

Music has a value

CEO MESSAGE

4



MARKET AND TRENDS

10



OUR BUSINESS

12

”

Our mission is to ensure that music creators get paid for their work. With nearly 90,000 affiliated members, STIM can serve as the voice for music creators and represent their interests when engaging with decision-makers.

MEET OUR AFFILIATED MEMBERS

20



Contents

- 1 STIM in 2 minutes
- 2 The year in brief
- 4 CEO message
- 6 How STIM creates value
- 8 Some of our members
- 10 Market and trends
- 12 Our business: copyrights
- 14 Our business: rightsholders
- 16 Our business: customers
- 18 Meet our customers
- 20 Meet our affiliated members
- 24 Board of Directors
- 26 The business group and management
- 28 The STIM sphere
- 29 STIM's committees
- 30 Administration Report
- 33 Sustainability Report
- 35 Financial statements
- 40 Accounting and valuation policies
- 43 Notes
- 53 Signatures
- 54 Auditors' report
- 57 Would you like to know more about STIM?

STIM protects the value of music

STIM is a copyright organisation with nearly 90,000 affiliated music creators and music publishers. Ever since it was established in 1923, we have been working for strong copyright protections and to make sure that our members get paid when their music is used. We provide the prerequisites for creation and sustainable growth of the Swedish music.

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.

For our customers, a license with STIM provides access to the market's widest range of music, so that they can create vibrant and inspiring experiences. We provide access to a fantastic

library of music from all around the globe. It is music that awakens feelings, creates a feeling of belonging and sense of identity.

STIM is a non-profit organisation. The funds we collect are distributed to rightsholders so that they can continue creating music. We also strive to promote growth and diversity of Swedish music and as part of that effort, each year, we award various grants and awards. We also engage in initiatives to improve gender equality in the music industry.

89,414

TOTAL NUMBER OF
AFFILIATED MEMBERS
AT YEAR-END

2.2

PERCENTAGE INCREASE
IN RIGHTS REVENUE

1.6

SEK BILLION PAID
TO RIGHTSHOLDERS
DURING THE YEAR

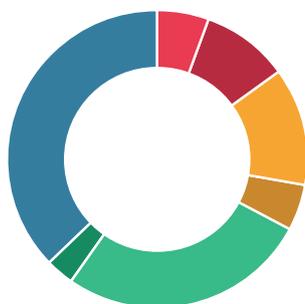
46

SEK MILLION TO
PROMOTE CULTURAL
OBJECTIVES

10.1

ADMINISTRATIVE COST
PERCENTAGE

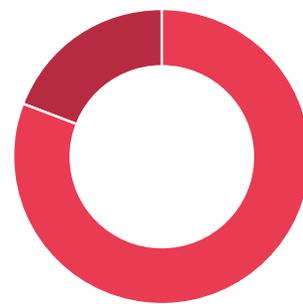
Where the money comes from



ROYALTY REVENUES, BY AREA



81% goes to STIM-affiliated members



PAID TO RIGHTSHOLDERS

Allocation between the payments to STIM-affiliated & foreign collecting societies



2018 – a year filled with inspiring events

2018 was a year of political lobbying, technology development and celebration. Here are some of our highlights.

New key licensing agreements

During the year, considerable progress has been made on the customer side, with STIM signing agreements with Viaplay, C More and SF Anytime for the increasingly important VOD market. A new central agreement with the church of Sweden has also been signed. During the year, ICE Ltd. (our international collaboration company) entered into two strategically important agreements. One is with YouTube and the other is with Facebook, which is the first of its kind with a collecting society.

OUR EFFORTS TO UPDATE COPYRIGHT LEGISLATION

STIM has carried out intensive advocacy efforts during the year aimed at updating copyright legislation and ensuring that the EU Directive on Copyright in the Digital Single Market is optimal. Together with our dedicated members, we have helped to raise the issue of music creator rights to a high political level.



FST 100th Anniversary

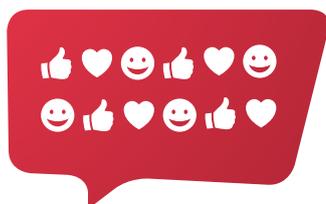


Together with our members we celebrated the Swedish Society of Composers' (FST) 100th Anniversary. It is the same organisation that founded STIM.



STIM Guitar awarded to Puls & Träning gym chain

Each year, "STIM Guitar" is presented to a customer who has used music in a thoughtful way in its business, while simultaneously ensuring that the music creators obtain compensation for their work. Pulse & Training has 80 gyms in Sweden, and was awarded STIM Guitar for its strategic work with music to strengthen the brand and at the same time pep its customers' motivation during workouts.



More satisfied members

We regularly carry out satisfaction surveys with our members and the results from the 2018 survey were very positive. STIM's reputation growing ever-stronger as an important advocate of copyright laws and a thriving music industry.

STIM PLATINUM GUITAR AWARDED TO VERONICA MAGGIO

Singer and songwriter, Veronica Maggio, was awarded the 2018 Platinum Guitar Award for her extraordinary successes and the strong impression she has made during her career. Since her debut in 2006, Maggio has won five Grammis Awards (Swedish Music Awards) and she has had ten #1 hits in Sweden.



2,856

NEWLY AFFILIATED MEMBERS

NEW MEMBERS

In 2018, 2,750 newly-affiliated authors and 106 music publishers were added. Of these, 709 were women and 1,946 men. Expressed as a percentage, 27% of the newly-affiliated were women and 73% were men.

73%



27%



STIM awarded a new prize, "Most Played Song" at the Swedish Music Publishers Gala

At the 2018 Swedish Music Publishers Gala in November, STIM awarded a new prize, "Most Played Song". *More Than You Know*, written by Axel Hedfors, Sebastian Ingrosso, Salem Al Fakir, Vincent Pontare and Richard Zastenker and performed by Axwell Λ Ingrosso.

STIM new partner in Keychange

During the year, STIM became a partner of Keychange (a project for equality), initiated by our UK sister company, PRS for Music Foundation. In Sweden, the work is run by the Musikcentrum Öst, and during the year Way Out West (a Swedish music festival) also joined the important European collaboration for a more equal music industry.



121

HAPPY SCHOLARSHIP RECIPIENTS

In December of 2018, the STIM Music Room event was held in Stockholm to announce the year's winners of STIM grants. There were a record number of applicants, 1,931, of which 121 creators were awarded a grant for their work.

The digital Swedish music miracle

2018 was yet another year of international successes for Swedish music. There was also significant progress in updating copyright legislation, along with strategically important agreements being signed in the digital market.



2018 was an exciting year and we're motivated to work even harder for our members in the year ahead. For example, we will increase our presence and attendance at music schools, events and concerts of our stakeholders.

Early in December 2018, The Guardian published its list of the best songs of the year. Childish Gambino's "This Is America", written by Ludwig Göransson, was #1 on the list. And, five of the top ten hits were Swedish, including two songs by Robyn. In October 2018, the composer Malin won a prize at one of the world's most prestigious festivals for contemporary art music, Donaueschinger Musik Tage. And these are just a few examples. Again, in 2018, Swedish music creators were among the absolute world elite.

STIM's annual report confirms the success of Swedish music. 2018 was another record year for Sweden's songwriters, composers, lyricists and publishers. Royalty revenues grew by 2.2 per cent and payments to our directly affiliated members amounted to SEK 1.3 billion.

During the year, an additional 2,856 rightsholders joined STIM and we now have almost 90,000 affiliated music creators and publishers, where almost 86,000 are individual creators. It is confirmation of the confidence Swedish music creators have in us, which we are both happy and proud of!

VALUE FOR ALL OF SOCIETY

Music flows through streaming services, hairdressing salons, arenas, shopping malls, clubs, commercials, TV series and video clips. During all hours of the day, music creates value at all levels – economic, emotional and societal. Without question, STIM is at the core of this value creation, with the market's widest range of music. Last year, STIM distributed royalty revenues to nearly 400,000 music creators and publishers throughout the world.

For most people, music is important during all phases of life. And, the music industry is certainly important from a cultural perspective. However, it is also entirely central to trade and industry. The creative sector generates jobs and growth all over Sweden and leads the way for Swedish exports.

Globalisation and digitalisation are fuelling that growth and symbiosis between the tech and music sectors has become increasingly evident in recent years.

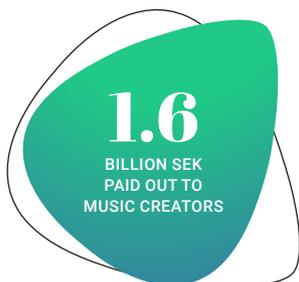
STIM's revenues from digital services in Sweden and abroad continue to increase significantly. A market that barely existed 10 years ago now accounts for more than one-third of STIM's total revenue. The increase comes partly from underlying market growth, but much of it also comes from new licensing agreements and renegotiation of old agreements.

We achieved a breakthrough in the market for streamed TV during the year by signing licensing agreements with the biggest players. It is of utmost importance to our rightsholders at a time when we are now seeing a decline in revenues from linear television. During the year, the importance of our international licensing collaboration through ICE was also very evident. Revenue from licenses negotiated by ICE increased sharply and amounted to SEK 430 million.

COPYRIGHTS ARE CRUCIAL

Securing payments from customers and paying out the right amount to the right person is a complicated and important job. In addition to that, we promote our members' rights and advocate for copyright protection from a long-term perspective.

That is why, in 2018, we worked so hard to ensure that the EU Directive on Copyright in the Digital Single Market would become adopted. It is a milestone for the development of a robust and well-functioning digital single market where those who create the music also receive equitable compensation. The European Parliament's approval of the Directive in March 2019 was a historically important decision. I'd like to thank all of STIM's affiliated music creators and publishers for your amazing support and commitment in this effort.



