

Transparency report 2020

STIM://

Introduction

STIM is a copyright organisation with more than 95,000 affiliated music creators and music publishers. Ever since it 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.

Our basic concept is that music has a value – for those who listen, those who create, for Sweden as a country of music and for culture, the economy and society at large. We strive to ensure that music creators are compensated for their music, that listeners have access to the music and that all talent has opportunities to grow.

STIM is a not-for-profit organisation that advocates for regrowth and diversity in the Swedish music industry.

The transparency report has been prepared in accordance with the Act on Collective Management of Copyright (2016:977) and its aims to give rightsholders and other stakeholders more transparency into the financial management compared to what the Annual Accounts Act and other industry-specific laws and recommendations in the field of accounting provide.

The first section contains an overall report of our 2020 financial results. The second section contains more detailed information about revenue, expenditure and deductions, as well as outstanding and disbursed funds to rightsholders. The final section reports on the use of funds earmarked for social, cultural and educational objectives.

STIM, May 2021

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1. Management & legal structure and overall financial information

1.1 Overall financial information

1.1.1 Income statement

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

1,930,968

Total operating income,
SEK thousand, Group

13,149

Profit for the year,
SEK thousand, Group

1.1.2 Balance sheet

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

| Equity and liabilities (SEK thousand) | Group | | Parent Society | |
|---|------------------|------------------|------------------|------------------|
| | 31/12/2020 | 31/12/2019 | 31/12/2020 | 31/12/2019 |
| Equity | | | | |
| Restricted equity | | | | |
| Invested capital | 10 | 10 | 10 | 10 |
| Capitalised expenditure for development work | 41,062 | 26,800 | 37,213 | 26,800 |
| Other restricted equity | 1,226 | 1,226 | 1,226 | 1,226 |
| Total restricted equity | 42,299 | 28,037 | 38,449 | 28,037 |
| Accumulated profit/unrestricted equity | | | | |
| Accumulated profit/unrestricted equity | 160,029 | 173,063 | -37,208 | -26,795 |
| Adjustment of Opening Balance for Associates | 1,122 | 873 | - | - |
| Translation difference | 119 | 8 | - | - |
| Profit for the year | 13,149 | 2,829 | - | - |
| Total accumulated profit/unrestricted equity | 174,419 | 176,773 | -37,208 | -26,795 |
| Total equity | 216,718 | 204,810 | 1,242 | 1,242 |
| Provisions | | | | |
| Provisions for pensions | 6,604 | 6,461 | 6,604 | 6,461 |
| Total provisions | 6,604 | 6,461 | 6,604 | 6,461 |
| Non-current liabilities | | | | |
| Non-current liabilities | 500 | 500 | - | - |
| Total non-current liabilities | 500 | 500 | - | - |
| Current liabilities | | | | |
| Trade payables | 9,641 | 18,204 | 8,239 | 17,155 |
| Distribution liabilities | 1,403,210 | 1,819,573 | 1,403,210 | 1,819,573 |
| Liabilities to Associates | 540 | - | 540 | - |
| Tax liabilities | 240 | 233 | - | - |
| Other liabilities | 156,045 | 28,261 | 154,314 | 26,514 |
| Accrued expenses and prepaid income | 303,371 | 173,428 | 279,561 | 149,415 |
| Total current liabilities | 1,873,047 | 2,039,699 | 1,845,864 | 2,012,657 |
| Total equity and liabilities | 2,096,869 | 2,251,470 | 1,853,710 | 2,020,359 |

1.1.3 Cash flow statement

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

1.2 STIM's management & legal structure

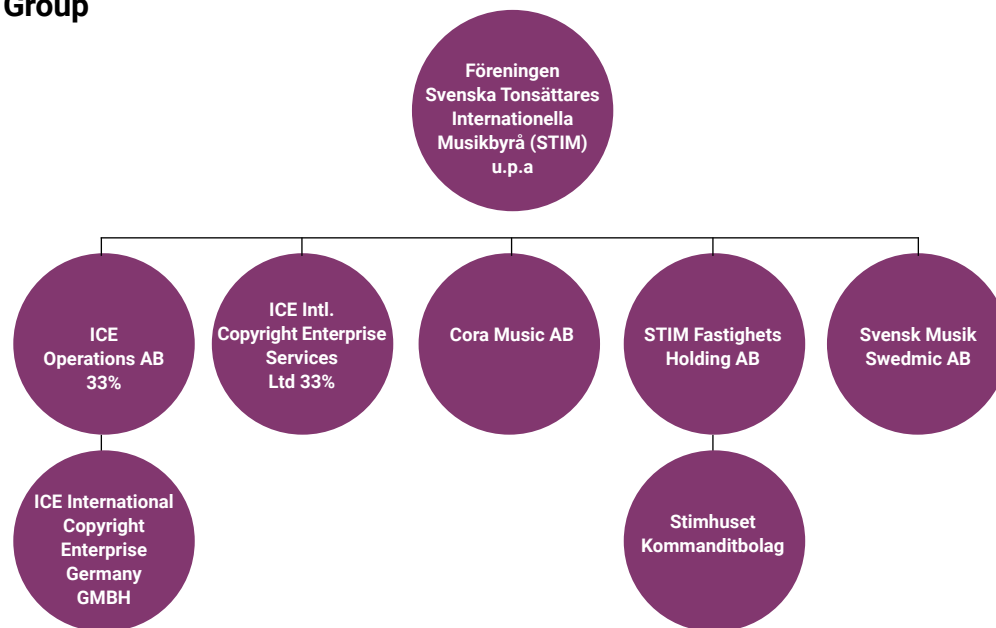
STIM is a collective rights management organisation for music. The business is operated as a not-for-profit financial association. On behalf of music creators and music publishers, STIM grants licenses and collects remuneration for the use of the music. This remuneration is then disbursed to rightsholders, 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. In addition, STIM works for diversity and regrowth in the music industry.

The number of STIM affiliates grew in 2020 to 95,530, of which 3,767 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



1.2.1 Board of Directors and CEO

1 Eva Botmar

Employee Representative since 2012
Works at STIM's publishing service.

2 Carina Brorman

Chair since 2017
Independent Management Consultant and PR Strategist, owner and CEO of Carina Brorman Consulting AB. Chair of the Board for Orionteatern 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. Deputy Board member of Jobi Footright AB.

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
Representing Musikförläggarna. General Manager for Sony Music Publishing Scandinavia AB. Board member of Musikförläggarna and Fem Fingrar AB. Deputy Board member of Sony Music Publishing Scandinavia AB.

7 Martin Jonsson Tibblin

Member since 2015, First Vice-Chair
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. Composer, board member and CEO of Naomi Musik-



1



2



3



4



5



6



7



8



9



10



11



12

förlag AB. Chair of the Board for SKAP, Musiksverige Samlad Svensk Musikbransch (financial association), International Music Council (IMC), European Composer & Songwriter Alliance (ECSA), and The global node Stockholm AB. Board member of the Royal College of Music in Stockholm, Kaffe Diktatorn AB 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, Second 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 with member services and distribution. Board member of BRF Ploggen.

12 Karsten Dyhrberg Nielsen

CEO since 2014
Chair of the Board for Cora Music AB, STIM Fastighetsholding AB and NCB- Nordic Copyright Bureau. Board member of NMP - Network of Music Partners, ICE Operations AB, ICE International Copyright Enterprise Germany GmbH and ICE Services Ltd.

Deputy members

Jenny Hettne

First Deputy, FST

Anders Wollbeck

First Deputy, SKAP

Lars Karlsson

First Deputy, Musikförläggarna

Eric Sjöström

First Deputy, Independent

Johan Blixt

Second Deputy, FST

Alexandra Nilsson

Second Deputy, SKAP

Filiz Erat Edhlund

Second Deputy, Musikförläggarna

Åsa Otterlund

Second Deputy, Independent

Mikael Alenmark

Deputy, Employee Representative

Viktor Sellgren

Deputy, Employee Representative

1.2.2 The organisation around STIM

As of 31 December 2020.

