement of any revenue that has still not been identified, despite updated analyses, is done using an analogy.

New and renegotiated services and customers (SEK 100 million)

When licensing new music services, or making changes to existing music services, it is common practice to design, test and decide on new distribution models. STIM has a well-defined on-boarding process for new services and revenue streams and how to handle questions and decisions about the administration of music reports and revenue distribution. This process can sometimes result in even more of a delay between collection and payment since it might be necessary to develop IT solutions (for both STIM and the music service) for the administration of music reports, or, to await a distribution decision by STIM's Board of Directors.

Unspecified revenues from sister organisations (SEK 142 million)

STIM receives payments from other societies for STIM's catalogue when it is performed outside of Sweden. In some cases, the accompanying information needs to be supplemented before payment can be made. STIM maintains a continuous dialogue with other music societies aimed at improving the quality of the underlying documentation used for settlement.

The balance sheet at the beginning of the year contained collected, unallocated sums from 2019 and earlier totalling SEK 217 million. They can be regarded as having exceeded the ordinary time that it should take for settlement to occur. Explanations behind the largest amounts:

- The ICE licensing model means that final settlement for certain contract periods or periods of use happens much later, after the contract period has ended. STIM takes this into consideration by recording accrued income for final settlements that have not yet been made. Accrued income of this sort, where, for natural reasons, reporting data has not yet been received, amounts to SEK 65 million,
- Additionally, SEK 33 million of what has been reported by ICE Online was received prior to the end of the year and it was paid out at the next regular settlement date in February 2022.
- Payments received from other societies for STIM's repertoire performed outside Sweden where revenues are unspecified or where the information needs to be supplemented amount to SEK 74 million.

Table 4a – Allocated, unassigned sums

Rights category, SEK thousand	Opening balance 01/01/2021	Adjustments	Allocated distribu- tions this year	Assigned to right- sholders this year	Closing balance 31/12/2021
Public performance – Live	9,598	-125	93,839	-93,897	9,415
Public performance – Background	21,420	-5,117	166,483	-168,961	13,825
Public transmission – TV	28,484	3 750	415,019	-416,077	31,177
Public transmission – Radio	11,588	-121	236,925	-237,223	11,168
Reproduction on physical sound formats – Mechanical	430	597	85,196	-85,610	613
Public transmission online – Interactive	30,879	-401	803,278	-815,774	17,983
Public transmission online – Non-interactive	350	175	3,914	-3,857	582
Total allocated, unassigned sums	102,749	-1,242	1,804,655	-1,821,399	84,763

Table 4a shows the sums at the beginning and end of the year, as well as the change for the year in the share of STIM's settlement liability which has been allocated for settlement but has not yet been possible to assign to a rightsholder. *Allocated distributions this year* are reported in table 3a. The column *Assigned to rightsholders this year* consists of allocated funds that, regardless of revenue year, have been assigned to rightsholders this year.

The adjustments between the rights categories are a result of certain amounts being categorised based on standards. They might then be reclassified later in the year to reflect actual outcomes.

In accordance with the AGM decision, total adjustments have been transferred to the fund for music development.

The decrease in allocated, unassigned sums, between 2020 and 2021 amounts to SEK 18 million. It primarily pertains to funds from 2017 for reservations that were made (because information was lacking about the work) that was paid out to the rightsholders. Analogies are used to allocate non-distributable funds (because information was lacking about the work) to works where the rightsholders have been identified.

Over and above that, as described above, SEK 1.3 million was transferred to the fund for music development in accordance with the AGM decision of 26 May 2021.

Table 4b – Allocated, unassigned sums (age structure)

Year	Sum, SEK thousand
2021	20,560
2020	15,953
2019	13,100
2018 and older	35,150
Total allocated, unassigned sums	84,763

Table 4b shows the age distribution of the amounts that could not yet be assigned. During this step of the process, it is unavoidable that lead times arise for certain flows and events prior to being able to assign the sums to a rightsholder. The main reasons for lead times and the associated balance at the end of the year are shown below:

Incomplete work information (SEK 30 million)

If the works that have been reported have not been registered, or, if important information about the work is lacking, the funds will

be reserved until complete documentation for the work is available. STIM has routines in place for ensuring that information about works is correct. For example, it regularly checks and reconciles with information in the CISAC database.

Uncertainties about rightsholders' shares in a work (SEK 33 million)

When there are uncertainties about the rightsholders' shares in a work, the revenue is reserved until the correct rightsholders have been established.

Table 5a – Assigned, unpaid sums

Rights category, SEK thousand	Opening balance 01/01/2021	Assigned to right- sholders this year	Amount paid during the year	Closing balance 31/12/2021
Public performance – Live	5,945	93,897	-94,543	5,299
Public performance – Background	4,296	168,961	-171,015	2 242
Public transmission – TV	14,532	416,077	-420,779	9,830
Public transmission – Radio	4,987	237 223	-239,139	3 071
Reproduction on physical sound formats – Mechanical	-775	85 610	-86,652	-1,817
Public transmission online – Interactive	36,721	815,774	-825,731	26,764
Public transmission online – Non-interactive	899	3,857	-3,911	844
Total Assigned, unpaid sums	66,604	1,821,399	-1,841,770	46,233

Table 5a shows sums at the beginning and end of the year, as well as the change for the year in the portion of STIM’s distribution liability which has been assigned to rightsholders but has not been paid for various reasons. In the column “Amount paid during the year” there are amounts from STIM’s allocated funds, independent of the revenue year, that were paid out to rightsholders during the year, or rightsholder representatives.