FURTHER DEVELOPMENT OF STIM'S SERVICES

In 2018, we also put a great deal of effort into developing the services we offer to our members. We've focused on improving our ability to meet the needs of our members and customers, along with further developing our digital services. It's a never-ending, important and difficult process. Our affiliates have though, confirmed in our most recent survey, that they are more satisfied than ever, which makes us very proud.

2018 was an exciting year and we're motivated to work even harder for our members in the year ahead. We will be creating new venues, increasing our presence in music schools, events and concerts, continuing to develop new digital services and focusing on maintaining a high level of quality in our processes and payouts. All of it is aimed at creating as much value to our members as possible and maintaining their trust.

STIM has been an advocate of copyright laws for almost an entire century and we now have nearly 90,000 affiliated members. We're a voice that matters. Together with our members, we create the conditions for a thriving creative environment where Sweden remains one of the world's top music countries.

Music has a value and our shared responsibility is to make sure that it stays that way.

KARSTEN DYHRBERG NIELSEN, CEO



From BPM to GDP

– STIM's value-creation process

Music has a value. It's a belief that lies at the core of everything we do. What it looks like though, in different parts of the value chain, varies significantly. This is how STIM helps create value in all parts of the value chain, at all times.



During all hours of the day, music creates value at all levels – economic, emotional and societal.

All forms of creative work are a portal for communicating feelings. But, putting a price tag on the artistic process can often be very difficult indeed.

For STIM, the value of music has many dimensions. For the creator, music is an important form of expression. A thriving music industry is dependent upon music creators being able to deliver their message, and get paid when people listen. For listeners, on the other hand, music is an essential part of life. It evokes feelings and memories, boosts energy and creates a sense of calmness.

In social settings, music is a way of creating and shaping the atmosphere, bridging language barriers and bringing people together. Music also has cultural value, helping us define the here and now, adding to the intangible cultural heritage of humanity.

On an economic level, it is clear that music plays an extremely important role. Gym chains, cafés, restaurants, clothing stores, malls and hotels are increasingly using music strategically to improve the overall customer experience.

Also in workplaces, music has a positive impact on the working environment, which has been proven in many research studies. Music contributes to joy, focus and topics of conversation, raises hormone levels and in many cases leads to increased productivity.

There is much talk about Swedish music exports and its successes. For this to continue

however, we must ensure that the high demand for music also generates an income stream to its creators. Music has a value and STIM's mission is to represent, explain and protect the rights of those who create it.

TECH SERVICES EXPANDING THE MARKET

From a socio-economic perspective, it is clear that music is extremely important and valuable. Sweden is not only one of the world's leading exporting countries of pop music and top producers; We also have a world-class tech sector. This marriage of technology and music has spawned everything from Soundcloud and Spotify to Soundtrap and Amuse. Time and time again, Sweden has proven that it is a leader, shaker and shaper of the music industry.

Streaming services and digital consumption of music have played a key role in all of it. Music creators and artists can, more quickly and with wider scope, reach their audience. Nevertheless, a healthy symbiosis must ensure that the value also flows to the songwriters themselves. It's extremely difficult for a single rightsholder to keep track of how the music is used. The role of STIM in the value chain is thus becoming increasingly important.

ICE is an initiative aimed at strengthening copyrights in harmony with technology development. ICE stands for International Copyright Enterprise and is a company that is co-owned by STIM, the



UK's PRS for Music and Germany's GEMA. Early on, each of recognised the need for strategic collaboration in sync with the erasure of boundaries in the digital music market. Together, we have built up a shared works database that contains around 35 million works from the rightsholders of Sweden, the UK and Germany. We've developed joint systems for managing licensing agreements on digital music services, where the amount of data has grown exponentially. We've also established a shared licensing platform, which has strengthened our offering and made the entire process more efficient. Through the ICE collaboration, we offer the best licensing service in the market and the most efficient way to get paid for the music in a digital global context.

All licensing revenue from the Online segment goes from ICE to STIM, which then administers the payouts. Our international collaboration creates added-value, customer value and simplicity for everyone involved.

BETTER DIVERSITY AND EQUALITY

Revenue does indeed flow through STIM's administrative processes to customers. However, there is one additional area for value-creation. Some of the income is reinvested each year in SCE services, which stands for social, cultural and educational activities. It's an important component of STIM's mission to promote music. In 2018, the total amount was SEK 46.1 million.

These services may be provided by, for example, the Swedish Society of Composers (FST), SKAP and Musikförläggarna, or STIM's subsidiary, Svensk Musik. The aim is to stimulate musical regrowth and diversity, which in turn contributes to a long-term sustainable creation of music.

STIM also strives for more equality in the music industry. The #metoo movement in 2017 made it very evident that much remains to be done there. We collaborate with other organisations who, like STIM, want to the same thing: a culture of equality in the music industry.

For example, STIM became a partner of Keychange (a project for equality), initiated by our UK sister company, PRS for Music Foundation. In Sweden, Musikcentrum Öst is leading the effort. The festivals affiliated with Keychange have pledged to book 50 per cent women artists by 2022. In Sweden, examples of major festivals that have joined are Way Out West, Live at Heart and Umeå Jazz Festival. The aim is also to create a strong international network of female music creators, innovators and future key players to accelerate this change.

Increased diversity and gender equality create long-term value throughout society.

Some of our members



From the top:
Laleh Pourkarim, photo: Gustaf Thörn; Bishat, photo: Teodor Axlund. Andrea Tarrodi, photo: Jonas Bilberg. Jacob Mühlrad, photo: Elisabeth Ohlson Wallin. Robert Svärd, photo: Anna-Lena Lundkvist. Jenny & Cecilia Vaz, photo: Pontus Norberg. Veronica Maggio, photo: Sigrid Malmgren. Thomas G:son, photo: Andreas Rickstrand. Carl Falk, photo: Mari Dahlé. Malin Bång, photo: Elisabeth Ohlson Wallin. Vincent Pontare, photo: Karin Thörnblom; Gullan Börnermark, photo: Mari Dahlé.





As a license-paying customer or affiliated member, you help strengthen copyright protection and compliance with copyright legislation. You also help promote regeneration and diversity of the Swedish music industry

6 trends that are changing the musical landscape

In a rapidly changing world, adaptability is more important than ever. Over a century, STIM has adapted its efforts to changes in the market. Here are six trends we are focusing on right now.

1

Customers are becoming larger and more global

Technology and music have always developed hand-in-hand, which means that technology companies have a major impact on the music industry. There are only a few major players however, and they are very large. Cooperation is a prerequisite for good negotiations with favourable results.

STIM'S CONTRIBUTION

Spotify, YouTube and Facebook are three of our largest customers and in 2018, STIM entered into strategically important agreements with each of them. ICE has been a key factor in it all. ICE is our international collaboration with the UK's and Germany's equivalents to STIM.

2

Copyright legislation must be updated

People are listening to music via digital streaming services at an ever-increasing rate. But, the laws regulating copyrighted material in these platforms are almost 20 years old. In 2016, the European Commission therefore presented a bill for new European copyright law, so that those who create the music and the cultural content will receive compensation when the platforms make a lot of money from it.

STIM'S CONTRIBUTION

STIM has worked hard in collaboration with other organisations to get the bill passed. The EU Directive has widespread support throughout the cultural and media sector. There have been steps forward, and back. Some of the resistance has come from the various platforms, which have been reluctant to take responsibility. Many, too, have been influenced by the controversial debate. During 2018, STIM has strived to ensure that the best possible legislation would become adopted.

3

The TV market is fragmented

Television companies have traditionally been some of STIM's largest customers. Traditional TV is steadily losing its market share of media consumption in society to the other platforms. The increasingly popular streaming services for TV and video are called SVOD (Subscription Video On Demand), AVOD (Advertising Video On Demand) or TVOD (Transactional Video On Demand). The shift from printed newspapers to online news is similar to what is happening in the music industry.

STIM'S CONTRIBUTION

STIM monitors the change in consumption patterns closely and works hard to license the new local and global services that are emerging. We provide access to the market's widest range of music with a simple and customised price model. Because the market is still emerging, it has taken time to update our offer, but during 2018 we reached a milestone by signing agreements with key players such as C More, Viaplay and SF Anytime.

4

Stiff competition

As e-commerce grows in popularity, physical stores are finding it difficult keep up. This is a trend that will likely continue over the years to come.

STIM'S CONTRIBUTION

Our most important role in this respect is to continue to demonstrate that STIM's portfolio – with millions of songs – has a clear value, and how that value can be used to create emotional connection to the brand, with higher sales and loyal customers as a result. More and more studies also clearly show that branded music can have a positive impact on the working environment. During 2018, STIM started initiated efforts to review the price models for the entire background market and in parallel with this develop new customised products to meet needs and competition.

5

Growth in the Live sector

Over the last decade's radical transition to a digital society, it has been a comfort to witness the new renaissance of live music. Live events have increased in popularity and have been able to raise ticket prices. In the past, going on tour was a way for artists to sell more albums. Today, we see the reverse relationship between streaming and live performances.

STIM'S CONTRIBUTION

In 2018, STIM initiated comprehensive strategic efforts to ensure that more of the success in the Live market flows to the music creators themselves (in the form of compensation), while simultaneously improving our product – for those in the Live business and our rightsholders. With that in mind, STIM has started collaborating with Svensk Live (trade association) aimed at, for example, identifying synergies between concert organisers and STIM.

6

Data, a driving factor

Access to data is increasingly becoming a decisive factor in how investments in music are made. Those working in the industry are continually getting a larger quantity of information that they can work with. The challenge lies in creating efficiency-enhancing synergies and gaining business-driven insight from this large amount of data.

STIM'S CONTRIBUTION

STIM has invested in business intelligence technology and it is using machine learning and other analysis tools to improve the quality of processes and payments. Among other things, STIM has developed models with the potential to predict future gigs and payouts on new works. We also develop new ways for our affiliates to access and interpret more detailed information about their payouts.