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

Risto Salminen _____ CEO Teosto, Chairmand
Karsten Dyhrberg Nielsen _____ CEO STIM
Guðrún Björk Bjarnadóttir _____ CEO Stef, Vice Chairman
Cato Strøm _____ CEO Tono
Gorm Arildsen _____ CEO 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 _____ CEO Koda
Karsten Dyhrberg Nielsen _____ CEO Stim
Stephen Powell _____ CFO, PRS for Music
Andrea Martin _____ CEO PRS for Music
Simon Platz _____ Managing Director, Bucks Music Group
Risto Salminen _____ CEO Teosto
Katja Manley Østergaard _____ (Employee Representative)
Cato Strøm _____ CEO Tono (Observer)

Cora Music AB

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

Board

Karsten Dyhrberg Nielsen _____ CEO Stim, Chairman
Peter Lindström _____ Director Members & Market
Jan-Christer Stoppel _____ CFO
STIM

STIM Fastighetsholding AB (with wholly owned subsidiary Stimhuset KB)

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

Board

Karsten Dyhrberg Nielsen _____ CEO Stim, Chairman
Jan-Christer Stoppel _____ CFO 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
Peter Magro _____ Musikförläggarna
Elise Einarsdotter _____ 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 _____ Chair
Karsten Dyhrberg Nielsen _____ STIM
Carina Bromman _____ STIM
Kerstin Mangert _____ STIM
Andrea C Martin _____ PRS for Music
Nigel Elderton _____ PRS for Music
Steve Powell _____ PRS for Music
Jörg Fukking _____ GEMA
Lorenzo Colombini _____ GEMA
Dr. Ralf Weigand _____ GEMA
Pia Andersson _____ (employee representative)

Board of ICE International Copyright Enterprise Germany GmbH

Dr. Rainer Minz _____ Chair
Karsten Dyhrberg Nielsen _____ STIM
Carina Bromman _____ STIM
Kerstin Mangert _____ STIM
Andrea C Martin _____ PRS for Music
Nigel Elderton _____ PRS for Music
Steve Powell _____ PRS for Music
Jörg Fukking _____ GEMA
Lorenzo Colombini _____ GEMA
Dr. Ralf Weigand _____ GEMA

Board of ICE International Copyright Enterprise Services Ltd.

Dr. Rainer Minz _____ Chair
Karsten Dyhrberg Nielsen _____ STIM
Martin Jonsson Tibblin _____ STIM
Kerstin Mangert _____ STIM
Andrea C Martin _____ PRS for Music
Simon Darlow _____ PRS for Music
Steve Powell _____ PRS for Music
Dr. Harald Heker _____ GEMA
Stefan Waggerhausen _____ GEMA
Dr. Ralf Weigand _____ GEMA

1.2.3 Elected Bodies

As of 31 December 2020.

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

Has been mandated by the Annual General Meeting to decide on the use of funds for social, cultural and training related purposes. Through the committee, STIM contributes to musical diversity and strengthens copyright, via such things as grants, support for music projects and financing activities that promote copyright.

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 organ of the Annual General Meeting, which proposes appointments to the Board, NäMMU, Nomination Committee and Auditors, as well as proposals for remuneration of the Board, committees and the boards of subsidiary companies.

Erik Peters _____ FST Chairman
Thomas Lindahl _____ SKAP
Rebecca Edwards _____ Musikförläggarna
Fredrika Hörlin _____ Independent
Vacant _____ Independent

SPN, STIM's Council for the Promotion of Swedish music

Council, appointed by NäMMU, responsible for prepares proposals for decisions by NäMMU associated with projects that aim to improve the availability and recognition of new Swedish music – both nationally and internationally. A committee of independent experts appointed by NäMMU Prepares proposals for decisions by NäMMU.

Kjell-Åke Hamrén _____ Chair
Ingemar Bergman _____ Independent
Tony Lundman _____ Independent
Pernilla Söderblom _____ Independent
Anne Pajunen _____ Independent
Linn Persson _____ Independent
Cindy Lee _____ Independent

1.2.4 Committees and boards

As of 31 December 2020.

Grading committee

Committee within STIM that assesses and evaluates STIM's praxis for grading and deals with grading complaints.

Ordinary members

Anders Annerholm _____ Musikförläggarna
Ylva Q Arkvik _____ FST
Jonas Valfridsson _____ FST
Vakant _____ SKAP
Vakant _____ SKAP

Deputy members

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

Group for sheet music support

Preparation of matters having to do with sheet music, which is support that STIM affiliates can apply for. The support is administered by STIM.

Ordinary members

Björn Ehrling _____ Musikförläggarna
Lotta Lillieström Stenberg _____ Musikförläggarna
Birgitta Sacilotto _____ Musikförläggarna
Roland Horovitz _____ Musikförläggarna
Pekka Maenpää _____ Musikförläggarna
Pia Åhlund _____ Musikförläggarna

Distribution committee

Committee appointed by the Board that prepares a basis for the Board's decision on distribution issues.

Karsten Dyhrberg Nielsen CEO STIM, Chairman
Monica Ekmark _____ Musikförläggarna
Kerstin Mangert _____ Musikförläggarna
Martin Jonsson Tibblin _____ FST
Chrichan Larson _____ FST
Alfons Karabuda _____ SKAP
Örjan Strandberg _____ SKAP

Travel subsidy group

Prepares and decides on matters having to do with STIM's travel subsidies.

Ordinary members

Daniel Carlberg _____ FST
Ulla-Carin Nyquist _____ SKAP
Roland Horovitz _____ Musikförläggarna

Scholarship committee

Prepares scholarship applications and makes proposals for decisions to the Board of Stim.

Ann-Christin Biel _____ Svensk Musik, Chair
Mattias Rodrick _____ FST
Pär Lindgren _____ FST
Patrik Sventelius _____ Musikförläggarna
Lisa Långbacka _____ SKAP
Alina Devecerski _____ SKAP
Frida Hyvönen _____ SKAP

Assessment committee for music and copyright

Committee within STIM that, on request from rightsholders, can give an opinion on similarities between musical works. The opinion is only indicative and not a legally binding decision.

The Assessment Committee still exists, but is subordinate to the CEO and is therefore not detailed in this report.

1.3 Information on refusals of licence issuing requests

In 2020, STIM did not refuse any licence issuing requests.

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.)

1.4 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 2020 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 2020 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

| | Sum, SEK thousand |
|--|-------------------|
| Board fees, STIM's Board of Directors | 1,581 |
| Fees to the boards and committees of the Group | 741 |
| Salary and benefits paid to the management team and CEO | 9,751 |
| Pension provisions (premiums) to the management team and CEO | 2,320 |
| Social security contr. (incl. special employer's contr.) to the Board, management team and CEO | 4,356 |
| Total remuneration and benefits | 18,749 |

Table 1b shows the rights payment paid in 2020 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

| | Sum, SEK thousand |
|--|-------------------|
| Copyright remuneration directly to copyright holder | 35 |
| Remuneration via a company/publisher on behalf of the copyright holder | 552 |
| Remuneration to publishers that are wholly or partly owned to senior executives | – |
| Remuneration to publishers where senior executives are employed or have a similar affiliation. | 146,156 |
| Royalties received from STIM (not incl. VAT) | 146,742 |

At the STIM Annual General Meeting the remuneration stated above is presented in more detail, as to the exact remuneration received by each senior executive.

2. Financial information

2.1 Financial information on royalty revenue, costs of managing rights and other services and information on deductions made from royalty revenue

In the following section, STIM's royalty revenue, costs and deductions for costs during the financial year are reported. Revenue and deductions for costs are reported for each rights category, which means category of music use. Some of the royalty revenue has been rights categorised according to standard amounts that are based on historical data. These are sums where, upon recognition, STIM did not have adequate information for categorising the revenue. An example of this is the revenue from foreign sister societies, where STIM received payment and recognised revenue, 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.

STIM does not allocate the costs of managing rights and other services to each rights category. A deduction is made to royalty revenue to cover STIM's costs. The deduction levels and deduction areas, are decided by STIM's Board of Directors and to some extent are also based on industry practice. For example, a distinction is made between digital and non-digital music services/areas and situations where one society settles income on behalf of another society.

STIM's other income (besides royalty revenue), along with net financial items and surpluses from the management of its own property, is credited with the total management costs. It means that the net cost that has served as the basis for management deductions has been reduced by the amount of other revenue that is not royalty revenue.

2.1.1 Rights categories

STIM's management of the rights of members is divided into seven categories, based on different areas for the use of music. The rights categories, which have been decided by the STIM Annual General Meeting are as follows:

1. Public performance – live

Public performance rights are split into two categories. “Public performance – Live” is one. This category covers acts carried out 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 category may include, for example, a live performance of a work at a concert or to an audience outside of a concert hall with the aid of audiovisual equipment.

2. Public performance of background music

The second category of public performance rights is “public performance of background music”. This category covers acts carried out 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 category may include, for example, a radio or television performance, or a performance in a public place such as a restaurant, hotel or workplace.

3. 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 acts carried out 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 relevant disposal of any production of copies. Examples of this rights category include music broadcasts on linear television and simultaneous linear and online broadcasting.

4. Public transmission on radio (broadcasting, including simulcasting)

This category covers acts carried out when a work is made accessible to the public via cable or wirelessly from a different place to the one where 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 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.

5. 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.

6. Public transmission online (interactive)

This category covers acts carried out 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 relevant disposal of any production of copies.

This category applies when music is made accessible via an online service where users are able to choose what to play and when. This includes music streaming services (Spotify, Netflix, etc.), music and film download services (iTunes, Google Play Music, Google Play Movies, etc.) and non-linear catch-up services where TV programmes are made accessible after broadcast (SVT Play, TV4 Play).

7. Public transmission online (non-interactive)

This category covers acts carried out 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 includes webcasting/streaming services where e.g. the public cannot choose where in the broadcast viewing will start. This category does not cover simulcasting, however. This rights category also includes relevant disposal of any production of copies.