The decrease in assigned, unpaid sums, between 2020 and 2021 amounts to SEK 20 million. The reason for the decrease is in part explained by SEK 15 million having been reserved due to allocations to unidentified rightsholders from 2017 having been paid out by reallocating those shares to identified rightsholders from the same original music report. In accordance with the AGM decision of 26 May 2021, SEK 12 million was reallocated to the fund for music development. The remaining change relates to this year’s provisions of allocated amounts.

Table 5b – Assigned, unpaid sums (age structure)

Year	Sum, SEK thousand
2021	17,658
2020	-4,455
2019	12,425
2018 and older	20,605
Total assigned, unpaid sums	46,233

Table 5b shows the age distribution of the amounts that could not yet be paid out. The negative balance for 2020 is explained by the fact that the total balance of advance payments offered to STIM-affiliated rightsholders during the COVID-19 pandemic exceeds the balance of other reserved items from that year. STIM’s decision to offer advance payments in 2020 was based on the desire to raise the level of security for rightsholders hit hardest by the consequences of, for examples, cancelled concerts and lower royalties due to less music being played at hotels, restaurants, gyms, etc. The advances, which amount to SEK 17 million, will be regulated over 10 quarters starting July 1, 2021.

Even during this step of the process, it is unavoidable that lead times arise for certain flows prior to being able make payment. The main reasons for lead times and the associated balance at the end of the year are shown below:

The rightsholder is not known or affiliation is missing for a certain portion of a work (SEK 32 million)

If it is not possible for STIM to identify the rightsholder for some percentage of a work, or if the reported rightsholder lacks affiliation,

the funds are reserved until it is possible to verify information about the rightsholder. Finally, reserved funds may be redistributed using an analogy if information about the rightsholder, despite the searches carried out, has not been able to be secured.

Missing/incomplete payment information (SEK 15 million)

The search procedures aim to obtain the necessary information on the relevant payees and are carried out to agreed thresholds when the number of items is very high. The remaining reservations are mainly due to the fact that, despite the searches carried out, there is no current payment information for the recipient of the payment, e.g. that there are no contact details, that the payment method is still a money order, that the account information is out of date, that information about or reciprocity agreements with receiving foreign collecting societies is missing or that the music publisher/company no longer exists.

2.5.2 STIM’s improvement work

STIM’s search routines are constantly being carried out, refined and developed for the purpose of finding answers to the reasons why portions of the distribution liability have not been able to be paid out at the ordinary settlement points in accordance with STIM’s settlement cycles.

In 2021, new policies have been established through the Board of Directors that allow for a quicker, regular analogy distribution, after completed searches, of revenues for works and works shares where complete information about the rightsholder or society affiliation is missing and of foreign revenues that cannot be settled on music report documentation from the paying society.

2.6 Information on relationships with other collective rights management organisations

Future sections will show the amounts received from other collective management organisations and amounts paid to other collective management organisations, broken down by category of rights and organisation.

STIM's deductions from amounts paid to other collective management organisations and cases where STIM has deducted from

amounts received from other collective management organisations are accounted for separately.

2.6.1 Sums received from other collective rights management organisations

Table 6 shows the total revenues of all collective management organisations.

Table 6 – Sums received from other collective rights management organisations

Collective management organisation, SEK thousand	Live	Background	TV	Radio	Mechanical	Online interactive	Online non-interactive	Total
ACAM - Costa Rica	-2	-	-	-	-	-	-	-2
ACUM - Israel	465	194	331	52	-	438	-	1,480
AEPI - Greece	3	3	4	5	-	1	-	17
AGADU - Uruguay	85	-	2	6	-	-	-	93
AKKA/LAA - Latvia	280	738	1,787	579	-	113	-	3,497
AKM - Austria	183	347	401	3,350	-	24	-	4,305
AMRA - USA	-	-	-	-1	-	-1	-	-4
APA - Paraguay	18	3	8	17	-	13	-	60
APDAYC - Peru	44	20	8	4	-	25	-	101
APRA - Australia	963	821	928	2,395	-	6,399	-	11,506
ARTISJUS - Hungary	287	291	178	45	-128	2	-	676
ASCAP - United States	669	3,091	7,016	30,102	-	29,615	-	70,492
AUTODIA - Greece	4	74	4	3	-	-	3	88
BMI - United States	3,171	280	3,967	4,655	-	6,657	451	19,181
BUMA - Netherlands	830	5,512	1,616	1,651	-	533	5	10,146
CASH - Hong Kong	145	-	104	17	-	538	-	804
COMPASS - Singapore	575	5	16	149	-	4	-	749
COSCAP - Barbados	1	-	-	1	-	-	-	1
EAU - Estonia	811	1,557	569	1,026	-	-	-	3,962
FILSCAP - Philippines	15	-	-	109	-	-	-	124
GCA - Georgia	8	-	-	-	-	-	-	8
GEMA - Germany	6,854	267	9,991	13,639	-	3,183	-	33,934
HDS - Croatia	590	-	46	79	-	-	-	715
IMRO - Ireland	207	1	120	417	-	196	-	942
IPRS - India	19	-	14	187	-	1	-	221
JACAP - Jamaica	34	-	-	1	-	-	-	35
JASRAC - Japan	2,214	1,026	4,060	967	-	9,884	-	18,151
KODA - Denmark	7,349	26,674	73,711	40,249	808	52,626	-7	201,410
KOMCA - South Korea	299	117	1,392	7	-	4,570	-	6,386
LATGA - Lithuania	1,435	249	2,989	2,463	-	-	-	7,136
MACP - Malaysia	64	-	45	3	1	223	-	336
MASC - China	1,141	3	24	98	-	-	-	1,266
MCT - Thailand	29	52	10	13	-	66	-	170
MESAM - Turkey	80	72	115	144	-1	39	9	458
MUSICAUT - Bulgaria	29	-	18	131	-	-	-	178
MUST - Taiwan	262	-	-	-	-	377	-	639
NCIP - Belarus	97	87	139	175	-1	47	11	555
OSA - Czech Republic	433	82	301	252	-27	4	-	1,045