Licensing, monitoring and collecting license fees simply isn't something that creators can do themselves. That's why STIM has become more important than ever.

Cornerstone for a thriving music industry

Successful copyright protection is fundamental to the amazing success of the music industry in Sweden. Besides its administration of the licensing payment flows, STIM's most important mission is protecting those rights.

Copyright protection is key to rightsholders getting paid for their works. It's also controversial and a topic for lively debate. Copyright protection is, in fact, a tool which protects the human rights of authors and publishers. It is included in the Swedish Constitution and the European Convention on Human Rights.

STIM's main task is to license the rights of our affiliates and then administer the complex payments cycle where large sums of money flow each year from customers to music creators. In order for that to even be possible, however, copyright protection must remain strong in society.

Copyright protection has become an important issue that impacts all parts of society and copyright-protected works are a fundamental element of the digital economy. New services and platforms are popping up all the time and the older ones are going digital. Music, is becoming increasingly democratised. The developments here are indeed amazing, yet they create a situation that is making it more and more difficult to protect the creators' rights and keep track of how their music is being used.

Licensing, monitoring and collecting license fees simply isn't something that creators can do themselves.

STRENGTH IN NUMBERS

Our mission is to ensure that music creators get paid for their work. With nearly 90,000 affiliated members, STIM can serve as the voice for music creators and represent their interests when engaging with politicians.

We also strive to reach a wider public with our advocacy efforts. Our aim is to create understanding and broad support for music creators' situation. We must create an environment that encourages them to keep making music. And just like every other professional and in every industry, they must be paid for their work. That's how new music gets created.

Sweden is one of the world's most successful music countries. Creating an environment where music can thrive not only benefits those who create and listen to music, but also the overall Swedish economy. Strong copyright protection can help make the Swedish music industry even more amazing, with greater musical diversity and sustainable growth.

MODERNISATION IS A MUST

To ensure that the value of music is appropriately managed and appreciated, copyright legislation must be updated and in sync with the digital transformation of society. It's painfully evident, however, that other important components of the regulatory system for music use haven't kept the pace. Thus far, major digital platforms have, citing outdated legislation from 20 years ago, been able to claim that they only supply the infrastructure, not the content. This is how they have avoided paying for their use of copyright-protected material.

User-generated content has been referred to as something neutral and independent of the platforms themselves. However, with the explosive growth in such services, a huge gap has arisen between those who create the works and those who make money when those very same works are used.

It's referred to as "transfer of value". STIM's standpoint is that a platform that spreads music must compensate the rightsholders. That is why, in 2018, we worked so hard to ensure that the EU Directive on Copyright in the Digital Single Market would become adopted. It is a milestone for the development of a robust and well-functioning digital single market where those who create the music also receive equitable compensation. The European Parliament's approval of the Directive in March 2019 was a historically important decision for the creative sector.



Our mission is to ensure that music creators get paid for their work. With nearly 90,000 affiliated members, STIM can serve as the voice for music creators and represent their interests when engaging with decision-makers.

Music creators’ enabler

In an increasingly complex world, it is more important than ever to keep track of music creators’ rights. As a STIM-affiliated member, you are represented by a strong negotiating partner that protects and advocates for your rights in all areas of use and in all markets. We want to create the best possible conditions so that you will continue creating music.

With almost 90,000 affiliated members, STIM is a force to be reckoned with. We’re both dedicated and fair at the negotiations table, ensuring that the money goes where it should, i.e. to the pockets of those who created the music in the first place. As a member organisation, our mission is to promote copyright protection and ensure that all affiliated members are correctly compensated.

In 2018, STIM paid out SEK 1.3 billion to its members.

STRONGER TIES WITH MEMBERS

With almost a century of working in the industry, STIM can confidently say that we know the music industry and our mission to help it thrive. We have top legal, financial and negotiation experts among our employees, working side-by-side with the very sharpest industry minds available.

STIM has a members’ service which, each day, serves its members and answers their questions about the business. During the year, we have focused a great deal of effort on improving engagement with our rightsholders in order to better support them and

act as a sounding board in a tough and changing industry. We also set up a team that is specifically tasked with member relations, support and advice.

We are working diligently to pay out more funds and to do so more quickly. To facilitate that, we must continue modernising our processes while raising the quality and efficiency of deliveries to our affiliated members. A trend that is increasing the complexity of what we do is that more and more works have more and more co-creators. It is no longer unusual to have five, six, or even seven individuals associated with the creation of one hit single. And that puts even higher requirements on the distribution process.

NEW TECHNOLOGY FOR SAFER PROCESSES

Swedish music creation is global in scope. That much is certainly clear and we’ve adapted to that. However, each country is responsible for collecting data and analysing how its works are used in the international market. Their success in doing so is declining. Collaborations like ICE are thus the key to successful copyright protection activities. It has definitely facilitated direct engagement with Facebook, YouTube, Apple and Spotify.

ICE is a company that is co-owned by STIM, PRS (UK) and GEMA (Germany). Via ICE, joint investments are made to ensure that our

1,656,383

TOTAL NUMBER OF REGISTERED WORKS WITH
AT LEAST ONE STIM-AFFILIATED AUTHOR

THE TOP 10 SONGS WITH THE HIGHEST ROYALTY EARNINGS 2018

Song – Artist

- 1 *Can't Stop The Feeling* – Justin Timberlake
- 2 *Believer* – Imagine Dragons
- 3 *Chained to the rhythm* – Katy Perry feat. Skip Marley
- 4 *Side To Side* – Ariana Grande feat. Nicki Minaj
- 5 *Send My Love (to Your New Lover)* – Adele
- 6 *More Than You Know* – Axwell Λ Ingrosso
- 7 *The Ocean* – Mike Perry
- 8 *Shake It Off* – Taylor Swift
- 9 *Just Like Fire* – P!nk
- 10 *Paris* – Chainsmokers

Authors

Justin Timberlake, Max Martin, Shellback

Ben McKee, Dan Reynolds, Daniel Platzman, Justin Drew Tranter, Mattias Larsson, Robin Fredriksson, Wayne Sermon

Ali Payami, Katy Perry, Max Martin, Sia Furler, Skip Marley

Alexander Kronlund, Ariana Grande, Ilya, Max Martin, Monika Maraj, Savan Kotecha

Adele Adkins, Max Martin, Shellback

Axel Hedfors, Sebastian Ingrosso, Salem Al Fakir, Vincent Pontare, Richard Zastenker

Andreas Wiman, Dimitri Vangelis, Mikael Persson, Nirob Islam, Sara Hjellström

Max Martin, Shellback, Taylor Swift

Max Martin, Oscar Holter, P!nk, Shellback

Andrew Taggart, Charlee Nyman, Fredrik Häggstam, Kris Eriksson

1.3

BILLION SEK OF THE TOTAL
1.6 BILLION WAS PAID
OUT TO STIM-AFFILIATED
MEMBERS

5.7

AVERAGE SCORE OF THE
SATISFACTION OF OUR
MEMBERS, ON A SCALE
OF 1 TO 7

90,000

NEARLY 90,000
AFFILIATED MEMBERS
AT 2018 YEAR END

100

NEARLY 100 YEARS IN
THE INDUSTRY

4.4

MILLION WAS
DISTRIBUTED TO 121
STIM GRANTS WINNERS

processes and working methods keep pace with the development of global music usage. STIM has simultaneously implemented a business intelligence system to help us analyse and understand our growing volume of data. The BI system improves our efficiency in collecting and paying out funds to our affiliates. It also provides us with new insight on trends and opportunities in the market.

Compared to other countries, STIM is on the cutting edge of digital development. Even though we represent many major rightsholders, we are still able to maintain a relatively small, flexible organisation. Our mission is to ensure that the music creators themselves obtain the largest share possible of benefits that are generated.

It requires that we maintain a close dialogue with the rightsholders. We regularly monitor satisfaction levels and our recent survey showed that our efforts are paying off. On average, members gave us a very high score of 5.7 on a 1-7 scale. Our average score was very high in particular (6.1 on a scale of 1-7) for satisfaction on STIM's efforts increase the understanding that music has a value and strengthening copyright protection.

PROMOTING EQUALITY IN THE MUSIC INDUSTRY

Just one out of every five STIM affiliates is female. STIM actively strives for more equality in the music industry. We do so by promoting regrowth and diversity in the Swedish music industry and via our support to various organisations and special projects.

For example, STIM entered into a new partnership with Keychange, which is explained in more detail on page 9.

In general, there is a higher level of awareness about matters of equality in the music industry and several important initiatives are underway. Efforts continue, but much remains to be done.

A THRIVING SWEDISH MUSIC INDUSTRY

We help ensure that creation and regrowth in the Swedish music industry persists and STIM's contribution goes well beyond simply making payment to rightsholders. During the year, STIM distributed many awards and scholarships.

We honoured Veronica Maggio with the Platinum Guitar. We also awarded and recognised the songwriters behind the year's most played song, "More Than You Know" at the Swedish Music Publishers Gala. And, we presented flamenco guitarist and composer Robi Svård with the Composer of the Year Award. STIM also distributed SEK 4.4 million in funds to 121 talented grants recipients.

SPN, which is STIM's council for the promotion of Swedish music became involved in 11 projects in 2018 aimed at strengthening the Swedish music industry. The projects covered everything from opportunities for youth to write music, to laying the foundation for Swedish-UK collaboration in hiphop and urban music. There were also initiatives to promote and recognise living composers of folk music, as well as promoting contemporary Swedish art music.

And, of course, we also celebrated the Swedish Society of Composers' (FST) 100th Anniversary – which is the same organisation that founded STIM long ago.