This rights category applies when e.g. music is made accessible via an online service where the user is unable to choose what to play and when. An example of this is P3 Star or linear web TV that is not conventionally broadcast simultaneously.

2.1.2 Royalty revenue, costs and deductions

STIM's total royalty revenue amounts to: **SEK 1,907,222 thousand**
 STIM's total rights management costs amount to: **SEK 195,022 thousand**

STIM's total costs for SCE services amount to: **SEK 39,618 thousand**

STIM's total distribution costs amount to: **SEK 1,672,582 thousand**

A deduction from revenue for management costs is made to cover STIM's costs for management. In addition to management costs, the calculation of the total cost to be covered by management deductions also includes income other than rights income collected by STIM, net financial items, taxes and group contributions from surpluses (or, where applicable, deficits) generated in the Group's other companies. In addition to the financial management of rights, STIM's mission is to promote musical diversity and strengthen copyright protection. The costs associated with are financed via deductions for social, cultural and educational objectives. These are known as SCE funds. Chapter 3 contains a report on the use of those funds in 2020. Decisions on the deduction levels for each area are decided each year by STIM's Board of Directors in conjunction with adopting the budget for the year.

Any surplus from the financial management of rights, or difference between STIM's royalty revenue and costs for management and SCE funds, belongs to the rightsholders' collective and are reported as distribution cost and distribution liability, respectively. In other words, it

is outstanding sums to rightsholders until payment can be made.

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

In the 2019 transparency report, STIM reported deductions as the sum of STIM's preliminary management deduction and the year's surplus/deficit. Table 2 below presents the revenue and deductions made in 2020, for which surplus/deficit of costs is reported separately.

Table 2 – Royalty revenue and deductions

| Rights category | Royalty revenue, SEK thousand | Preliminary Management deductions, SEK thousand | Preliminary Management deductions, % | SCE deductions, SEK thousand | SCE deductions, % | The year's surplus/deficit deduction, SEK thousand | Distribution cost for the year, SEK thousand |
|---|-------------------------------|---|--------------------------------------|------------------------------|-------------------|--|--|
| Public performance – Live | 39,228 | -8,783 | 22.4% | -2,919 | 7.4% | -974 | 26,553 |
| Public performance – Live Other Societies* | 133,366 | - | - | - | - | - | 133,366 |
| Public performance – Background | 164,094 | -38,602 | 23.5% | -12,914 | 7.9% | -4,118 | 108,459 |
| Public performance – Live Other Societies* | 84,842 | - | - | - | - | - | 84,842 |
| Public transmission – TV | 273,087 | -53,926 | 19.7% | -16,580 | 6.1% | -5,574 | 197,007 |
| Public transmission – TV Other Societies* | 184,143 | - | - | - | - | - | 184,143 |
| Public transmission – Radio | 104,866 | -23,425 | 22.3% | -7,205 | 6.9% | -2,182 | 72,054 |
| Public transmission – Radio Other Societies* | 184,652 | - | - | - | - | - | 184,652 |
| Reproduction on physical sound formats – Mechanical | 66,914 | -379 | 0.6% | - | - | -71 | 66,463 |
| Reproduction on physical sound formats – Mechanical, Other Societies* | 5,342 | - | - | - | - | - | 5,342 |
| Public transmission online – Interactive | 492,910 | -56,421 | 11.4% | - | - | -2 | 436,487 |
| Public transmission online – Interactive, Other Societies | 164,602 | - | - | - | - | - | 164,602 |
| Public transmission online – Non-interactive | 5,660 | -566 | 10.0% | - | - | - | 5,094 |
| Public transmission online – Non-interactive, Other Societies* | 3,518 | - | - | - | - | - | 3,518 |
| Total royalty revenue and deductions 2020 | 1,907,222 | -182,101 | 9.5% | -39,618 | 2.1% | -12,921 | 1,672,582 |

** Other Societies means royalty revenue collective copyright societies. The revenue shown under section 3.2.3 (Table 7), where STIM deducts from sums received from other collective management organisations, is excluded.

The year's deficit for management deduction was SEK 12.9 million and it corresponds to 6% of STIM's total costs.

Capitalised surplus/deficit of management deduction

Opening balance 01/01/2020: **SEK 22,750 thousand**

Deficit deduction for the year: **SEK -12,921 thousand**

Opening balance 12/31/2020: **SEK 9,829 thousand**

2.2 Financial information on outstanding sums to rightsholders

The next sections will show the outstanding sums not yet paid to rightsholders, broken down by rights categories and the age distribution of the said amount. The reporting is supplemented by information on significant events during the year, comments on outcomes and an account of STIM's improvement work going forward regarding procedures for search and payment of older funds in STIM's settlement debt.

2.2.1 Significant events during the year

In 2020, four major payments were made for most of the rights categories and four payments were made for multi-territorial online revenue, along with two payments of funds older than three years. In addition to those, several smaller payments were also made.

The work that got underway in 2019 to investigate older unpaid funds and quality-assured documentation to enable their distribution was intensified in 2020. A goal during the year was to attempt to investigate and settle all funds collected in 2016 and earlier. At the beginning of the year, the balance on such funds was SEK 380 million. In 2020, SEK 319 million of that amount has been regulated. SEK 214 million has been settled and paid out directly to the rightsholders. The non-distributable amount of SEK 105 million has been allocated to the SCE provision in the balance sheet. See the specification in item 3.1.

2.2.2 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 accounting for income are that, where they are known in terms of amounts or information to reasonably estimate them, the revenue is recognised in the year to which the use of the rights relates. Consequently, the carrying amount of the settlement liability includes not only determined income where payment has been received, but also invoiced income that has not yet been collected and also partially accrued income where an estimate has been made of the revenues that will be received for the period.

STIM strives to calculate and distribute collected funds to the greatest extent possible with the guidance of a music report document, which describes the repertoire which the user of music has utilised. This results in a natural shorter or longer lead time from collection to payment. 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.

As STIM's settlement debt arises directly at the time of revenue and that the process of reporting music has lead times attached to it, STIM's settlement debt consists, for the most part, of amounts earned in the past year. This part of the settlement liability is considered 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 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. The main reasons for later payments are a lack of reports (distribution documents) from the music user, a lack of complete information about the work in question, unresolved disputes or where STIM lacks important payment information to rightsholders, such as the society they are affiliated with or account information.

Distribution liability has three components, each of which represents a step in the process where the funds currently are:

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 5b show amounts at the beginning of the year, changes during the year and year-end amounts 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, 4a and 5a 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:

1. 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. There might also be transfers between rights categories due to more reliable information on standard rates becoming available in 2020.

2. Transfers between the various steps in the process

In some cases, amounts are transferred between the different stages of the process mentioned above and specified in Tables 3a, 4a and 5a. For example, an adjustment might have been made to the opening balance of a 2019 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 2020, it is now clear that it belongs to the category "Allocated, unassigned sums".

3. 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 of this may be provisions of indivisible amounts from the settlement liability to the use of SCE funds.

Table 3a – Collected, unallocated sums (SEK thousand)

| Rights category | Opening balance 01/01/2020 | Adjustments | Distribution cost for the year | Allocated distributions this year | Closing balance 31/12/2020 |
|---|-------------------------------|-----------------|--------------------------------|-----------------------------------|-------------------------------|
| Public performance – Live | 139,634 | -23,006 | 159,919 | -174,318 | 102,229 |
| Public performance – Background | 117 639 | -349 | 193,301 | -206,510 | 104,081 |
| Public transmission – TV | 256,758 | -43,171 | 381,150 | -398,537 | 196,200 |
| Public transmission – Radio | 160,474 | -43,994 | 256,706 | -281,253 | 91,933 |
| Reproduction on physical sound formats – Mechanical | 8,975 | 4,870 | 71,805 | -64,707 | 20,943 |
| Public transmission online – Interactive | 828 977 | 4,499 | 601,090 | -741,751 | 692,815 |
| Public transmission online – Non-interactive | 24,461 | -4,552 | 8,612 | -2,865 | 25,656 |
| Total collected, unallocated sums | 1,536,919 | -105,704 | 1,672,582 | -1,869,940 | 1,233,857 |

Table 3a 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 distribution liability which has not yet been allocated for distribution. The column *Allocated distributions this year* consists of sums, irrespective of revenue year, that have been allocated for distribution.

The vast majority adjustments are provisions of non-distributable funds where STIM, based on the resolution of the STIM AGM on 29 May 2020, allocated SEK 105 million from the distribution liability to SCE funds, as specified in section 3.1.

The decrease in collected, unallocated sums between 2019 and 2020 amounts to SEK 303 million. The significant events behind this reduction are described below.

In 2020, a special initiative was undertaken to investigate and pay out funds older than three years. The result of that was an ability to pay out SEK 88 million in collected, unallocated funds older than three years to rightsholders. This was over and above the undisburseable amount of SEK 105 million which, based on the AGM resolution, was set aside for SCE purposes.