Table 6 – Cont.

Collective management organisation, SEK thousand	Live	Background	TV	Radio	Mechanical	Online interactive	Online non-interactive	Total
PAM CG - Montenegro	24	-	-	-	-	-	-	24
PRS - United Kingdom	4,346	1,081	8,371	5,742	-	4,456	-	23,997
RAO - Russia	257	336	145	141	-	-	-	879
SABAM - Belgium	151	42	591	3,322	-	121	21	4,248
SACEM - France	1,624	2,646	6,128	2,454	-	9	2,034	14,895
SADAIC - Argentina	194	34	88	184	-	143	-	642
SAMRO - South Africa	1	2	67	604	-	28	-	701
SAYCE - Ecuador	-9	-	-	-	-	-3	-	-11
SAYCO - Colombia	-11	-	-5	-8	-	-13	-	-37
SAZAS (DSS) - Slovenia	27	250	88	104	-	-	-	470
SCD - Chile	253	29	225	636	-	-	-	1,143
SESAC - United States	5	3	195	243	-	-	-	446
SGAE - Spain	235	1,795	1,292	892	-	801	-	5,014
SIAE - Italy	-44	-145	-4	-14	-	-1	-	-207
SOCAN - Canada	5,029	8	699	2,641	-	-	-	8,377
SOKOJ - Serbia	113	102	163	205	-1	55	13	651
SOZA - Slovakia	13	6	124	341	-	-	-	484
SPA - Portugal	23	785	192	212	-	4	-	1,216
STEF - Iceland	270	148	7,737	697	-	800	-	9,652
STEMRA - Netherlands	-	2,736	-	-	18	82	21	2,857
SUISA - Switzerland	1,754	42	1,081	3,577	-	224	6	6,685
TEOSTO - Finland	4,652	17,733	49,590	20,892	29	27,852	-	120,748
TONO - Norway	10,690	2,662	36,758	22,911	690	19,221	834	93,765
UACRR - Ukraine	38	35	55	70	-	19	5	221
UBC - Brazil	654	66	273	517	-	627	-	2,137
UCMR/ADA - Romania	1,604	3	158	123	-	-	27	1,915
WAMI - Indonesia	8	-	6	-	-	392	-	406
VCPMC - Vietnam	27	53	5	-	-	3	-	88
ZAIS - Poland	904	7	348	949	-	45	-	2,254
ZAMP - Macedonia	-	-	-	60	-	-	-	60
Copyswede	-	-	15,267	-	-	472	-	15,739
Of which paid directly to rightsholders								
NCB	-	-	-	-	75,655	1	-	75,656
NMP (sums collected on behalf of the following organisations: KODA, TONO, TEOSTO, STEF, EAU, LATGA, AKKA/LAA)	-	-	-	-	-	43,102	-	43,102
Total sums received from other collective rights management organisations	62,521	72,025	239,555	170,482	77,044	214,015	3,434	839,075

In 2021, STIM's revenue from other collective rights management organisations increased by SEK 59 million compared to 2020. The revenue from a specific society may vary from one year to the next, which is to be expected and it is due to such things as lower volumes, variations in music use and irregular payments. In general, the revenue from other societies has a longer lead time between

performance and payment compared to STIM's own licences, which is why we anticipated further negative effects of the COVID-19 pandemic in 2021. But the impact was somewhat mitigated because, once again in 2021, we received a large amount of retroactive revenue, primarily from the Nordic societies.

2.6.2 Deductions from sums received from other collective rights management organisations

In some cases, STIM makes a deduction for revenue that is received from other collective rights organisations. Most of these cases relate to revenues where STIM, on behalf of other collective management organisations, executes the settlements. An example of this is when a Swedish television channel has been broadcast and licensed outside Sweden. The management organisation in the country where the TV channel was broadcast and licensed, forwards the licence revenue to STIM, which then executes the settlement based on the music reports it receives from the TV channel.