”

We ensure continued creation and growth in the Swedish music industry. Our contribution stretches beyond the payments we make to rightsholders.

Music licenses nurture songwriting and composing

At the start of 2019, STIM's customers held a total of 41,469 licenses for music. Because of that, our fantastic music creators get paid for their works and the incredible successes of the Swedish music industry can continue.

At STIM, we offer our customers the freedom to access the world's widest range of music. We sell music licenses to companies and organisations that use music in value-creating ways – they range from local hairdressers or pizzerias to big players, like Netflix, Facebook and the Swedish Church. In total, 41,469 licenses have been granted covering all types of businesses.

For many of our customers, music lies at the core of their business. For those in the film, radio and TV business, music is a key element of the service. But in other areas, like streaming services and live performances, music is the main ingredient. And, we've noticed that more and more businesses, such as grocery stores and restaurants, are using background music as part of their profile, in a similar way to the interior design or fragrance.

Music contributes to brand building through emotional connections that create stronger customer experiences. In addition, studies show that the choice of music can contribute to a better working environment.

BACKGROUND MUSIC IS IMPORTANT

In total, 73 per cent of all licenses are attributable to background music, which means that around 30,000 restaurants, cafes, salons, stores and hotels regard high-quality background music as something that improves the overall customer experience and is worth paying for. However, only 9 per cent of rights revenue is attributable to this segment. STIM is actively striving to increase the market coverage of background music.

At the same time, however, certain areas within the segment are getting squeezed due to the popularity of digital services and e-trade, which are rapidly growing. During 2019, we are likely to see some acceleration of the downward trend in the retail sector that started in 2018. The squeezed margins of physical stores, along with increasing

competition for those offering royalty-free music may increase the number of stores that cancel their STIM licenses. Unfortunately, they are opting for music with no emotional ties, or, simply not having any music at all. Besides its focus on increasing market coverage, STIM is actively striving to monitor changes in consumer behaviour, adapt its licenses and create new products in sync with what has happened in the market.

LIVE IS BECOMING INCREASINGLY IMPORTANT

One consequence of the world's music becoming available to everyone at all times has been rekindled interest in live music. There really is no substitute for authentic music experiences that create closer ties between artists and listeners. The live sector is thus growing and becoming more professional. STIM is very proud to report that, in 2018, we began collaborating with Svensk Live (trade association), which has 230 members who arrange festivals and live music events. The live segment currently accounts for 6 per cent of licensing revenue and we expect its share to increase in the future.

CHANGES IN CONSUMER BEHAVIOUR

Swedish households' consumption of moving images has increased sharply in recent years. At the same time though, it has changed, i.e. from traditional TV to streaming services. Now, we're also noticing a shift in revenues. The revenue from TV is significantly falling, while that of VOD (Video on Demand) is increasing. Intensive effort is being directed at signing agreements with VOD providers to capture this change in consumer behaviour. Important new agreements were signed in 2018 with C More, SF Anytime and Viaplay. It resulted in a doubling of VOD revenue compared to 2017. A large portion of the increase is attributable to retroactive revenue from prior years.

2.1

SEK BILLION IN TOTAL ROYALTY REVENUE IN 2018

2.2

ROYALTY REVENUE INCREASED BY 2.2 PER CENT

-19

TV REVENUE FELL BY 19 PER CENT

111

ONLINE VOD REVENUE INCREASED BY 111 PER CENT

7

ONLINE STREAMED MUSIC INCREASED BY 7 PER CENT

41,469

STIM LICENSES AT THE START OF 2019

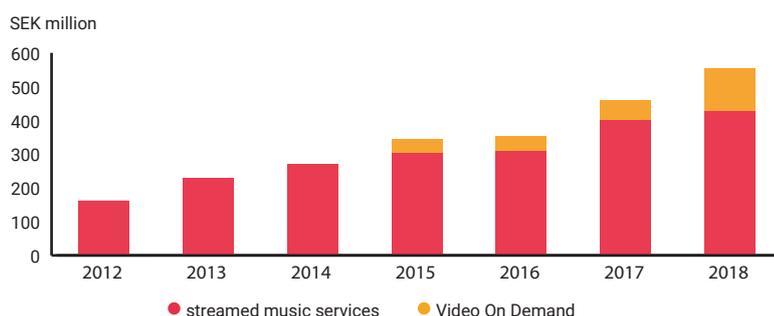
The biggest change in STIM's revenue during 2018 was, however, a 19 percent decline in the traditional TV segment. It is a customer category that previously accounted for a large portion of the total. Accordingly, with the shift from linear TV giants to a fragmented streaming market, there will be an interim period when licensing revenue is radically reduced. The size of the total pie will eventually catch up but right now, we're faced with a whole new landscape.

STREAMED MUSIC CONTINUES TO BREAK NEW GROUND

STIM's online revenue from streamed music services has grown significantly over the last five years and between 2017 and 2018, the increase was 7 per cent. Our international company, International Copyright Enterprise (ICE) has become an even more strategically important tool in the process. It is co-owned by STIM, the UK's PRS and Germany's GEMA and ICE currently manages almost 35 million works from these three music markets. ICE was established to meet the growing trend of internationalisation and popularity of streaming services.

Even though it has already been operating for a couple of years, 2018 was our year for making significant breakthroughs. Thanks to ICE, we were able to sign a strategically important agreement with YouTube. And, we also became the first collectively-owned organisation to sign an agreement with Facebook. We also signed a new, renegotiated agreement with Spotify. The combined strength of our three national societies in ICE has proven to be an excellent way of initiating discussion with the real heavyweights.

STIM-licensed revenue online (including licensed by ICE)



”

We sell music licenses to companies and organisations that use music in value-creating ways – they range from local hairdressers or pizzerias to big players, like Netflix, Facebook and the church of Sweden

With the right music you get a real boost

Text: Kalle Dixelius
Photo: Cristian Jonsson

Puls & Träning's business concept is simple: Setting up gyms close to home, where everyone can thrive. A great experience at the gym involves more than just weights and treadmills. The choice of music is very important for creating a motivational atmosphere. For Puls & Träning, the solution to customise its music has been a real boost to both customers and the business.

”

The fees paid to STIM are an investment, ensuring that the Swedish music industry will continue to thrive, producing more great hits that will make workouts fun.

Since it was established in 2006, Puls & Träning has grown from a single gym at Hammarby Sjöstad in Stockholm to a chain of 80 gyms in Sweden and 9 in Finland. New gyms are being set up all the time and the business is in a robust phase of growth. The music played in the gym has become increasingly important.

“When I started here three years ago, we only played radio in the gym. There were many different opinions about which station to play, which was difficult to resolve. It was also annoying when the volume increased during commercials. Besides that, our members were hearing advertisements from our competitors during the commercial breaks! Not so cool,” says Fanny Klüft-Nerell.

As more gyms were added to the chain, it became increasingly clear that radio as the source for music simply wasn't working. Sometimes, it went so far as members signing petitions for the gym owner to switch stations. Managing the various opinions about choice of music was taking up more and more time. For Puls & Träning, the solution was collaboration with a music provider to customise music solutions for the gym.

THE SOLUTION: STREAMED MUSIC

“Now, we have streamed music at most of our gyms in Sweden. Our music provider created



a custom radio channel for us, which we gave feedback on. We wanted a good mix of old and new. They also adapted the volume levels, so it's a bit quieter in the morning. At lunch, when all the treadmills are in use, the volume is higher. It's adapted like that throughout the day," says Fanny.

The entire debate on music choice completely died down and Puls & Träning has no plans for abandoning its strategy on offering streamed, Stim-repertoar music.

"I'm convinced that people want a nice mix of oldies and newies. Oh, I love that song!....or, Wow, did Tove Lo release a new single? It's an important part of what makes a workout fun," she says.

Frequently, companies approach Puls & Träning with other solutions (royalty-free music). But Puls & Träning isn't interested.

"It's not the right music for us. And it's not what our customers want. They have no interest in listening to such music while working out. They simply don't recognize it.

ETHICAL ASPECT IS IMPORTANT

She goes on to say that other options would be a full-on catastrophe during an aerobics class.

"An aerobics class with that kind of music would be a total flop. I remember how awful it was, when I worked as an instructor, to put in a CD with a

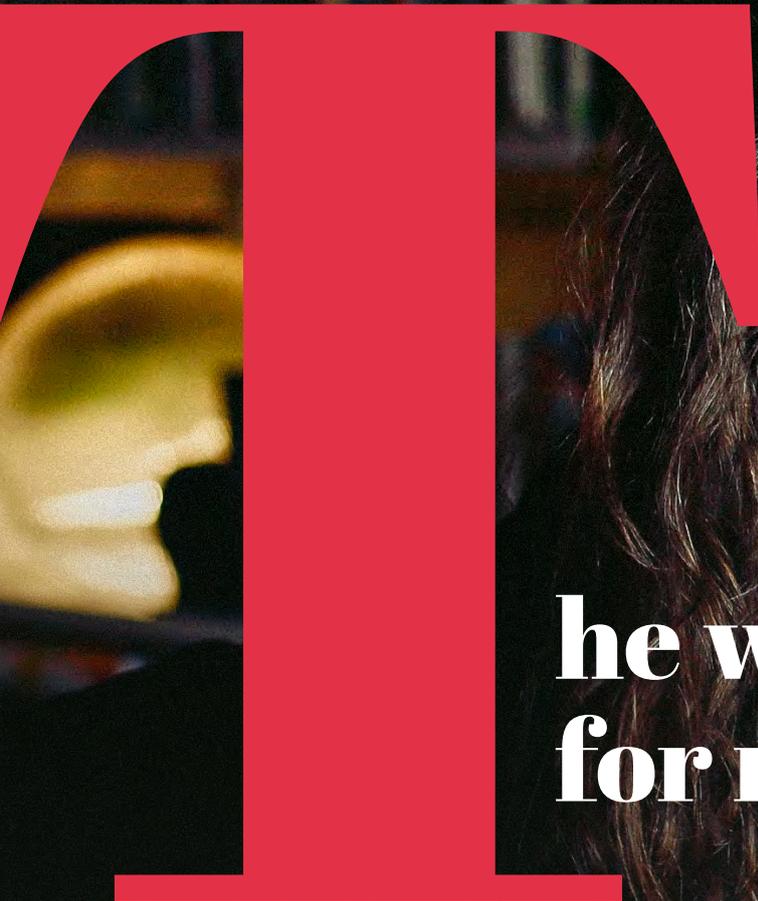
really bad mix. Nobody recognised the tunes. It was so boring and demotivating! The right music, however, provides a great boost," she says.