STIM co-licenses its multi-territorial online revenues with other parties through ICE Services Ltd. ICE negotiates and enters into licensing agreements with the major music users for all the societies and publishers they represent and for several territories. At the start of each contract period, STIM, based on forecasts on the music use of STIM repertoires, receives information about the estimated share

of revenue that is expected to accrue to STIM under the agreement. In connection with this, on account payments are also received for all or part of the period. Based on this information, STIM recognises revenue for each period in accordance with the policies described earlier in this report. During the contract period, reports are then regularly received about actual music usage and the amount of revenue that can thus be distributed. Additional music reporting besides this is done each period in several steps in order to cover repertoires that could not be matched at the first reporting occasion. Furthermore, STIM's ultimate share of the revenue could also be affected by the music use of the entire contract, which means other repertoires not represented by STIM and based on the guaranteed amount specified in the contract with the music users. In 2020, it was determined that the actual music use for several contract periods and music services was lower than the estimated music use and that the reason was not only because of unmatched repertoires that might eventually be covered upon final settlement of the contracts. STIM therefore restated the remaining revenue on these contracts in the 2020 year-end accounts. The revaluation of revenue for these contracts has reduced the settlement liability by SEK 109 million pertaining to revenue recognised in 2019 and earlier years.

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

| Year | Sum |
|--|------------------|
| 2020 | 874,871 |
| 2019 | 215,662 |
| 2018 | 89,691 |
| 2017 and older | 53,633 |
| Total collected, unallocated sums | 1,233,857 |

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 information has not yet been received

To the greatest extent possible, STIM endeavours to settle revenue against actual music use. There is a natural lag between revenue recognition and reporting of music use, which is why there are lead times between collection and payment. In cases where it is not possible to match the revenue against distribution data containing actual music use (for example, where it is not economically justifiable to collect and process information about music use), analogies are used. Analogies are when the distribution base from another, nearby area is used for the corresponding period of use. This revenue has similar lead times between collection and payment because they are also impacted by actual music use, albeit from a different, yet similar area.

Lead times due to STIM's settlement cycles

STIM strives to have predictable, steady settlement cycles to enable rightsholders 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

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, along with any new posts that have now been identified for distribution. As a last step, any revenue that has still not been identified, despite updated analyses, is distributed using an analogy.

New and renegotiated services and customers

When licensing new music services, or making changes to existing music services, it is normal 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 could result in even more of a delay between collection and payment since it might be necessary to develop IT solutions for the administration of music reports, or, to await a distribution decision by STIM's Board of Directors.

Unspecified revenues from sister companies

STIM receives payments from other societies for STIM's catalogue when it is performed outside of Sweden. In some cases, the accompanying information of amounts received 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.

Table 4a – Allocated, unassigned sums (SEK thousand)

| Rights category | Opening balance 01/01/2020 | Adjustments | Allocated distributions this year | Assigned to rightsholders this year | Closing balance 31/12/2020 |
|---|-------------------------------|-------------|--------------------------------------|--|-------------------------------|
| Public performance – Live | 14 552 | -4,670 | 174,318 | -174,603 | 9,598 |
| Public performance – Background | 29,127 | -4,249 | 206,510 | -209,968 | 21,420 |
| Public transmission – TV | 30 695 | 2,085 | 398,537 | -402,833 | 28,484 |
| Public transmission – Radio | 17 313 | -4,789 | 281,253 | -282,189 | 11,588 |
| Reproduction on physical sound formats – Mechanical | 341 | 592 | 64,707 | -65,210 | 430 |
| Public transmission online – Interactive | 31,700 | 16,922 | 741,751 | -759,494 | 30,879 |
| Public transmission online – Non-interactive | 1,126 | -821 | 2,865 | -2,820 | 350 |
| Uncategorised | 4,611 | -4,611 | | | |
| Total allocated, unassigned sums | 129,465 | 460 | 1,869,940 | -1,897,116 | 102,749 |

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.

Adjustments made during the year consist primarily of reclassifications between rights categories, along with smaller items associated with the opening balance from Collected, unallocated sums in Table 3a that were transferred to Allocated, unassigned sums. Adjustments between rights categories are a result of better analyses of the remaining debt at year-end that have come about from having implemented new information management systems.

The decrease in allocated, unassigned sums, between 2019 and 2020 amounts to SEK 27 million. The decrease is in part attributable to a special, one-time initiative to pay out funds older than three years. It resulted in being able to pay out SEK 40 million of amounts reserved (because information was lacking about the work) to rightsholders. In addition to that initiative, it was possible to pay out SEK 13 million for the period 2017-2019 as a direct or indirect result of STIM's search routines.

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

| Year | Sum |
|---|----------------|
| 2020 | 25,595 |
| 2019 | 16,300 |
| 2018 | 17,319 |
| 2017 and older | 43,535 |
| Total allocated, unassigned sums | 102,749 |

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 63 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 32 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 (SEK thousand)

| Rights category | Opening balance 01/01/2020 | Adjustments | Assigned to rightsholders this year | Amount paid during the year | Closing balance 31/12/2020 |
|---|----------------------------|-------------|-------------------------------------|-----------------------------|----------------------------|
| Public performance – Live | 9,409 | 1,734 | 174,603 | -179,802 | 5,945 |
| Public performance – Background | 16,999 | 3,133 | 209,968 | -225,804 | 4,296 |
| Public transmission – TV | 29,654 | 5,466 | 402,833 | -423,420 | 14,532 |
| Public transmission – Radio | 11,762 | 2,168 | 282,189 | -291,132 | 4,987 |
| Reproduction on physical sound formats – Mechanical | 376 | 69 | 65,210 | -66,430 | -775 |
| Public transmission online – Interactive | 60,347 | 11,123 | 759,494 | -794,243 | 36,721 |
| Public transmission online – Non-interactive | 800 | 148 | 2,820 | -2,870 | 899 |
| Uncategorised | 23,841 | -23,841 | | | |
| Total Assigned, unpaid sums | 153,189 | - | 1,897,116 | -1,983,701 | 66,604 |

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. The column Amount paid this year is money from STIM's assigned funds, regardless of revenue year, that has been paid out to rightsholders or their representatives during the course of the year.

The adjustments made during the year consist of a flat-rateization of the uncategorised amount in the opening balance sheet.

The decrease in assigned, unpaid sums, between 2019 and 2020 amounts to SEK 87 million. The decrease is in part attributable to a special, one-time initiative to pay out funds older than three years. A total of SEK 81 million was reserved due to allocations to unidentified rightsholders from 2016 and prior years having been paid out by reallocating those shares to identified rightsholders from the same original music report.

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

| Year | Sum |
|------------------------------------|---------------|
| 2020 | 1,685 |
| 2019 | 14,767 |
| 2018 | 12,712 |
| 2017 and older | 37,440 |
| Total assigned, unpaid sums | 66,604 |

Table 5b shows the age distribution of the amounts that could not yet be paid out. The relatively low balance at year-end 2020 is largely attributable to changes that arose in conjunction with advance payments offered to STIM rightsholders to alleviate the negative impact of the COVID-19 pandemic. STIM's decision to offer advance payments 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 amount of advance payments totalled SEK 17 million and it will be repaid via an amortisation plan

against future revenue over 10 quarters starting in Q3 of 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 41 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.

Missing/incomplete payment information (SEK 22 million)

There is inadequate information for being able to make payment to the recipient, such as account number.

The rightsholder has died or no longer exists (SEK 8 million)

The author is deceased or the music publisher no longer exists and there are no other registered recipients.

2.2.3 STIM's improvement work

In 2021, efforts will continue to implement and further develop STIM's search routines. It is an ongoing effort where STIM, via updated and well-defined routines, manages the portion of distribution liability which, for various reasons, could not be settled early in accordance with STIM's settlement cycles. The work also involves developing and following policies for managing the amounts which, even after having searched, were assessed as not possible to allocate based on regular policies. 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.

2.3 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.

2.3.1 Sums received from other collective rights management organisations

Unlike the separately reported royalty revenues from other collective copyright societies in Table 2, Table 6 below shows the total revenues of all collective management organisations. Table 6 also includes royalty revenue from e.g. Copyswede and NCB.