There is an international distribution principle that has been adopted by CISAC, which means that collected funds for TV and radio channels should be sent to the collecting society that has a report to settle against. In cases where STIM only provides licensing or distribution, it is common practice to only charge half of the management deduction. In these cases, the licensing task is thus performed by another society and settled by STIM, in exchange for half of the management deduction.

Table 7 shows the deductions for the collective rights management organisations concerned and only within the rights categories and sub-categories of rights categories, where deductions are applicable.

Table 7 – Deductions from sums received from other collective rights management organisations

Collective management organisation	Sum received, SEK thousand	Management deduction, SEK thousand	Management deduction, %	Deduction for Music Promotion Activities, SEK thousand	Deduction for Music Promotion Activities, %	Total deduction, SEK thousand	Total deduction, %
Copyswede							
Public transmission – TV	15,157	-1,667	11.0	-1,061	7.0	-2,728	18.0
Public transmission – Radio	126	-14	11.0	-9	7.0	-23	18.0
Public transmission online – Interactive	469	-52	11.0	-33	7.0	-84	18.0
Share of Reproduction on physical sound formats – Mechanical	-12	1	11.0	–	–	1	11.0
Total Copyswede	15,739	-1,731	11.0	-1,103	7.0	-2,834	18.0
STEF - Iceland							
Public performance – Live	270	-27	10.0	–	–	-27	10.0
Public performance – Background	148	-15	10.0	–	–	-15	10.0
Public transmission – TV	7,737	-774	10.0	–	–	-774	10.0
Public transmission – Radio	697	-70	10.0	–	–	-70	10.0
Public transmission online – Interactive	800	-80	10.0	–	–	-80	10.0
Total STEF – Iceland	9,652	-965	10.0	–	–	-965	10.0
TEOSTO - Finland							
Public transmission – TV	2,407	-265	11.0	–	–	-265	11.0
Total TEOSTO – Finland	2,407	-265	11.0	–	–	-265	11.0
TONO - Norway							
Public transmission – TV	3,913	-430	11.0	–	–	-430	11.0
Total TONO – Norway	3,913	-430	11.0	–	–	-430	11.0
KODA - Denmark							
Public transmission – TV	7,472	-822	11.0	–	–	-822	11.0
Public transmission – Radio	822	-90	11.0	–	–	-90	11.0
Total KODA – Denmark	8,293	-912	11.0	–	–	-912	11.0
LATGA - Lithuania							
Public transmission – TV	10	-1	11.0	–	–	-1	11.0
Total LATGA - Lithuania	10	-1	11.0	–	–	-1	11.0
EAU - Estonia							
Public transmission – TV	41	-5	11.0	–	–	-5	11.0
Total EAU - Estonia	41	-5	11.0	–	–	-5	11.0
AKKA/LAA - Latvia							
Public transmission – TV	107	-12	11.0	–	–	-12	11.0
Total AKKA/LAA - Latvia	107	-12	11.0	–	–	-12	11.0
PRS - United Kingdom							
Public transmission – TV	2,516	-277	11.0	–	–	-277	11.0
Public transmission – Radio	1	–	11.0	–	–	–	11.0
Total PRS - United Kingdom	2,517	-277	11.0	–	–	-277	11.0
SACEM - France							
Public transmission – TV	15	-2	11.0	–	–	-2	11.0
Total SACEM - France	15	-2	11.0	–	–	-2	11.0
GEMA - Germany							
Public transmission – TV	5	-1	11.0	–	–	-1	11.0
Total GEMA – Germany	5	-1	11.0	–	–	-1	11.0
ZAIKS - Poland							
Public transmission – TV	1	–	11.0	–	–	–	11.0
Total ZAIKS - Poland	1	–	11.0	–	–	–	11.0