There are the ethical aspects of copyright protection too, which are important to Puls & Träning. The fees paid to STIM are an investment, ensuring that the Swedish music industry will continue to thrive, producing more great hits that will make workouts fun.

"For me, STIM is the only choice. It's a non-issue. It was the same at my last place of work. We count the number of classes we offer each year and calculate the total area of our premises (square metres). Payment is based on that. I think it's both obvious and essential that those who write the songs and perform them should get their share of the pie. It's a simple matter of doing what's right," says Fanny Klüft-Nerell.

About Puls & Träning

- In business since 2006
- 80 gyms across Sweden, with more than 40,000 members
- Winner of STIM Guitar 2018



he world is ready, for real.

Text: Daniel Cederlund Photo: Christian Gustavsson

Red-hot hip hop producer and Oscar-winning film composer, Ludwig Göransson, has more than one string to his bow. Yet, despite having seemingly found his niche, he wants to keep trying new things. He explains that there's still so much left to learn, so he simply can't stop.

Keith Jarrett, Igor Stravinsky and Meshuggah. Ludwig Göransson has many role models in music. Despite that, or perhaps because of it, our understanding of this multi-genre musical chameleon starts to crystalize.

"I've always been interested in many genres of music. First, it was all about hard rock and guitar.

Then I was into Max Martin. After that, I was obsessed with making dance music on my computer. Then it was all about jazz...after that, orchestral music. On and on it goes. There's just so much out there...so much to learn. I simply can't stop," says the much sought-after Oscar winner during our meeting at a hotel in Östermalm on one of his whirlwind visits to Stockholm.

The path to success has had its twists and turns, but it's always been clear that Ludwig Göransson was destined to work with music in one way or another. He attended a music high school, then studied guitar and composition at the college level prior to getting accepted at Stockholm's Royal College of Music in the jazz programme.

"Already before moving to Stockholm, I knew in the back of my head that I wanted to make film music one day.

Ludwig Göransson started writing music when he was just 9 years old. And he's never stopped. Today, this metal-loving jazz cat from Linköping is one of the world's hottest composers.



Swedish music schools and the educational programmes are diverse and extremely good. In Sweden, culture in general, and perhaps even music in particular, are taken seriously and prioritised. Maybe the weather plays a role too, with people sitting indoors during the long winters, playing their instruments, ha ha.

Why film music, in particular?

“The music in the Star Wars movies by John Williams really made an impression on me. I also remember being mesmerized by Edward Scissorhands and how well the music fit the movie,” he says.

During his last year at high school, Ludwig Göransson got the opportunity to compose orchestral music for the Norrköping Symphony Orchestra. It was also the first time he applied cinematic dramaturgy during the creative process.

“The music I created was very much inspired by Star Wars. I vividly remember, too, the first time the orchestra played my composition. It was simply magical. It was a feeling I wanted more of.

After his years studying at the Royal College of Music, Ludwig Göransson decided to study film music. A bit of quick research led him to conclude that the best programme was at University of Southern California in Los Angeles. He was accepted, and that’s also where he met ‘Black Panther’ director, Ryan Coogler.

“We got to know each other and I made the music for his short film, ‘Locks’, in 2009. Our collaboration was very successful right from the start and that’s how things have continued,” he says.

Now, ten years later, the music you created for ‘Black Panther’ has even earned you an Oscar for Best Original Score. Has it sunk in yet? The enormity of your success?

“No, I don’t think it’s really sunk in yet. The last few weeks have been so crazy and intense. It all still feels a bit like a dream.

Besides the Oscar, he has also won a Swedish Grammis Award, Musikexportpriset 2019 and three Grammy Awards. His most recent Grammy Award was for his role as producer for Childish Gambino’s mega hit, ‘This is America’. They met during filming of the TV series, ‘Community’. Donald Glover, which is Childish Gambino’s real name, had a role in the series. Ludwig Göransson composed the music. They hit it off right away and Donald Glover needed from someone who could mix his music.

“The song he sent me was already great. I just gave him feedback on how to make it even more amazing. He invited me over to his place and we’ve been working together ever since,” he says.

What’s it like, working with Childish Gambino?

“Donald is extremely creative and involved in all aspects when we’re making music. There’s always a thought and message behind the entire concept of a song. He writes the texts and melody. I play all the instruments. Just like Ryan Coogler, he’s very good at describing his visions, which makes him very easy to work with,” he says.

Both Coogler and Glover had mega hits at the same time. Can you explain why it’s all exploding right now?

“Well, we’ve essentially been doing the same thing and making the same music for a decade. But they’re both true to themselves and genuine in what they create. They don’t follow trends. Each of them stays true to his own vision. It’s very personal, what they do. I think people can relate to that. It strikes a chord and becomes important to people. And I think the world is finally ready for us now,” he says.

Next up is fulfilment of a childhood dream, when Ludwig will get the chance to compose music for the new Star Wars series, ‘The Mandalorian’. But even though Ludwig Göransson seems to have found his niche, he wants to keep trying new things. There’s still so much left to be learned.

“I wouldn’t call myself a hip hop producer or a film composer. I simply a composer. I don’t want to put boundaries on who I am or what I do. I want to keep all doors open. We’ll just have to see where it all leads,” he says.

Ludwig Göransson

Age: 34 years.

Lives in: Los Angeles.

Recent achievements: Winner of one Oscar, three Grammy Awards, one Grammis Award and Musikexportpriset 2019. Now working on the music for the new Star Wars series, ‘The Mandalorian’ which premieres later this year.

About his career: Moved to California in 2008 to study film music.

After graduating, he got a job as assistant to Theodore Shapiro, which led to the opportunity of writing music for the TV series, Community. After that, he wrote music for several major films, including ‘Creed’, ‘Black Panther’ and ‘Venom’. For several years, he has also been producing music for Childish Gambino.

And the winner for 2018 is...

Text: Klara Stefansson Photo: Sigrid Malmgren

Veronica Maggio loves the feeling of starting with a clean sheet of paper. The lyrics come to her quickly and it should all feel like a conversation with someone who's really listening. Meet the winner of the 2018 Platinum Guitar Award! One of Sweden's most successful artists and songwriters, who has once again entered the studio to create new music.

Veronica Maggio is one of Sweden's most successful artists. Many of her singles and albums have reached gold or platinum level, she's had several #1 hits in Sweden and has won numerous prestigious awards. In November, she won yet another, 2018 Platinum Guitar Award, for her extraordinary successes and the strong impact she has made during her career.

"The award means a lot to me, partly because I feel recognised and that what I do is appreciated. But also because right now, I'm sitting in the studio with another person who has also won the Platinum Guitar Award. So now, he can't brag about it to me anymore.

The jury's motivation:

Singer and songwriter, Veronica Maggio, was awarded the 2018 Platinum Guitar Award for her extraordinary successes and the strong impact she has made during her career. Veronica Maggio is a songwriter with great integrity. Despite her huge successes, she's never eased up and has continued breaking new ground and reinventing herself. She is simply one of a kind. With her unique use of language and melody, Veronica Maggio has created a musical impression that has touched, inspired and influenced those who have followed in her footsteps.

"We're even!" says Maggio, with a smile. She doesn't want to give us a spoiler on the new album, which will be released during spring 2019. We do know, however, that her co-writers on the songs are Simon Hassle, Agrin Rahmani and Jocke Berg. All of it though, started with writer's cramp. That, was not something Veronica Maggio has experienced in the past.

"I've always said that I never have any trouble finding inspiration for my songs, but this time, I just went round and round for months, always coming up empty. It was awful," she says.

The solution was to switch focus. Veronica Maggio signed up for a course on writing screenplays, which is something she's like to do more of in the future.

"I felt like I needed to see things from a new perspective and think about something else. That's when the inspiration came back to me again," she says.

Early in 2018, she released the single, "20 Questions". Unlike Maggio's early works, this one is sung in English. She wrote it together with Jocke Berg and it was produced for a short film about Ingmar Bergman.

"When I write in English, I have a bit more distance to the words. Everything sounds a bit cooler. Swedish can sound kind of corny and cliché if you're not careful.

You're often praised for your descriptive, personal texts. How did you discover 'your voice'?

"I like to keep it simple and spontaneous, not overworking or overthinking things. It should sound like I'm having a conversation with someone...someone who is really listening to what I have to say. Through it all though, I have respect for the language and my choice of words. I seem to have a good sense of balance. I simply know when it sounds good to me," she says.

During Veronica Maggio's career of almost 13 years, she has collaborated with many producers, songwriters and musicians. Among them are Salem Al Fakir and Niki & The Dove.

What's your strategy from finding good partners to collaborate with?

"Well, it's sort of like going on a date. Every now and then, I meet people who write music. Occasionally, I suggest that we try writing a song

Veronica Maggio

Age: 38 years.

Lives in: Stockholm.

Recent achievements: Winner of STIM Platinum Guitar 2018. Currently writing songs for her sixth album, which will be released during spring 2019.