Table 6 – Sums received from other collective rights management organisations (SEK thousand)

| Collective management organisation | Live | Background | TV | Radio | Mechanical | Online interactive | Online non-interactive | Total |
|------------------------------------|--------|------------|--------|--------|------------|--------------------|------------------------|---------|
| ACUM - Israel | 191 | 581 | 440 | 116 | – | 224 | – | 1,553 |
| AGADU - Uruguay | 152 | – | 9 | 11 | – | 13 | – | 186 |
| AKKA/LAA - Latvia | 1,014 | 979 | 1,220 | 1,107 | – | 62 | – | 4,382 |
| AKM - Austria | 700 | 832 | 378 | 2,610 | – | 5 | – | 4,526 |
| APA - Paraguay | 25 | 16 | 35 | 35 | 1 | 31 | 1 | 145 |
| APDAYC - Peru | 50 | 33 | 71 | 69 | 2 | 63 | 1 | 290 |
| APRA - Australia | 1,311 | 346 | 773 | 2,988 | – | 11,977 | 662 | 18,057 |
| ARTISJUS - Hungary | 486 | 580 | 269 | 77 | 131 | 17 | – | 1,561 |
| ASCAP - United States | 6,508 | 892 | 7,996 | 39,137 | – | 29,037 | – | 83,571 |
| AUTODIA - Greece | 85 | 56 | 121 | 118 | 4 | 107 | 2 | 492 |
| BMI - United States | 8,443 | 69 | 4,286 | 3,256 | – | – | – | 16,054 |
| BUMA - Netherlands | 2,383 | 6,118 | 1,754 | 2,053 | – | 774 | – | 13,082 |
| CASH - Hong Kong | 353 | – | 124 | 23 | – | 259 | – | 759 |
| COMPASS - Singapore | 1,505 | 33 | 4 | 283 | – | 15 | – | 1,839 |
| COSCAP - Barbados | 1 | – | – | 4 | – | – | – | 5 |
| EAU - Estonia | 1,421 | 958 | 802 | 1,150 | – | – | – | 4,331 |
| FILSCAP - Philippines | 7 | 1 | – | 41 | – | – | – | 49 |
| GCA - Georgia | 28 | – | – | – | – | – | – | 28 |
| GEMA - Germany | 14,891 | 1,237 | 9,387 | 18,067 | – | 2,645 | – | 46,227 |
| HDS - Croatia | 204 | – | 21 | 38 | – | – | – | 263 |
| IMRO - Ireland | 1,036 | 56 | 91 | 471 | – | 51 | – | 1 706 |
| IPRS - India | 133 | – | – | 226 | – | – | – | 360 |
| JACAP - Jamaica | 14 | 9 | 20 | 20 | 1 | 18 | – | 82 |
| JASRAC - Japan | 5,800 | 1,376 | 5,268 | 998 | – | 8,556 | – | 21,997 |
| KODA - Denmark | 13,524 | 20,917 | 67,944 | 29,293 | 3,678 | 38,246 | -1 | 173,601 |
| KOMCA - South Korea | 680 | 237 | 1,568 | 11 | 7 | 3,462 | – | 5,966 |
| LATGA - Lithuania | 1 033 | 439 | 3,184 | 3,224 | – | – | – | 7,880 |
| MACP - Malaysia | 360 | 2 | 21 | 1 | 2 | 258 | – | 644 |
| MASC - China | 431 | 108 | 28 | 22 | – | – | – | 588 |
| MCT - Thailand | 123 | 97 | 12 | 23 | – | 48 | – | 303 |
| MESAM - Turkey | 3 | 148 | 58 | 71 | – | 23 | – | 304 |
| MUST - Taiwan | 279 | – | 58 | 178 | – | 701 | – | 1 215 |
| OSA - Czech Republic | 1,286 | 32 | 240 | 248 | 16 | 19 | – | 1,840 |
| PAM CG - Montenegro | – | – | -4 | -3 | – | – | – | -7 |
| PRS - United Kingdom | 11,727 | 5,050 | 9,615 | 7,803 | – | 4,811 | – | 39,007 |
| SABAM - Belgium | 911 | 1,378 | 400 | 3,588 | – | 89 | – | 6,365 |
| SACEM - France | 3,212 | 5,127 | 5,866 | 2,775 | – | 29 | 2,004 | 19,013 |
| SACM - Mexico | 116 | 76 | 164 | 160 | 5 | 145 | 3 | 669 |

| Collective management organisation | Live | Background | TV | Radio | Mechanical | Online interactive | Online non-interactive | Total |
|---|----------------|---------------|----------------|----------------|---------------|--------------------|------------------------|----------------|
| SADAIC - Argentina | 152 | 100 | 215 | 210 | 7 | 191 | 4 | 878 |
| SAMRO - South Africa | 31 | 27 | 81 | 736 | - | 34 | - | 909 |
| SAYCO - Colombia | 48 | 31 | 68 | 66 | 2 | 60 | 1 | 276 |
| SAZAS (DSS) - Slovenia | 62 | 254 | 68 | 106 | - | - | - | 490 |
| SCD - Chile | 51 | 33 | 72 | 70 | 2 | 64 | 1 | 293 |
| SESAC - United States | 92 | 60 | 130 | 127 | 4 | 115 | 2 | 530 |
| SGAE - Spain | 808 | 2,709 | 1,350 | 851 | - | 223 | - | 5,940 |
| SIAE - Italy | 9,383 | 7,886 | 3,891 | 2,931 | - | 588 | - | 24,679 |
| SOBODAYCOM - Bolivia | - | - | 1 | 1 | - | 1 | - | 2 |
| SOCAN - Canada | 4,039 | 25 | 825 | 3,458 | - | 1,740 | 8 | 10,095 |
| SOKOJ - Serbia | 16 | - | 45 | 54 | - | - | - | 115 |
| SOZA - Slovakia | 40 | 3 | 83 | 496 | - | - | - | 623 |
| SPA - Portugal | 74 | 907 | 253 | 237 | - | 17 | - | 1,489 |
| STEF - Iceland | 2,747 | 528 | 5,988 | 3,105 | - | 542 | - | 12,909 |
| STEMRA - Netherlands | - | - | - | - | 28 | 656 | 139 | 824 |
| SUISA - Switzerland | 2,935 | 98 | 820 | 3,964 | - | 214 | 3 | 8,035 |
| TEOSTO - Finland | 12,368 | 19,871 | 44,966 | 22,432 | 10 | 5,933 | - | 105,579 |
| TONO - Norway | 17,174 | 4,782 | 34,218 | 27,914 | 1,443 | 30,060 | 652 | 116,243 |
| UBC - Brazil | 1,429 | 86 | 391 | 706 | - | 589 | - | 3,200 |
| UCMR/ADA - Romania | 1,726 | 5 | 234 | 229 | - | 1 | 36 | 2,229 |
| WAMI - Indonesia | 517 | - | 5 | - | - | - | - | 523 |
| VCPMC - Vietnam | 60 | 155 | 2 | 3 | - | 31 | - | 252 |
| ZAIS - Poland | 1,931 | 23 | 456 | 707 | - | 19 | - | 3,136 |
| ZAMP - Macedonia | - | - | - | 63 | - | - | - | 63 |
| Copyswede | - | - | 25,181 | - | 3,424 | - | - | 28,605 |
| Of which paid directly to rightsholders | | | | | | | | |
| NCB | - | - | - | - | 60,961 | 1 | - | 60,961 |
| NMP (sums collected on behalf of the following organisations: KODA, TONO, TEOSTO, STEF, EAU, LATGA, AKKA/LAA) | - | - | - | - | - | 30,134 | - | 30,134 |
| Total sums received from other collective rights management organisations | 136,112 | 85,370 | 241,567 | 188,753 | 69,727 | 172,897 | 3,518 | 897,944 |

In 2020, STIM's revenue from other collective rights management organisations increased by SEK 188 million compared to 2019. 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. Revenue from other societies frequently has longer lead times between the performance and reporting. We will therefore likely only first see a significant

portion of the effects of the 2020 pandemic in 2021 revenue. But there are exceptions where STIM, at the end of the year, had already received payments for performance during 2020, primarily from the Nordic region. The significantly higher revenue in 2019 is attributable to retroactive payments from the German society, GEMA, for the period 2015-2018 along with a large extra payment from NCB that was retroactive online revenue for the period 2013-2016.

2.3.2 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. STIM only makes a fifty per cent management deduction for remuneration when only licensing or settlement has been performed. 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 – Management fees and other deductions from sums received from other collective rights management organisations