2.6.3 Sums paid to other collective rights management organisations

Table 8 – Sums paid to other collective rights management organisations

Collective management organisation, SEK thousand	Live	Background	TV	Radio	Mechanical	Online Interactive	Online non-interactive	Total
ACUM - Israel	4	19	51	20	–	151	–	245
AKKA/LAA - Latvia	15	11	6	33	–	10	–	76
AKM - Austria	35	91	333	103	–	528	–	1,090
AMCOS - AUSTRALIA	–	–	–	–	–	216	–	216
AMRA - USA	39	349	204	240	–	907	–	1 739
APDAYC - Peru	3	2	2	–	–	10	–	17
APRA - AUSTRALIA	192	1,213	3,593	591	–	1,770	–	7,359
ARMAUTHOR - ARMENIA	34	12	29	1	–	12	–	87
ARTISJUS - Hungary	5	6	13	16	8	1,124	–	1,172
ASCAP - United States	1,894	8,786	18,310	5,126	–	20,759	–	54,874
ASSIM - BRAZIL	1	1	–	–	–	6	–	9
AUME - AUSTRIA	–	–	–	–	–	463	–	463
AUTODIA - GREECE	–	9	1	3	–	203	–	217
BMI - United States	1,616	9,275	17,551	4,462	–	20,458	–	53,363
BSDA - SENEGAL	–	1	1	2	–	6	–	10
BUMA - NETHERLANDS	151	714	499	248	–	2,514	–	4,126
BUMDA - MALI	–	1	1	2	–	–	–	3
BURIDA - CÔTE D'IVOIRE	–	–	–	–	–	1	–	1
CASH - HONG KONG	–	1	10	1	–	59	–	71
EAU - ESTONIA	13	23	24	64	–	80	–	204
GEMA - GERMANY	402	1,550	3 295	1 348	–	12,645	–	19,239
HDS-ZAMP - CROATIA	10	16	18	42	–	68	–	153
IMRO - IRELAND	42	234	527	120	–	290	–	1,212
JASRAC - JAPAN	16	60	176	27	–	472	–	751
KODA - DENMARK	577	1,305	7,723	1,056	63	6,309	25	17,058
KOMCA - SOUTH KOREA	6	95	39	8	–	318	–	467
LATGA - LITHUANIA	7	3	3	20	–	23	–	57
MACP - MALAYSIA	–	1	14	–	1	7	–	23
MCPS - UNITED KINGDOM	–	–	–	–	–	12,727	–	12,727
MCSN - NIGERIA	–	–	–	–	–	–	–	–
MESAM - TURKEY	1	126	583	2	–	158	–	870
MSG - TURKEY	1	16	4	1	–	146	–	169
MUSICAUT - BULGARIA	–	2	1	20	–	21	–	45
MÜST - TAIWAN	–	1	2	–	–	3	–	5
OSA - CZECH REPUBLIC	8	16	23	87	3	155	–	291
PRS - UNITED KINGDOM	2 103	10,427	40,618	6,642	–	16,654	–	76,444
RAO - RUSSIA	11	27	42	63	–	48	–	192
SABAM - BELGIUM	66	127	204	77	–	48	–	522
SACEM - FRANCE	408	1,329	4,589	1,426	–	9,900	12	17,664
SADAIC - ARGENTINA	14	18	50	14	–	163	–	259
SADEMBRA - BRAZIL	–	–	–	1	–	1	–	2
SAMRO - SOUTH AFRICA	3	85	45	105	–	157	–	395
SAZAS(DSS) - SLOVENIA	2	4	3	18	–	24	–	51
SBACEM - BRAZIL	–	2	2	2	–	–	–	6
SESAC - United States	129	855	2,411	305	–	1,898	–	5,597
SGAE - SPAIN	45	169	815	93	–	2,859	–	3,981
SIAE - ITALY	108	370	1,044	290	–	2,042	–	3,855
SOCAN - CANADA	174	1,356	3,685	775	–	1,767	–	7,756
SOCINPRO – BRAZIL	1	1	1	–	–	6	–	9
SODRAC – CANADA	–	–	–	–	–	105	–	105
SOKOJ - SERBIA	2	30	5	5	–	90	–	132
SOZA - SLOVAKIA	–	2	1	35	–	93	–	131

Table 8 – Cont.

Collective management organisation, SEK thousand	Live	Background	TV	Radio	Mechanical	Online Interactive	Online non-interactive	Total
SPA - PORTUGAL	6	10	15	16	–	118	–	165
STEF - ICELAND	43	41	117	38	–	168	–	407
STEMRA - NETHERLANDS	–	–	–	–	–	1,593	–	1,593
SUISA - SWITZERLAND	49	224	294	257	–	2,125	–	2,949
TEOSTO - FINLAND	205	453	1,836	1,509	–	2,688	–	6,691
TONO - NORWAY	619	1 702	2,888	1,996	–	9,497	–	16,703
UACRR - UKRAINE	2	6	12	1	–	77	–	97
UBC - BRAZIL	13	19	15	43	–	10	–	99
UCMR - ROMANIA	8	9	3	14	–	197	–	231
UNISON - SPAIN	–	–	–	–	–	–	–	–
ZAIKS - POLAND	21	32	44	111	–	804	–	1 011
Total sums paid to other collective rights management organisations	9,104	41,235	111,772	27,480	75	135,751	38	325,454

2.6.4 Deductions from sums paid to other collective rights management organisations

Payment to other collective management organisations during 2021 occurred for the amount reported for each organisation in section 2.6.3 (Table 8). All organisations were charged at the same point in time and for the percentage deduction for each rights category.

Sums paid during 2021 were mainly collected during 2020 and 2021. For these years, STIM has made the following average percentage deductions.

Table 9 – Deductions from sums paid to other collective rights management organisations

Rights category	Revenue collected 2021		Revenue collected 2020	
	Management deduction, %	Deduction for Music Promotion Activities, %	Management deduction, %	Deduction for Music Promotion Activities, %
Public performance – Live	21.9	6.9	22.4	4.2
Public performance – Background	22.0	7.0	23.5	4.4
Public transmission – TV	19.4	6.2	19.7	3.6
Public transmission – Radio	21.0	6.4	22.3	3.7
Reproduction on physical sound formats – Mechanical	0.4	–	0.6	–
Public transmission online – Interactive	11.0	–	11.4	–
Public transmission online – Non-interactive	10.0	–	10.0	–

STIM's music promotion activities are financed via deductions that are made from royalty revenue. The deductions are made only on revenue from the national licensing in the deduction areas Live, Background and Media. In the transparency reports for 2017-2020, STIM reported that the deduction for music promotion activities were only applied to STIM affiliates. The reason was that only STIM rightsholders were able to benefit from these services.