About her career: Her breakthrough came in 2006, with the hit single, "Dumpa Mig" (Dump Me). Her album "Satan i Gatan", released in 2011 was a huge hit and all eleven songs made it to the Swedish top singles list. Since then, Maggio has released a total of five studio albums and at least ten of her singles #1 hit singles in Sweden. In total, her singles or albums reached gold or platinum level at least 25 times.

together. And, sometimes there's chemistry, sometimes not. Sure, you can always come up with a song. But, when I meet someone who I really want to write a song with, you can immediately feel the buzz and excitement of it all in the air," she says.

"I get energy from collaborations. It's also a necessity for me, since I never produce songs myself," she explains.

She describes herself as a 1960s kind of producer.

"I'm not at all techy. I'll record something in GarageBand, or as a message on my phone. Sure, I write the text and melody. But then I take it to the studio, sit on the sidelines and say 'cut this' or 'keep that'," she says.

Veronica Maggio launched her career right when things starting going digital. So, she never had any big sales of LPs or CDs. She became affiliated with STIM in 2003.

"Copyright protection isn't something you go around thinking about each day. It's incredibly important though, having someone who can protect you and your works, legally," she says.

When Veronica Maggio looks back on her career thus far, which she actually does in her autobiography, "Allt Är För Bra Nu" (published in 2017, translates to English as "It's All Too Good Right Now"), she thinks it's gone by quickly. Almost too quickly.

"When I wrote the book, I felt like, wow....when and how did do all of that? I become rather nostalgic, feeling like I wanted to go back in time and change a few things. That's probably just what all songwriters do though. Constantly mulling things over," she says.

A milestone in Veronica Maggio's career came during the same year that her book was published in 2017, when she performed at Stockholm Olympic Stadium, in front of 20,000 fans.

"It sounds crazy, but there is this weird sense of security that comes from performing for such a large audience. Performing live is also a very special and emotional experience. There's a kind of magic in the air that you simply can't recreate in any other setting," she says.

”

Performing live is also a very special and emotional experience. There's a kind of magic in the air that you simply can't recreate in any other setting," she says.

Board of Directors

As at 31 December 2018

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



Carina Brorman

Chair

Management Consultant and PR Strategist, owner and CEO of Carina Brorman Consulting AB. Chair of Stiftelsen Skåne Stadsmision. Member of the board of Swedish Film Institute, AB Konsthall Tornos, Jobi Footright AB, Orienteatern AB, ICE Operations AB and ICE International Copyright Enterprise Germany GmbH. Chair of the Board since 2017. Independent.



Douglas Carr

Member

Composer and music producer. Member of the boards of SKAP (Swedish Society of Songwriters, Composers and Authors) and Lacarr Music AB. Board Member since 2006. Active in SKAP.



Hans Fahlin

Member

Head of Asset Management at AP2, M. Sc. in Economics and Business from the Stockholm School of Economics. Member of AFS Intercultural Programs. Chairman of the Board for Centre for Finance at the University of Gothenburg, Gothenburg School of Business, Economics and Law and the Institute of Quantitative Research Europe. Board Member since 2016. Independent.



Dror Feiler

Member

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



Hannah Gullander

Member

Key account manager and management consultant at Stratsys AB. Board Member since 2016. Independent.



Eric Hasselqvist

Member

Partner of Publishing Company Ten AB. Chair of the Musikförläggarna SMFF financial association. Board member of Monza Publishing AB, Elementica AB (publ), Bahnhof AB (publ) and Ten Music Group AB, Production Company TEN AB, Publishing Company TEN AB, TEN FILM AB, Artist Company TEN AB, Tenament AB and Hasselqvist Management AB. Deputy board member of LONYKO AB and PORT-TIME AB. Board Member since 2007, with a hiatus in 2013. Active in Musikförläggarna.



Eva Botmar

Employee Representative

Works at STIM's publishing service. Deputy member of Eolshäll's 4H Club. Board member since 2012. Employee Representative.



Annika Falkenäng

Employee Representative

Market analyst at STIM, Members & Markets. Board Member since 2014. Employee Representative.



Martin Jonsson Tibblin

Second Vice Chair

Composer, Chair and Operations Manager for FST (Swedish Society of Composers), Board Member of ICE International Copyright Enterprise Services Ltd. and Stiftelsen Saltö. Deputy board member of Bonus Copyright Access (a non-profit copyright society). Board Member since 2015. Active in FST.



Alfons Karabuda

Member

Composer, board member and CEO of Naomi Musikförlag AB. Chairman of: SKAP (Swedish Society of Songwriters, Composers and Authors) ECSA (European Composer & Songwriter Alliance) and The global node Stockholm AB, Executive Vice President of International Music Council, Board member of: Musiksverige Samlad Svensk Musikbransch Financial Association, Stockholm's Royal College of Music, the Polar Music Prize music panel and Kaffediktor AB and member of the Swedish National Commission for UNESCO's culture committee and the working committee of KLYS (the Swedish Joint Committee for Artistic and Literary Professionals). Board Member since 2005. Active in SKAP.



Elisabet Widlund Fornelius

First Vice Chair

CEO of Musikförläggarna. Vice Chair of the Musiksverige Samlad Svensk Musikbransch (financial association) and Board Member of Bonus Copyright Access (financial association). Board Member since 2016. Active in Musikförläggarna.

Deputies

ANNIKA DELLÅS

Deputy for Hanna Gullander. Independent.

ÅSA ENSTRÖM

Deputy for Eric Hasselqvist. Active in Musikförläggarna.

JENNY HETTNE

Deputy for Martin Jonsson Tibblin. Active in FST.

ANETTE HÖKENGREN

Deputy for Elisabet Widlund Fornelius. Active in Musikförläggarna.

ALEXANDRA NILSSON

Deputy for Douglas Carr. Active in SKAP.

ÅSA OTTERLUND

Deputy for Hans Fahlin. Independent.

MARIE SAMUELSSON

Deputy for Dror Feiler. Active in FST.

ANDERS WOLLBECK

Deputy for Alfons Karabuda. Active in SKAP.

SUSAN ROBERTS

Deputy for Eva Botmar. Employee Representative.

VIKTOR SELLGREN

Deputy for Annika Falkenäng. Employee Representative.

The Business Group and management

STIM, together with the UK's PRS for Music and Germany's GEMA, each own one-third of ICE Operations AB and ICE International Copyright Enterprise Services Ltd.

”

For most of us, music is an important aspect of all phases of our lives. The music industry is certainly important from a cultural perspective. However, it is also entirely central to trade and industry. The creative sector generates jobs and growth all over Sweden and leads the way for Swedish exports.

The STIM Business Group



Management



The STIM Business sphere

As at 31 December 2018

NCB, NORDISK COPYRIGHT BUREAU

NCB is tasked with upholding the rights of authors and music publishers in the recording, copying and distributing of protected music and lyrics on CD, vinyl, DVD and similar media. NCB is governed by STIM and its counterparts in Denmark (Koda), Finland (Teosto), Norway (TONO) and Iceland (STEF). The NCB also administers the mechanical rights of the Baltic collecting societies, Latga-A in Lithuania, EAÜ in Estonia and Akka-LAA in Latvia. NCB has agreements with copyright societies abroad to administer mechanical rights in a corresponding manner in their countries. NCB's operations are managed by Koda from 1 April 2017.

BOARD OF DIRECTORS

Cato Strøm _____ CEO Tono, Chair
Guðrún Björk Bjarnadóttir _____ CEO Stef, Vice Chair
Karsten Dyhrberg Nielsen _____ CEO STIM
Anders Lassen _____ CEO Koda
Risto Salminen _____ CEO Teosto

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

Anders Lassen _____ CEO Koda, Chair
Karsten Dyhrberg Nielsen _____ CEO STIM
Stephen Powell _____ CFO, PRS for Music
Robert Ashcroft _____ CEO PRS for Music
Simon Platz _____ Managing Director, Bucks Music Group
Risto Salminen _____ CEO Teosto
Stephan Kristiansen _____ (Employee representative)
Cato Strøm _____ CEO Tono (Observer)

STIM DIREKT AB

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

Karsten Dyhrberg Nielsen _____ CEO STIM, Chair
Lisa Stålspets _____ Deputy member

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 scholarships to STIM affiliated authors.

Board

Dror Feiler _____ FST, Chairman
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 Brorman _____ STIM
Kerstin Mangert _____ STIM
Robert Ashcroft _____ 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 Brorman _____ STIM
Kerstin Mangert _____ STIM
Robert Ashcroft _____ 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
Robert Ashcroft _____ PRS for Music
Julian Nott _____ PRS for Music
Steve Powell _____ PRS for Music
Dr. Harald Heker _____ GEMA
Stefan Waggerhausen _____ GEMA
Dr. Ralf Weigand _____ GEMA

STIM's committees

As at 31 December 2018

ASSESSMENT COMMITTEE FOR MUSIC AND COPYRIGHTS

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

Lisa Stålspets _____ Stim, Chair
Jonas Nordin _____ Stim, Secretary
Peo Nylén _____ Musikförläggarna
Mattias Svensson Sandell _____ FST
Anna Wedin _____ SKAP

GRADING COMMITTEE

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

Ordinary members

Anders Annerholm _____ Musikförläggarna, Chair
Ylva Q Arkvik _____ FST
Jonas Valfridsson _____ FST
Vacant _____ SKAP
Vacant _____ SKAP

Deputy members

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

DISTRIBUTION COMMITTEE

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

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

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, among other ways, through scholarships, support for music projects and the financing of activities that promote copyright.

Ordinary members

Eva Schöld _____ Chair
Mats Bernerstedt _____ Musikförläggarna
Kerstin Brunnerberg _____ External
Jonas Forssell _____ FST
Håkan Glänte _____ SKAP

Deputy members

Maria Carlén _____ External
Hans Desmond _____ Musikförläggarna
Ida Lundén _____ FST
Sara Norell Murberger _____ External
Ana Diaz _____ SKAP

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.