| Collective management organisation | Sum received, SEK thousand | Management deductions, SEK thousand | Management deductions, % | SCE deductions, SEK thousand | SCE deductions, % | Total deduction, SEK thousand | Total deduction % |
|--|----------------------------|-------------------------------------|--------------------------|------------------------------|-------------------|-------------------------------|-------------------|
| Copyswede | | | | | | | |
| Public transmission – TV | 24,929 | -2,473 | 9.9% | -640 | 2.6% | -3,114 | 12.5% |
| Public transmission online – Interactive | 252 | -31 | 12.4% | | | -31 | 12.4% |
| Share of Reproduction on physical sound formats – Mechanical | 3,424 | -377 | 11.0% | | | -377 | 11.0% |
| Total Copyswede | 28,605 | -2,881 | 10.1% | -640 | 2.2% | -3,522 | 12.3% |
| STEF - Iceland | | | | | | | |
| Public performance – Live | 2,747 | -275 | 10.0% | | | -275 | 10.0% |
| Public performance – Background | 528 | -53 | 10.0% | | | -53 | 10.0% |
| Public transmission – TV | 5,988 | -599 | 10.0% | | | -599 | 10.0% |
| Public transmission – Radio | 3,105 | -310 | 10.0% | | | -310 | 10.0% |
| Public transmission online – Interactive | 542 | -54 | 10.0% | | | -54 | 10.0% |
| Total STEF – Iceland | 12,909 | -1,291 | 10.0% | | | -1,291 | 10.0% |
| TEOSTO - Finland | | | | | | | |
| Public transmission – TV | 4,014 | -473 | 11.8% | | | -473 | 11.8% |
| Total TEOSTO – Finland | 4,014 | -473 | 11.8% | | | -473 | 11.8% |
| TONO - Norway | | | | | | | |
| Public transmission – TV | 7,072 | -833 | 11.8% | | | -833 | 11.8% |
| Total TONO – Norway | 7,072 | -833 | 11.8% | | | -833 | 11.8% |
| KODA - Denmark | | | | | | | |
| Public transmission – TV | 8,204 | -966 | 11.8% | | | -966 | 11.8% |
| Public transmission – Radio | 996 | -109 | 11.0% | | | -109 | 11.0% |
| Total KODA – Denmark | 9,200 | -1,075 | 11.7% | | | -1,075 | 11.7% |
| LATGA - Lithuania | | | | | | | |
| Public transmission – TV | 7 | -1 | 11.8% | | | -1 | 11.8% |
| Total LATGA - Lithuania | 7 | -1 | 11.8% | | | -1 | 11.8% |
| EAU - Estonia | | | | | | | |
| Public transmission – TV | 48 | -6 | 11.8% | | | -6 | 11.8% |
| Total EAU - Estonia | 48 | -6 | 11.8% | | | -6 | 11.8% |
| AKKA/LAA - Latvia | | | | | | | |
| Public transmission – TV | 436 | -51 | 11.8% | | | -51 | 11.8% |
| Total AKKA/LAA - Latvia | 436 | -51 | 11.8% | | | -51 | 11.8% |
| PRS - United Kingdom | | | | | | | |
| Public transmission – TV | 6,454 | -760 | 11.8% | | | -760 | 11.8% |
| Total PRS - United Kingdom | 6,454 | -760 | 11.8% | | | -760 | 11.8% |

| Collective management organisation | Sum received, SEK thousand | Management deductions, SEK thousand | Management deductions, % | SCE deductions, SEK thousand | SCE deductions, % | Total deduction, SEK thousand | Total deduction % |
|--|----------------------------|-------------------------------------|--------------------------|------------------------------|-------------------|-------------------------------|-------------------|
| SACEM - France | | | | | | | |
| Public transmission – TV | 15 | -2 | 11.8% | | | -2 | 11.8% |
| Total SACEM - France | 15 | -2 | 11.8% | | | -2 | 11.8% |
| GEMA - Germany | | | | | | | |
| Public transmission – TV | 5 | -1 | 11.8% | | | -1 | 11.8% |
| Total GEMA – Germany | 5 | -1 | 11.8% | | | -1 | 11.8% |
| ZAIKS - Poland | | | | | | | |
| Public transmission – TV | 2 | 0 | 11.8% | | | 0 | 11.8% |
| Total ZAIKS - Poland | 2 | 0 | 11.8% | | | 0 | 11.8% |
| APRA - Australia | | | | | | | |
| Public transmission online – Interactive | 7,752 | -388 | 5.0% | | | -388 | 5.0% |
| Total APRA - Australia | 7,752 | -388 | 5.0% | | | -388 | 5.0% |

2.3.3 Sums paid to other collective rights management organisations

Table 8 – Sums paid to other collective rights management organisations (SEK thousand)

| Collective management organisation | Live | Background | TV | Radio | Mechanical | Online interactive | Online non-interactive | Total |
|------------------------------------|--------|------------|--------|-------|------------|--------------------|------------------------|--------|
| ACUM - Israel | 40 | 5 | 181 | 12 | 113 | - | - | 352 |
| AKKA/LAA - Latvia | 5 | 13 | 11 | 19 | 13 | - | - | 62 |
| AKM - Austria | 119 | 46 | 385 | 177 | 739 | - | - | 1,466 |
| AMCOS - AUSTRALIA | - | - | - | - | 308 | - | - | 308 |
| AMRA - USA | 521 | 82 | 203 | 303 | 870 | - | - | 1,979 |
| APDAYC - Peru | 2 | 1 | 3 | 2 | 10 | - | - | 18 |
| APRA - AUSTRALIA | 1,707 | 240 | 4,243 | 783 | 1,911 | - | - | 8,884 |
| ARTISJUS - Hungary | 9 | 4 | 12 | 20 | 925 | - | - | 970 |
| ASCAP - United States | 13,368 | 2,425 | 21,298 | 6,643 | 23,601 | - | - | 67,336 |
| ASSIM - BRAZIL | 6 | 8 | 5 | 2 | 10 | - | - | 31 |
| AUME - AUSTRIA | - | - | - | - | 269 | - | - | 269 |
| AUTODIA - GREECE | 4 | - | - | 1 | 86 | - | - | 91 |
| BMI - United States | 12,899 | 2,537 | 21,263 | 5,614 | 26,974 | - | - | 69,287 |
| BSDA - SENEGAL | 3 | - | 1 | 4 | 7 | - | - | 14 |
| BUMA - NETHERLANDS | 1,411 | 107 | 715 | 301 | 3,270 | - | - | 5,805 |
| BUMDA - MALI | 1 | 1 | 2 | 2 | 3 | - | - | 8 |
| BURIDA - CÔTE D'IVOIRE | - | - | - | - | 1 | - | - | 1 |
| CASH - HONG KONG | 2 | - | 8 | - | 26 | - | - | 36 |
| EAU - ESTONIA | 81 | 10 | 21 | 133 | 84 | - | - | 329 |
| GEMA - GERMANY | 1,746 | 715 | 2,868 | 1,756 | 12,106 | - | - | 19,192 |
| GESAP - GEORGIA | 1 | 1 | 1 | - | 1 | - | - | 3 |
| HDS-ZAMP - CROATIA | 23 | 9 | 54 | 51 | 48 | - | - | 185 |
| IMRO - IRELAND | 281 | 191 | 705 | 136 | 294 | - | - | 1,608 |
| JASRAC - JAPAN | 62 | 32 | 158 | 58 | 459 | - | - | 769 |
| KODA - DENMARK | 2,123 | 744 | 7,620 | 1,299 | 8,084 | - | - | 19,871 |
| KOMCA - SOUTH KOREA | 85 | 4 | 39 | 17 | 509 | - | - | 654 |
| LATGA - LITHUANIA | 3 | 5 | 4 | 11 | 15 | - | - | 39 |
| MACP - MALAYSIA | 2 | 1 | 14 | - | 15 | - | - | 32 |
| MCPS - UNITED KINGDOM | - | - | - | - | 14,138 | - | 1 | 14,139 |
| MCSN - NIGERIA | - | - | - | 1 | - | - | - | 1 |
| MESAM - TURKEY | 51 | - | 412 | 5 | 110 | - | - | 579 |
| MSG - TURKEY | 75 | 8 | 28 | 21 | 442 | - | - | 573 |
| MUSICAUT - BULGARIA | 2 | - | 1 | 20 | 17 | - | - | 40 |
| MŪST - TAIWAN | - | - | - | - | 4 | - | - | 4 |

| Collective management organisation | Live | Background | TV | Radio | Mechanical | Online interactive | Online non-interactive | Total |
|--|---------------|---------------|----------------|---------------|----------------|--------------------|------------------------|----------------|
| NCB - DENMARK | - | - | - | - | 111 | - | - | 111 |
| OSA - CZECH REPUBLIC | 10 | 7 | 28 | 58 | 123 | - | - | 225 |
| PRS - UNITED KINGDOM | 14,295 | 3,197 | 42,835 | 8,877 | 18,330 | - | - | 87,534 |
| RAO - RUSSIA | 71 | 23 | 135 | 80 | 111 | - | - | 421 |
| SABAM - BELGIUM | 189 | 57 | 261 | 87 | 134 | - | - | 728 |
| SACEM - FRANCE | 1,804 | 638 | 4,758 | 1,726 | 7,197 | - | - | 16,124 |
| SADAIC - ARGENTINA | 22 | 14 | 47 | 15 | 176 | - | - | 275 |
| SADEMBRA - BRAZIL | - | - | - | - | 1 | - | - | 1 |
| SAMRO - SOUTH AFRICA | 36 | 4 | 32 | 33 | 101 | - | - | 206 |
| SAZAS(DSS) - SLOVENIA | 5 | 1 | 7 | 16 | 22 | - | - | 51 |
| SBACEM - BRAZIL | 3 | - | 2 | 2 | 1 | - | - | 7 |
| SCD - CHILE | - | - | 9 | - | - | - | - | 9 |
| SESAC - United States | 1 215 | 211 | 3,366 | 402 | 3,021 | - | - | 8,215 |
| SGAE - SPAIN | 187 | 50 | 597 | 126 | 2,671 | - | - | 3,632 |
| SIAE - ITALY | 573 | 164 | 750 | 383 | 2,221 | - | - | 4,091 |
| SOCAN - CANADA | 1,549 | 323 | 3,831 | 830 | 2,417 | - | - | 8,949 |
| SOCINPRO - BRAZIL | 1 | - | 1 | 1 | 6 | - | - | 9 |
| SODRAC - CANADA | - | - | - | - | 103 | - | - | 103 |
| SOKOJ - SERBIA | 15 | 4 | 5 | 9 | 117 | - | - | 151 |
| SOZA - SLOVAKIA | 2 | - | 1 | 41 | 60 | - | - | 103 |
| SPA - PORTUGAL | 12 | 13 | 20 | 13 | 60 | - | - | 118 |
| STEF - ICELAND | 76 | 52 | 230 | 64 | 162 | - | - | 584 |
| STEMRA - NETHERLANDS | - | - | - | - | 1,509 | - | - | 1,509 |
| SUISA - SWITZERLAND | 70 | 41 | 55 | 73 | 843 | - | - | 1,082 |
| TEOSTO - FINLAND | 578 | 252 | 1,836 | 1,628 | 3,018 | - | - | 7,312 |
| TONO - NORWAY | 2,177 | 524 | 5,438 | 924 | 10,395 | - | - | 19,459 |
| UBC - BRAZIL | 21 | 12 | 22 | 48 | 28 | - | - | 130 |
| UCMR - ROMANIA | 21 | 1 | 5 | 17 | 180 | - | - | 225 |
| ZAIKS - POLAND | 27 | 19 | 40 | 126 | 409 | - | - | 620 |
| Total sums paid to other collective rights management organisations | 57,587 | 12,800 | 124,569 | 32,967 | 148,996 | 0 | 1 | 376,919 |