As of 2021 however, the same percentage deduction is taken on all revenue in the areas where deductions are made, in other words, regardless of the organisation that the rightsholder is affiliated with. The previous deduction model for scholarships, MEM (subsidised areas of music neglected by the market) and publisher subsidies

was designed in such a way that it contained a risk of significant fluctuations between settlement dates that could result in a skewed distribution of costs that was disadvantageous to STIM affiliates. The complexity of the previous model made it more difficult to administer and quite a lot of manual work was required to maintain good financial control.

In accordance with Board decisions, music promotion activities are thus funded through deductions on the royalty revenue, whereby all rightsholders, regardless of the affiliation they belong to, are charged the same amount. This is the reason why the deductions for music promotion activities on amounts paid to other collective rights management organisations are higher in 2021 than they were in 2020.

3. Special report - Music promotion activities

STIM's mission is to ensure rightsholders get paid when their music is used, but also to guarantee the long-term value of music. By championing strong copyright protections and helping create the prerequisites for musical diversity and regrowth, STIM and rightsholders take collective responsibility for the long-term viability of the Swedish music industry. Examples of music promotion activities are scholarships and prizes, travel grants, financial and legal advice, projects aimed at increasing accessibility and diversity in music life, educational initiatives and advocacy work in the field of copyright.

Each year, the STIM Board of Directors decides on the budget for music promotion activities. NÄMMU (see item 1.5 above) is responsible for decisions on the use of funds for music promotion activities. It is also responsible for follow up to ensure that the allocated funds have been used in accordance with the intended purpose. At the 2021 Annual General Meeting, it was resolved that STIM (including the subsidiary Svensk Musik) and the rights holders' associations FST, SKAP and Musikförläggarna jointly constitute the STIM sphere (valid until further notice). As of 2022, NÄMMU is entitled to only allocate funds to organisations that the AGM has decided belong to the STIM sphere. Being able to predict which

organisations are able to participate in music promotion activities and receive funding from NÄMMU makes strategic planning and collaboration between such organisations easier, thus resulting in more value creation.

Music promotion activities are, in turn, primarily financed via deductions from a portion of the royalty revenue. According to STIM's statutes, the deduction may not exceed ten percent of what remains after management costs have been deducted. Music promotion activities for the year used to be financed through a deduction made from the royalty revenue in that same year. Since 2021, the scheme is such that the deductions made during the year finance the music promotion activities of the next year. Doing so improves the predictability of funding and it also makes budgeting easier. Table 10 shows the deductions that were made in 2021 to finance music promotion activities in 2022. The next sections report on how funds have been used by the various organisation in the STIM sphere during 2021, along with NÄMMU's assessment of that. Their use of funds has been audited by external auditors to assure both accuracy and that funds have been used in accordance with the stated purpose. Likewise, all parts of the Transparency Report have also been audited by external auditors.

3.1 Amount deducted for Music Promotion Activities during the financial year

Table 10 – Amounts deducted for Music Promotion Activities during the financial year (extract from Table 2)

Rights category	Royalty revenue, SEK thousand	Deduction for Music Promotion Activities, SEK thousand	Deduction for Music Promotion Activities, %
Public performance – Live	37,350	-2,596	6.9
Public performance – Background	154,528	-10,807	7.0
Public transmission – TV	265,189	-16,435	6.2
Public transmission – Radio	104,524	-6,738	6.4
Reproduction on physical sound formats – Mechanical	79,664	-106	–
Public transmission online – Interactive	784,701	-33	–
Public transmission online – Non-interactive	7,263	0	–
Total national licensing and direct licensing online	1,433,218	-36,715	2.6
Public performance – Live Other Societies*	61,167	–	–
Public performance – Live Other Societies*	73,734	–	–
Public transmission – TV Other Societies*	200,074	–	–
Public transmission – Radio Other Societies*	168,830	–	–
Reproduction on physical sound formats – Mechanical, Other Societies*	1,394	–	–
Public transmission online – Interactive, Other Societies*	211,980	–	–
Public transmission online – Non-interactive, Other Societies*	3,541	–	–
Total Other Societies	720,721	–	–
Total royalty revenue and deductions made in 2021	2,153,938	-36,715	1.7

3.2 Use of funds for Music Promotion Activities during the year

As was the case in the prior year, the 2021 financial year also reflects the direct and indirect impact that the COVID-19 pandemic had on the music industry and STIM's music promotion activities. Many of the planned initiatives had to be redesigned so that they could be held in a digital forum. Other activities had to be either delayed or cancelled altogether. Much effort within the STIM sphere was devoted to advocacy work in order to highlight how the pandemic has affected the music industry and its stakeholders.

The organisations within the STIM sphere also spent a great deal of time on implementation of the Copyright Directive in Swedish legislation.

Prior to the 2021 financial year, STIM's Board of Directors decided that the project activities normally run by STIM's Promotion Board (SPN), pending a new organisational structure for STIM's music promotion activities, would be paused. However, no such structure came into being during the year, and STIM's project activities could therefore not be addressed.

Table 11, below, shows the year's use of funds for social, cultural and educational services broken down by service provider and category. The service providers' management costs are included in the reported use of funds.