Monica Ekmark _____ Chairman
Fredrika Hörlin _____
Thomas Lindahl _____ SKAP
Erik Peters _____ FST
Nutta Hultman _____ Musikförläggarna

SPN, STIM'S COUNCIL FOR THE PROMOTION OF SWEDISH MUSIC

Council, appointed by NÄMMU, responsible for preparing proposals for decisions by NÄMMU associated with projects that aim to improve the availability and recognition of new Swedish music – both nationally and internationally. Committee appointed by NÄMMU with external independent management meetings. Prepares proposals for decisions by NÄMMU.

Kjell-Åke Hamren _____ Chairman
Ingemar Bergman _____
Tony Lundman _____
Esmeralda Moberg _____
Anne Pajunen _____
Linn Persson _____
Cindy Lee _____

SCHOLARSHIP COMMITTEE

Prepares scholarship applications and makes proposals for decisions to STIM's board.

Ann Christin Biel _____ Svensk Musik, Chair
Mattias Rodrick _____ External
Pär Lindgren _____ FST
Patrik Sventelius _____ Musikförläggarna
Lisa Eriksson Långbacka _____ SKAP
Magnus Frykberg _____ SKAP
Daniel Boyacioglu _____ SKAP, co-opted text assessor
Ulla Carin Nyquist _____ SKAP, deputy text assessor

The Financial Statements have been translated from the original in Swedish. In case of discrepancy, the Swedish version shall prevail.

Administration Report

The Board of Directors and the Chief Executive Officer of Svenska Tonsättares Internationella Musikbyrå (STIM) u.p.a., corporate Id. No. 702002-3524, hereby present the annual report and consolidated financial statements for the 2018 financial year.

DESCRIPTION OF OPERATIONS

Stim is a collectively owned copyright organisation for music creators and music publishers. Stim administers and licenses economic rights to music and lyrics on behalf of its members. Through its international network, Stim also represents rights to the worldwide repertoire of music. STIM is a not-for-profit organisation that also aims to promote sustainable growth and diversity in the Swedish music scene. It is a socially beneficial mission which differentiates STIM from other actors in the market.

At the end of 2018, STIM had 89,914 affiliated authors and music publishers for which it was monitoring and protecting their economic rights based on copyright legislation. Based on inter-governmental agreements and reciprocal agreements with STIM's counterpart organisations abroad, rights to both domestic and international music in Sweden are protected. The right to Swedish music abroad is covered by mutual agreements with other parties and, in the case of multinational digital music services, directly by STIM.

When a rightsholder joins STIM, they grant their economic rights to receive remuneration in connection with public performance, recording and mechanical reproduction to STIM. STIM ensures that anyone who plays music in public or who records, downloads or streams music has a valid licence and pays a fee. STIM licenses music from throughout the world and allocates the revenue to the individual rightsholders, both Swedish and international, later on paying out those funds to them. This means that those who want to use music through a licence from STIM can easily access millions of musical works, and that the rights holder of the music receives compensation for the use of the music.

Since 2010, STIM has collaborated at the European level on licensing of rights and administration of works' documentation, music use reports and some distribution services. Collaboration is in the form of a joint venture, where STIM, together with the UK's PRS for Music and Germany's GEMA have equal ownership shares in ICE Operations AB, ICE Germany GmbH and ICE Services Ltd. This cooperation gives STIM a strong bargaining position in comparison with large international players in the market and enables a smooth licensing solution that covers several territories and creates economies of scale with efficient data processing and documentation of works.

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

Through its subsidiary Stimhuset KB, Stim owns the property Stockholm Krukamakaren 17. STIM has its offices there and the remaining 6,000 sq.m. of space is leased to external tenants.

CHANGES ON THE BOARD OF DIRECTORS AND IN THE MANAGEMENT TEAM

At the 2018 AGM, the nomination committee presented a proposal for a re-election of all members whose mandate period had expired. Re-elected as members: Douglas Carr, Dror Feiler, Hannah Gullander and Eric Hasselqvist, each for a mandate period of 2 years. Annika Dellås, Åsa Enström, Alexandra Nilsson and Marie Samuelsson, were reelected as deputy members, each with a mandate period of 2 years.

At the end of 2017, Jan-Christer Stoppel took over as the interim Chief Financial Officer and since June 2018, he has held that position on a permanent basis.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Consumption of music with moving images is constantly increasing and we have noticed a rapid transition from linear channels to streamed services. In 2018, STIM has engaged in intensive work on licensing new Video on Demand (VOD) services and has during the year signed strategically important agreements with Viaplay and C More. In the area of T-VOD (transaction VOD) negotiations that had been underway for several years with SF Anytime resulted in an agreement. During the year, ICE Ltd. entered into two strategically important agreements. One is with YouTube and the other is with Facebook, which is the first of its kind with a collecting society.

At the Annual General Meeting on 24 May 2018, the Special Examiner presented the report from the special examination, which was demanded by a minority and decided upon at an Extraordinary General Meeting on October 16, 2017. The audit covered both STIM's payments in excess of those paid to rightsholders and the question of whether these payments were made in accordance with current external and internal regulations. There was also an examination of whether allocation of rights revenue for background music has occurred in accordance with the affiliation agreement between STIM and the rightsholders. The conclusion that the Special Examiner reported at the meeting was that, for the areas examined, there were no deviations in relation to the applicable regulations nor in relation to the affiliation agreement. At the AGM on 24 May 2018, STIM presented its first transparency report in accordance with the requirements stated in the Act on Collective Management of Copyright (Swedish Books of Statute 2016:977), which entered into force on 1 January 2017.

A new, modern system for administration of foreign revenue was implemented.

Having sustainable copyright legislation is a prerequisite for pursuing STIM's mission, which is why intensive advocacy efforts have been carried out aimed at updating copyright legislation and ensuring that the EU Directive on Copyright in



the Digital Single Market is optimal. On 12 September 2018, a revised proposal was approved by the parliament that strengthened the negotiating position of rightsholders in the three-part negotiations.

SIGNIFICANT EVENTS AFTER THE END OF THE FINANCIAL YEAR

Early in 2019, ICE Ltd. signed a new agreement with Spotify. The prior agreement was an interim license after the takeover of the local societies' licences. The new agreement has more favourable rates and it covers more territories than in the prior agreement.

Work with the European Copyright Directive continued during the early part of 2019. Following successful three-party negotiations, the European Parliament approved the new copyright rules on 26 March 2019, which STIM welcomed.

SIGNIFICANT RISKS AND UNCERTAINTIES

STIM's markets continue to be characterised by rapid and radical change, both nationally and internationally. This applies both to music distribution and consumption as well as to

the management of music rights. STIM is no longer licensing exclusively in Sweden. Besides that, music users in the Swedish market, must, in many cases obtain licenses from other rights managers than STIM. Rapid technological development places considerable demands on the adaptation of STIM's activities, in terms of not only new pricing models for licensing, but also suitable systems for rights administration and thereby continued investments in the development of existing and new systems. The ever-changing conditions lead to uncertainty over STIM's future revenue, along with the expected return on investments it has made. The investment in the co-owned associated companies, ICE AB and ICE Ltd is the largest single investment where repayment is dependent upon having them grow as intended and for the development projects they are running to be carried out as planned.

Copyright law must continually be adapted and in sync with new technology and how music is consumed. All of it must result in new, modern legislation on copyrights at the national level. This is a prerequisite for the music industry on the whole being able to thrive, both now and in the future.

APPROPRIATION OF PROFIT OR LOSS

The Board's proposal for the appropriation of profits is that the available amount is carried forward, see Note 15.

SALES AND PERFORMANCE

The Group's revenue during the financial year was SEK 2,082.3 (2,042.7) million and operating expenses were SEK 233.9 (221.9) million. Profit/loss from participations in associates amounts to SEK 8.9 (5.6) million. Distributable income in the Group totalled SEK 1,860.1 (1,831.0) million.

The Parent Society STIM's total sales for the financial year were SEK 2,071.7 (2,024.1) million, corresponding to an increase of 2.4 (8.0) per cent compared with the previous year's adjusted sales. Royalty revenue has increased by SEK 50.3 (156.7) million.

The Parent Society STIM's net distributable income totalled SEK 1,856.0 (1,824.4) million, corresponding to an increase in royalty payments to rightsholders equal to SEK 31.6 (121.0) million.

GROUP

Consolidated profit (SEK '000)	2018	2017	2016	2015	2014
Operating income	2,082,274	2,042,666	1,884,248	1,886,713	2,015,408
Operating costs	-233,909	-221,900	-199,402	-209,078	-219,588
Profit/loss from participations in associates	8,917	5,602	-10,255	-25,073	-4,495
Impairment of non-current receivables from other companies	-	-	-	4	-1,461
Distributions	-1,851,853	-1,826,053	-1,689,324	-1,677,448	-1,542,763
Interest and other financial items	2,736	4,553	3,863	-976	2,678
Tax	86	62	-25	224	-71
Profit/loss for the year	8,251	4,930	-10,896	-25,633	249,709

PARENT SOCIETY

Parent Society's profit (SEK '000)	2018	2017	2016	2015	2014
Operating income	2,071,687	2,024,124	1,874,222	1,811,008	1,677,956
Operating costs	-227,266	-214,031	-183,268	-187,261	-196,853
Impairment of non-current receivables from other companies	-	-	-	4	-1,461
Operating profit/loss before distribution	1,844,421	1,810,093	1,690,954	1,623,751	1,479,642
Interest and other financial items	3,271	5,076	4,519	-203	8,338
Appropriations and taxes	8,262	9,215	7,910	19,812	17,026
Distributable income	1,855,954	1,824,384	1,703,382	1,643,359	1,505,006

FINANCIAL POSITION**Group**

The Group's accumulated profit at year-end was SEK 177.6 (169.9) million.