2.3.4 Deductions from sums paid to other collective rights management organisations

Payment to other collective management organisations during 2020 occurred for the amount reported for each organisation in section 2.3.3 (Table 8). All organisations were charged at the same point in time and for the percentage deduction for each rights category.

Sums paid during 2020 were mainly collected during 2019 and 2020. 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 2020 | | Revenue collected 2019 | |
|---|--------------------------|-------------------|--------------------------|-------------------|
| | Management deductions, % | SCE deductions, % | Management deductions, % | SCE deductions, % |
| Public performance – Live | 22.4% | 4.2% | 25.0% | 4.8% |
| Public performance – Background | 23.5% | 4.4% | 25.8% | 5.1% |
| Public transmission – TV | 19.7% | 3.6% | 21.5% | 4.1% |
| Public transmission – Radio | 22.3% | 3.7% | 24.1% | 4.6% |
| Reproduction on physical sound formats – Mechanical | 0.6% | – | 0.3% | – |
| Public transmission online – Interactive | 11.4% | – | 10.8% | – |
| Public transmission online – Non-interactive | 10.0% | – | 10.0% | – |

A portion of the SCE funds (SEK 17 million for 2020) has been reserved for scholarships and support to the areas that need it. These are services that only STIM-affiliated rightsholders are able to access. Accordingly, STIM no longer makes a deduction for rightsholders who do not make use of these funds and this is the reason for the deviation between table 2 and table 9 regarding the SCE deduction.

3. Special report

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 activities carried out within the framework of this mission 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. More examples are presented below.

STIM finances these various social, cultural and educational services (SCE services) via deductions on some of the royalty revenue. The services are performed by STIM, STIM's Council for the Promotion of Swedish Music (SPN) and the subsidiary Svensk Musik, as well as the music creators' trade associations, FST, SKAP and Musikförläggarna.

According to STIM rules, the deduction for financing these services may amount to a maximum of 10 per cent of STIM's residual rights royalties once management costs have been deducted. Based on those rules, the STIM Board of Directors decides each year on a budget for SCE funds for the coming year. For 2020 the budgeted amount was SEK 50 million. The deductions made are presented in Table 10.

Members of the STIM Committee for Promoting Musical Diversity and Copyright Protections (NäMMU) were suggested by STIM's nomination committee and appointed by the AGM. During the 2020 financial year, NäMMU consisted of the following members:

Ordinary members

Eva Schöld (Chair, independent)
Håkan Glänte (nominated by SKAP)
Jonas Forssell (nominated by FST)
Kerstin Brunnberg (independent)
Mats Bernerstedt (nominated by Musikförläggarna)

Deputy members

Hans Desmond (nominated by Musikförläggarna)
Ida Lundén (nominated by FST)
Maria Carlén (through May 2020, Independent)
Kjell Holmstrand (as of May 2020, Independent)
Ana Diaz (through May 2020, nominated by SKAP)
Rasmus Lindvall (as of May 2020, nominated by SKAP)
Sara Norell Murberger (Independent)

Besides preparing proposals and deciding on which SCE services to finance, NäMMU also follows up on the use of SCE funds. This report accounts for the funds used during the year and where NäMMU has assessed the relevance and purpose of funds consumed by the service providers. The service providers' report of funds used has been audited by external auditors for accuracy and use in accordance with the stated purpose. Likewise, all parts of the Transparency Report have also been audited by external auditors.

3.1 Financing of SCE funds in the future

Based on a decision by the 2020 STIM Annual General Meeting, SEK 105 million of non-distributable funds were allocated to the SCE provision in the balance sheet. According to the decision, those funds of SEK 105 million were to be used for:

| Use of the non-distributable funds for SCE purposes, decision by the STIM 2020 Annual General Meeting. | Sum |
|--|----------------|
| a) SCE provision to support the financing for future SCE activities | 50,000 |
| b) Finance SCE activities in 2021 and transition to a scheme where utilisation of funds occurs in the year after financing (deductions made) | 40,000 |
| c) Financing of STIM's SCE activities in 2020 to address the anticipated negative consequences of the COVID-19 pandemic. | 15,000 |
| | 105,000 |

Funds referred to in item c above, which at year-end 2020 had not been fully utilised to achieve the stated purpose have, in accordance with that same decision, been transferred to the SCE provision in addition to the SEK 50 million referred to in item a. This total

amounted to SEK 6.1 million.

Reported in the STIM balance sheet as part of other liabilities is the liability as of 31 December 2020 that existed for SCE.

| SCE funds in the balance sheet (SEK thousand) | Sum |
|---|----------------|
| a) SCE provision to support the financing for future SCE activities | 50,000 |
| a) SCE provision to support the financing for future SCE activities, unused COVID-19 funds 2020 | 6,106 |
| Funds for SCE 2021, of which SEK 40 million as per AGM resolution. | 50,000 |
| | 106,106 |

3.1 Amount deducted for social, cultural and educational services (SCE) during the financial year

Table 10 – Amount deducted for social, cultural and educational services during the financial year (extract from table 2)

| Rights category | Rights royalties, SEK thousand | SCE deductions, SEK thousand | SCE deductions, % |
|---|--------------------------------|------------------------------|-------------------|
| Public performance – Live | 39,228 | -2,919 | 7.4% |
| Public performance – Live Other Societies* | 133,366 | - | - |
| Public performance – Background | 164,094 | -12,914 | 7.9% |
| Public performance – Live Other Societies* | 84,842 | - | - |
| Public transmission – TV | 273,087 | -16,580 | 6.1% |
| Public transmission – TV Other Societies* | 184,143 | - | - |
| Public transmission – Radio | 104,866 | -7,205 | 6.9% |
| Public transmission – Radio Other Societies* | 184,652 | - | - |
| Reproduction on physical sound formats – Mechanical | 66,914 | - | - |
| Reproduction on physical sound formats – Mechanical, Other Societies* | 5,342 | - | - |
| Public transmission online – Interactive | 492,910 | - | - |
| Public transmission online – Interactive, Other Societies* | 164,602 | - | - |
| Public transmission online – Non-interactive | 5,660 | - | - |
| Public transmission online – Non-interactive, Other Societies* | 3,518 | - | - |
| Total royalty revenue and deductions 2020 | 1,907,222 | -39,618 | 2.1% |

Tabell 3.3 – Use of funds for social, cultural and educational services during the year (SCE services)

2020 was a year in which the COVID-19 pandemic had a variety of direct and indirect effects on the music industry. Based on recommendations by the authorities, and to protect the safety of participants, many of the planned initiatives needed to be adapted so that they could be carried out using digital solutions. Other activities had to be either delayed or cancelled altogether.

Entirely new SCE services have been created aimed at meeting the needs of the music industry during the pandemic. Examples are the

advocacy efforts of both SKAP and Musikförläggarna associated with how the pandemic has affected the music industry, FST's initiative called Kollektive Komposition, SPN's streaming support and transfers of SEK 3 million to extra STIM scholarships.

Table 11 below shows the year's use of SCE funds for each service provider and service category. The service providers' management costs are included in the reported use of funds. That does not apply to SPN however, which shares offices with NäMMU and therefore reports management costs separately.