Table 11 – Use of funds for social, cultural and educational services during the year

Funds used for social, cultural and educational services during the year, SEK thousand	Committees			Service providers					Total
	NäMMU	SPN	STIM	Svensk Musik	Project leaders through the SPN	Musikförläggarna	FST	SKAP	
NäMMU-budgeted funds 2021	1,900	880	12,780	7,400	3,000	7,050	8,340	8,650	50,000
Non-distributed funds during the year	650	–	–	–	–	–	–	–	650
NäMMU-distributed funds 2021	1,250	880	12,780	7,400	3,000	7,050	8,340	8,650	49,350
Unused funds	271	458	1,504	272	3,000	–	–	5	5,510
Used funds 2021	979	422	11,276	7,128	–	7,050	8,340	8,645	43,840
Funds used in 2021 by service provider and type									
Awards and grants	–	–	10,338	471	–	–	1,890	1,593	14,293
Advocacy & Knowledge sharing to benefit rightsholders	–	–	–	–	–	1,050	1,870	930	3,850
Advocacy & Knowledge sharing to promote copyright protection	–	–	–	–	–	–	1,070	2,169	3,239
Education and training for the benefit of rightsholders	–	–	150	–	–	1,104	990	2,308	4,552
Marketing activities aimed at promoting rightsholders' interests	–	–	–	–	–	4,070	900	–	4,970
Subsidised areas of music neglected by the market, musical heritage and diversity.	–	–	–	2,619	–	–	–	–	2,619
Consultancy and negotiations	–	–	–	–	–	826	1 620	1,645	4,091
Records & Administration	–	–	–	1,754	–	–	–	–	1,754
"Production and publication of sheet music, along with support for these activities"	–	–	788	2,283	–	–	–	–	3,071
Boards and administration	979	422	–	–	–	–	–	–	1,401
Total utilised funds, service providers 2021	979	422	11,276	7,128	–	7,050	8,340	8,645	43,840

3.2.1 STIM

STIM has used SEK 11.3 million, which corresponds to 25.7 percent of the total used funds for music promotion activities.

STIM paid out SEK 4 million in scholarships to 143 recipients (of which, 53 percent were men). The scholarships were paid out in amounts of either SEK 50,000, SEK 25,000 or SEK 10,000. There were 2,171 applications submitted, which is slightly lower than last year. STIM's scholarship activities are administered by its subsidiary, Svensk Musik.

Support to MEM and music publishers aims to stimulate the creation of works in areas of music that are neglected by the market, preserve our music heritage and promote musical diversity. A total of SEK 5.6 million was paid to STIM-affiliated rightsholders in 2021. Because of the pandemic, with fewer concerts being held that would have been granted MEM support, the full amount that was allocated to the service was not used (SEK 6.6 million).

STIM's sheet music support in 2021 amounts to SEK 0.8 million. The support went to 138 sheet music publishers considered to be important in their respective genres and where the sheet music likely would not have been published without this support. It was paid out to ten STIM-affiliated publishers for music written by STIM-affiliated authors that they published. There was less sheet music published during the pandemic, which is why the amount paid out in support was slightly lower than in previous years.

STIM's travel subsidies help copyright holders attend the premiere of their own works and build their network of contacts so that their music or text gains a wider audience. In 2021, SEK 0.3 million was paid out and it is a lower amount than in previous years, again, because of the pandemic.

3.2.2 Svensk Musik

STIM's subsidiary, Svensk Musik, used SEK 7.1 million corresponding to 16.3 percent, of the total used funds for music promotion activities. The funds were spent on services on behalf of STIM and were disbursed as shown in table 11.

The main task of Svensk Musik is to promote and make available unpublished Swedish contemporary music both digitally and as sheet music, promote musical diversity and strong copyright protection, as well as being an active partner for organisations involved in the Swedish music scene. Underlying it all is the manuscript archives of unpublished contemporary music, along with archives of

pop music that is managed by Svensk Musik. In 2021, Svensk Musik added more than 500 new works to the manuscript archives. In total, the archives hold more than 150,000 works.

Besides its work with the archives, Svensk Musik is also responsible for the administration of STIM's scholarship activities and travel subsidies.

Svensk Musik's reported management costs amounted to SEK 4,8, which NÄMMU feels is reasonable given the organisation's format and assignment.

3.2.3 FST

FST has used SEK 8.3 million, which corresponds to 19.0 percent of the total used funds for music promotion activities. The funds were disbursed as shown in Table 11. According to its financial statements, FST's management costs amounted to SEK 1,5, which NÄMMU feels is reasonable.

During the year, FST distributed SEK 1.6 million in scholarships to composers working in the area of art music.

FST also allocated SEK 0.1 million in travel grants in 2021, which is a pandemic-related lower outcome compared to a normal year.

FST offers advice in many areas to rightsholders. It primarily has to do with legal or financial issues, but they also hear from people working in the music industry who feel vulnerable or have questions related to working life.