Tabell 11 – Use of funds for social, cultural and educational services during the year (SEK thousand)

| SCE funds | Committees, SEK thousand | | Service providers, SEK thousand | | | | | | Total |
|--|--------------------------|--------------|---------------------------------|--------------|-----------------------------|------------------|--------------|--------------|---------------|
| | NäMMU | SPN | STIM | Svensk Musik | Project leaders through SPN | Musikförläggarna | FST | SKAP | |
| SCE funds distributed by NäMMU 2020 | 650 | 1,724 | 11,550 | 9,346 | 4,000 | 6,550 | 7,900 | 8,280 | 50,000 |
| Transfers to make possible extra STIM scholarships | | | 3,000 | -661 | -1,939 | -400 | | | 0 |
| Difference between expensed and used scholarships during the year * | | | 89 | | | | 98 | 65 | 252 |
| Unused SCE funds | -58 | -267 | -20 | -715 | -680 | | | | -1,740 |
| Total adjusted SCE funds 2020 | 592 | 1,457 | 14,619 | 7,970 | 1,381 | 6,150 | 7,998 | 8,345 | 48,512 |
| SCE funding via COVID fund for 2020 | | | -8,894 | | | | | | -8,894 |
| Financing via SCE deduction to the year's revenue | 592 | 1,457 | 5,725 | 7,970 | 1,381 | 6,150 | 7,998 | 8,345 | 39 618 |
| Used SCE funds 2020 service providers (service type) | | | | | | | | | |
| Awards and grants | | | 7,179 | 1,019 | 75 | | 1,873 | 3,650 | 13,796 |
| Advocacy & Knowledge sharing to benefit rightsholders | | | | | | 1,048 | 1,840 | | 2,888 |
| Advocacy & Knowledge sharing to promote copyright protection | | | | | | | 1,061 | 3,015 | 4,076 |
| Education and training for the benefit of rightsholders | | | | | 101 | 790 | 500 | | 1,392 |
| Marketing activities aimed at promoting rightsholders' interests | | | | | 1,143 | 3,442 | 1,157 | | 5,742 |
| Subsidised areas of music neglected by the market, musical heritage and diversity. | | | 6,600 | 2,957 | 62 | | | | 9,620 |
| Consultancy and negotiations | | | | | | 870 | 1,567 | 1,680 | 4,116 |
| Records & Administration | | | | 1,775 | | | | | 1,775 |
| Production and publication of sheet music, along with support for these activities | | | 840 | 2,219 | | | | | 3,058 |
| Committees and SCE administration | 592 | 1,456 | | | | | | | 2,048 |
| Total utilised SCE funds, service providers 2020 | 592 | 1,456 | 14,619 | 7,970 | 1,382 | 6,150 | 7,998 | 8,345 | 48,512 |

* The difference between STIM's reserved provision for scholarship costs (decided in December) and paid-out scholarships the following year.

3.3.1 STIM

STIM used SEK 14,618,535 (equivalent to 30,1%) of the total SCE funds spent.

For 2020, NäMMU allocated SEK 4,100,000 to STIM scholarships. Because of the pandemic, NäMMU decided to reallocate an additional SEK 3,000,000 from SPN, Svensk Musik and Musikförläggarna to scholarships. It was possible to free up these funds from services that were not possible to fully offer due to the pandemic. A total of 3,305 authors applied for STIM scholarships and the Scholarship Committee awarded 439 scholarships, of which 48 per cent to women. In total, SEK 7,090,000 was distributed in amounts of SEK 50,000, SEK 25,000 and SEK 10,000. STIM's scholarship activities are administered by its subsidiary, Svensk Musik.

A total of SEK 6,528,017 was spent on market-neglect and publisher subsidies to stimulate the creation of works in areas of music neglected by the market, musical heritage and diversity. The subsidies were paid to STIM-affiliated rightsholders.

A total of SEK 848,518 was allocated to sheet music support for 180 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. The subsidies were issued to STIM-affiliated publishers for music written by STIM-affiliated authors. Part of the aid was paid as an advance to support publishers financially affected by the coronavirus pandemic. STIM does not deduct any management cost from the funds used for SCE services.

3.3.2 Svensk Musik

STIM's subsidiary Svensk Musik used SEK 7,970,280 (equivalent to 16,54%) of the total SCE funds spent. The funds were spent on services on behalf of STIM and were disbursed as shown in table 11.

Svensk Musik's operations primarily consist of documentation and making sheet music available. The bulk of it is keeping manuscript archives of unpublished contemporary music, along with archives of pop music. In total, the archives comprise 90,000 works. Svensk Musik is also responsible for the administration of STIM's scholarship activities and travel subsidies.

Svensk Musik has also been affected by the pandemic. The revenue from leasing and selling sheet music was substantially less than what had been budgeted. However, a portion of what had been set aside for travel subsidies could be used for extra STIM scholarships.

Svensk Musik's reported management costs amounted to SEK 5,334,635, which NäMMU feels is reasonable given the organisation's format and assignment.

3.3.3 Project leaders through the SPN

NäMMU reserves a portion of the SCE funds for STIM's project activities, which are managed by SPN, which is STIM's Council for the Promotion of Swedish Music. For this, funds are paid to the project leaders responsible for implementation. The SPN is an expert body of independent experts appointed by NäMMU. SPN is tasked with initiating and setting up projects designed to fulfil the organisation's goals in the best possible way. NäMMU then makes quarterly decisions as to which projects receive SCE funds.

During 2020, SPN distributed SEK 1,381,633 to ten SPN-initiated projects, which corresponds to 2.9 % of the total SCE funds spent. Examples of some of the projects implemented during the year include Swedish Chamber Games, which aims to spread Swedish chamber music across Europe, the coaching programme called Level Up, collaboration on El Sistema's national orchestra and support given to streamed concerts, thereby making it easier for various entities to spread music during a time when there are few opportunities for offering live music. Other projects were planned, but not possible to implement due to the pandemic.

Besides the reported project costs, SPN reserved SEK 1,939,000 for additional STIM scholarships.

After the summer of 2020, STIM's Board of Directors decided to pause SPN's work until a new model could be created for how STIM's SCE activities should be organised and run in the future. Accordingly, during the second half of the year, no new decisions were made on project activities.

3.3.4 FST

FST used SEK 7,998,000 (equivalent to 16,5%) of the total SCE funds spent. The funds were disbursed as shown in Table 11. According to its financial statements, FST's management costs amounted to SEK 1,360,225, 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.

Because the need for travel subsidies had declined so radically during the pandemic, FST (with NäMMU's approval) transferred funds to the project called Kollektiv komposition – delad ensamhet (which means Collective Composition – shared loneliness).

The need for both financial and legal advice, along with advice on STIM's equality efforts, has, as shown in the report, not been particularly affected by the pandemic and is on a par with last year. The same applies to STIM's culture advocacy efforts and its work to influence opinions throughout the entire music value chain in support of strong copyright protection, both of which were pursued during the year.

During the year, FST organised several trainings to rightsholders via digital platforms.

3.2.5 SKAP

SKAP used SEK 8,345,221 (equivalent to 17,2%) of the total SCE funds spent. The funds were disbursed as shown in Table 11. According to its financial statements, SKAP's management costs amounted to SEK 1,217,913, which NäMMU feels is reasonable.

Advocacy work is the largest line item for SKAP's reported use of SCE funds in 2020. That work involves facilitating and making music creators' professional role more visible, along with influencing politicians and other decision-makers on matters having to do with such things as non-profit rights and buy-outs. But it has also been involved in the implementation of the Copyright Directive and, among other things, through Klys, has promoted the government's efforts to support culture during the pandemic.

Just like with FST, SKAP offers both legal and financial advice. New items during the year include a supplemental advisory function associated with the service *Din Musikbusiness* and *Skaplounger*, where were discussion sessions on various topics held on a digital platform.

During the year, SKAP awarded 29 prizes with a total value of SEK 1,160,000.

3.2.6 Musikförläggarna

Musikförläggarna used SEK 6,150,000 (equivalent to 12,8%) of the total SCE funds spent. The funds were disbursed as shown in Table 11. According to its financial statements, Musikförläggarna's management costs amounted to SEK 2,472,735, which NäMMU feels is reasonable.

Musikförläggarnas continued its efforts during the year to counteract discrimination, harassment and abuse in the music industry, along with its work to inform both the industry and public about copyright protection and other music law issues.

It has also been involved in the work to implement the Copyright Directive. During the year, through debate articles, interviews, contacts with politicians and advocacy work through Musiksverige, the music industry's need for support during the pandemic has also been highlighted.

Musikförläggarna contributed SEK 400 000 to STIM's extra scholarships.

3.2.7 SCE management costs

The structure that STIM uses to make SCE deductions requires administration. Costs relating to the running of SCE are funded using SCE funds and are therefore reported here.

The management costs for NäMMU and SPN were budgeted jointly for the 2020 financial year: During the year, total management costs amounted to SEK 2,048,198, comprised of salaries for office staff of both NäMMU and SPN, fees to NäMMU and SPN, office expenses, travel and entertainment expenses.

The office staff consists of one full-time and one part-time (40%) employee.

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