During the year, FST engaged in advocacy work to change the attitudes of politicians and other decision makers, at both the national and international level concerning matters having to do with cultural policy. Together with others in the STIM sphere, much focus has been put on implementation of the Copyright Directive in Swedish legislation. FST also submitted its comments on several exposure drafts during the year and worked with the restart inquiry on how to boost conditions for a restart of cultural pursuits after the pandemic. The *Keychange* project was one of its initiatives for better equality in the music industry.

Several trainings and other educational initiatives were implemented during the year, some of which focused on children and youth. There were also webinars for professional composers and a continuing education service for composers to develop their skills in communication and business planning via individual coaching.

3.2.4 SKAP

SKAP has used SEK 8.7 million, which corresponds to 19.8 percent of the total used funds for music promotion activities. The funds were disbursed as shown in Table 11. According to its financial statements, SKAP's management costs amounted to SEK 1.9 million, which NäMMU feels is reasonable.

Advocacy work is the largest line item for SKAP's reported use funds for music development in 2021. Under the headings of Copyrights, *Future issues and Equality & diversity* SKAP has, among other things, worked with implementation of the Copyright Directive in Swedish legislation and the Swedish government's restart inquiry to boost cultural pursuits after the pandemic (*Från kris till kraft – återstart för kulturen* SOU 2021:77). Under those same headings however, work was also pursued to boost the curriculum of post-secondary educations so that it covers more about copyright protection, including matters having to do with moral rights, buyouts and forced relocations and the consequences of digitalisation for professional artists. The organisation pursued gender equality work by, for

example, participating in the investigation into structural racism in the music industry (*Jämlikt Skapande – strukturell rasism inom musikbranschen*.)

Under the heading, Collective Rights Management, SKAP worked to promote sustainability, diversity and regrowth in the music industry. It involved such things as recruitment of new members to STIM and investigating new technical solutions for strengthening the collective rights management organisation.

Just like with FST, SKAP offers both legal and financial advice. It offers a service called *Din Musikbusiness* for business advice and advice about the music industry. Another initiative, *Musiklivet*, focused on training for a sustainable professional life as a music creator.

During the year, SKAP awarded prizes financed through the funds for music promotion activities totalling SEK 1.2 million.

3.2.5 Musikförläggarna

Musikförläggarna has used SEK 7.1 million, which corresponds to 16.1 percent of the total used funds for music promotion activities. The funds were disbursed as shown in Table 11. According to its financial statements, Musikförläggarna's management costs amounted to SEK 2.4 million, which NäMMU feels is reasonable.

One of the ways that Musikförläggarna continued to strive for better equality and counteracting discrimination, violations and abuses during the year was via a support service for employees working for music publishers. A mentorship programme was also started up for women in the industry.

Efforts to spread knowledge about copyright protection continued as well by, for example, offering advice to members and the public, and via debate articles and participation in panel discussions. Musikförläggarna arranged several seminars during the year both with and for the industry. It also held lectures about music publishers and the work that Musikförläggarna does.

Together with FST, the project called *Musik <3 Film* was started up, aimed at joining the two industries together.

Musikförläggarna, just like STIM, FST and SKAP, actively worked during the year with implementation of the Copyright Directive in Swedish legislation.

Musikförläggarna is part of the Swedish network for modern intellectual property rights and as part of that, participated in the work to produce a report on that subject called *Immateriellt värdeskapande i Norden 2021*. The report shows, among other things, the importance of intellectual property to the Swedish economy.

A new initiative in 2021 was *Music Publishing Support* that Musikförläggarna set up. It is a means for music publishers to apply for funding of individual projects, such as songwriting camps, promotion of female composers and music export initiatives.

3.2.6 Costs of Music Promotion Activities

The way that STIM's Music Promotion Activities has been designed requires a certain amount of administration. The costs associated with running those activities is financed through the funds set aside for Music Promotion Activities and therefore, reported here.

The management costs are budgeted jointly for NäMMU and SPN. However, since SPN's project activities were dormant during the

year, the resources were used by NäMMU and to a certain extent for STIM's music development activities. These management costs amounted to SEK 1.4 million, which includes salaries, fees to NäMMU, office expenses, travel reimbursements and entertainment.

There was one full-time employee running the office.

3.3 Financing of future Music Promotion Activities

In STIM's balance sheet, the funds available for future Music Promotion Activities are reported among other liabilities. At year-end 2021, it amounted to SEK 125.8 million. NäMMU has budgeted SEK 55 million in 2022 for Music Promotion Activities.

Table 12 – Amounts in STIM's balance sheet for Music Promotion Activities

Funds retained for Music Development, SEK thousand	Fund	Funds for use prior to 2021	Funds for use in 2021	Funds for use in 2022	Total
Opening balance 01/01/2021	52,720	9,571	40,000	–	102,291
Appropriation of non-distributable funds as per AGM decision	16,900	–	–	–	16,900
This year's deductions to Scholarships, MEM and Publishing Support	–	–	13,686	–	13,686
Funds used during the year	–	–	43,840	–	-43,840
Unused funds 2021, returned to the fund	9,846	–	-9,846	–	–
Deductions for the year	–	–	–	36,715	36,715
Older unused funds, for use in 2022	–	-9,571	–	9,571	–
Withdrawals from the fund to financing next year's budget	-8,714	–	–	8,714	–
Closing balance 31/12/2021	70,752	–	–	55,000	125,752

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