Parent Society

At year-end, STIM's equity amounted to SEK 1.2 (1.2) million or 0.1 per cent (0.1) of the balance sheet total. Liabilities to rightsholders at year-end totalled SEK 1,492.0 (1,241.9) million.

LIQUIDITY

Cash and cash equivalents, including short-term investments, totalled SEK 928.2 (676.4) million for the Parent Society and SEK 944.5 (690.1) million for the Group. Surpluses are invested in short-term fixed interest funds in accordance with the current investment policy.

GROUP CONTRIBUTIONS

During the financial year, the Parent Society received group contributions from subsidiaries totalling SEK 8.2 (9.1) million.

Sustainability Report 2018

This is STIM's sustainability report in accordance with the Global Reporting Initiative (GRI) guidelines and it covers the areas listed in Chapter 6, Section 12 of the Annual Accounts Act.

The aim of the report is to describe in a transparent manner how STIM works with sustainability issues relating to the environment, social conditions, personnel, respect for human rights and anti-corruption. Our sustainability report focuses primarily on areas where we, as a copyright organisation, can influence and make a difference based on our industry and abilities.

ENVIRONMENTAL IMPACT

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

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

TRAVEL AND EMPLOYEE BENEFITS

Whenever possible, video or telephone conferencing should be used to reduce the number of trips that result in carbon dioxide emissions. We have modern, efficient equipment for that purpose, and provide training and support for our employees. There is parking for bicycles outside our office building and STIM encourages its employees to walk or bike to work. To encourage travel by public transport and we offer subsidised public transport cards to all our employees. The fruit, coffee and milk offered to our employees have the KRAV label (good environmental choice).

ENERGY

STIM uses green electricity consisting of at least 10% wind power. We shut off computers and turn off lights at the end of the day. During weekends we lower the heat.

SUPPLIES

When purchasing office supplies, we choose alternatives with as little environmental impact as possible. Printers and copiers are set to double-sided printing by default and have "Follow me print", which means that you get your printout only when entering your ID number at the printer. This has reduced unnecessary printing significantly – in 2018, we reduced the number of paper printouts by 16,540 pages. We focus on publishing customer and member information on our website to reduce unnecessary paper mailings. We sort glass, metal, cardboard, plastic, waste and paper in the office. In 2019, waste sorting was also introduced in the cafeteria.

We aim to work in a more climate-smart way and therefore strive to ensure that digital communication is used to the greatest extent possible with customers. STIM typically issues

approximately 60,000 customer invoices per year, most of which are letter invoices sent out by mail. In the spring of 2019, a fee for letter invoices was introduced to increase the incentives for customers to choose digital invoicing instead. It lowers our costs and the environmental impact.

SUPPLIERS

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

IT INFRASTRUCTURE

STIM's IT infrastructure is located in a computer centre, but most aspects of operation are handled by STIM's own staff. We work continuously to consolidate, modernise and streamline IT operations.

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

PROPERTY

We own the property called Hornsgatan 103 and besides running our own operations from there, STIM is also the landlord for about 15 tenants. STIM is the largest, as regards both number of employees and total space (area). As a landlord, we strive to offer well-managed and appropriately equipped premises that offer a good, pleasant working environment. This applies not only to those working in the building, but also our partners for services and products. We have a long-term management plan that we follow, but we are also keen to quickly resolve any matters reported to our property service team. During 2019 we will further streamline the environmental work and have several ongoing projects together with our suppliers in areas such as cleaning and recycling.

SOCIAL CONDITIONS AND EMPLOYEES

STIM is a non-profit, advocacy organisation. Our employees are passionate about copyrights and protecting the interests of rightsholders. STIM's employees are covered by collective agreements from Almega AB (the Employers' Organisation for the Swedish Service Sector) and Medieföretagen (Almega subcategory for Media companies). It provides safe conditions for, for example, insurance, pensions, vacation, parental leave, sickness compensation and the regulation of forms of employment. In addition, STIM has a well-developed cooperation with the Union's local trade union in the form of regular meetings and trade union negotiations.

A pleasant and stimulating working environment is a precondition for us to be attractive to our members and employees alike. Open communication with a large flow of information is an important parameter for us at STIM. We want our employees to have good knowledge of STIM as an organisation and place of work. We are convinced that it affects everyone's commitment and leads to greater satisfaction at work.

WORK ENVIRONMENT

Work environment management at STIM aims to create conditions that favour a positive atmosphere and environment at work. We achieve this by creating a physically and psychosocially healthy workplace where all employees thrive and where risks of workplace injuries and work-related ill-health are prevented. In order to achieve a work environment consistent with STIM's goals, management and employees interact to identify and implement improvements. This is via systematic work environment efforts, where we regularly investigate, assess risks and work together with local safety representatives. Our Health and Safety Committee regularly meets, develops policies and processes, and educates managers and employees. We collaborate with occupational health care services on rehabilitation for those suffering from burn-out and other psychological disorders. Much effort is also put into preventive measures.

WELLNESS

Health and wellness are an important component of STIM's work environment. We want to make it easier for employees to maintain or improve their physical, mental and social health. We do this by offering our employees subsidies for wellness activities or memberships at the nearby gym, including one hour off (with pay) per week for such activities. We are dedicated to ensuring that our employees have all the prerequisites for creating a balance in life. We do this through the offer of massage and Naprapath services at work, regular meditation sessions, flu vaccination, social activities and joint exercise races.

EQUALITY AND EQUAL TREATMENT

STIM works to ensure that all employees have equal rights and opportunities in the workplace in terms of working conditions, terms of employment and career development through training and skills development, as well as promotion at work regardless of gender; transgender identity or expression, ethnicity, religion, disability, sexual orientation or age.

STIM does not tolerate that employees are subject to any form of harassment – all sorts of violations are prohibited in the workplace.

STIM is committed to ensuring that its employees can maintain a balance between parenthood and work. STIM strives to have a discrimination-free recruitment process so that people with the right skills are always given the opportunity to apply for vacant positions.

Ways we do this include:

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

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

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

RESPECT FOR HUMAN RIGHTS

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

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

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

ETHICS AND ANTI-CORRUPTION

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

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

It is the duty of each employee to have read and understood our anti-corruption policy and act accordingly. Training based on our anti-corruption policy has carried out with all of STIM's employees in 2018. The very suspicion of STIM being involved with offering and/or unfair benefits would be very harmful to our reputation and besides that, bribery is a criminal offense in Sweden. STIM's anti-corruption policy is based on the precautionary principle, which means that even the slightest suspicion should be reported to the closest supervisor or decision-maker to ensure that all individuals representing STIM always act in accordance with the policy's guidelines.

Income statement

(SEK '000)	Note	Group		Parent Society	
		2018	2017	2018	2017
Operating income					
Royalty revenues		2,059,521	2,014,613	2,063,622	2,013,305
Other revenue		22,753	28,053	8,065	10,819
Total operating income	1.3	2,082,274	2,042,666	2,071,687	2,024,124
Operating expenses					
External costs	2,3,6	-108,513	-105,262	-111,793	-107,834
Personnel costs	2,4,5	-105,199	-98,781	-103,782	-96,665
Depreciation/amortisation	2, 9-11	-20,198	-17,857	-11 691	-9,532
Total operating expenses		-233,910	-221,900	-227,266	-214,031
Profit/loss from participations in associates	13	8,917	5,602	-	-
Provision for distribution costs	7	-1,805,749	-1,780,558	-1,809,850	-1,778,889
SCE funds		-46,104	-45,495	-46,104	-45,495
Operating profit/loss		5,428	315	-11,533	-14,291
Interest income		2,771	4,577	3,294	5,092
Interest expenses		-34	-24	-23	-16
Profit/loss before tax		8,165	4,868	-8,262	-9,215
Appropriations	21	-	-	8,170	9,148
Profit/loss before tax		8,165	4,868	-92	-67
Tax on earnings for the year	20	86	62	92	67
Profit/loss for the year		8,251	4,930	0	0

Operating income and operating expenses have been adjusted for the ICE deduction for management costs. (See the section on recognition of revenue in the accounting and valuation principles). Operating expenses have also been adjusted with SCE funds (social, cultural and educational funds) that are now reported on a separate line in the financial statements

Balance sheet

Assets (SEK '000)	Note	Group		Parent Society	
		2018	2017	2018	2017
Non-current assets					
Intangible assets					
Current investment in new IT systems	8	10,870	6,068	9,272	6,068
Capitalised expenditure on system development	9	32,724	41,720	30,558	38,286
Total intangible assets		43,594	47,788	39,830	44,354
Property, plant, and equipment					
Buildings and land	10	358,539	365,967	-	-
Construction, extensions and redevelopment in progress		2,605	1,100	-	-
Equipment	11	3,478	6,075	3,338	5,868
Total property, plant and equipment		364,622	373,142	3,338	5,868
Financial assets					
Participations in Group companies	12	-	-	200	200
Participations in associates	13	722	-8,053	41,319	41,319
Receivables from Group companies	12	-	-	100,387	100,387
Receivables from associates	13	62,823	72,379	62,823	72,379
Other non-current assets		206	-	206	-
Other non-current financial assets	2	4,954	4,617	4,954	4,617
Total non-current financial assets		68,705	68,943	209,889	218,902
Deferred tax asset	20	1,354	1,262	1,354	1,262
Total non-current assets		478,275	491,135	254,411	270,386
Current assets					
Current receivables					
Trade receivables		95,462	140,225	94,233	133,575
Receivables from Group companies	12	-	-	13,535	17,743
Receivables from associates	13	32,924	26,455	32,924	26,455
Other receivables		24,568	18,177	23,531	17,810
Tax assets		10,216	8,091	9,978	7,885
Total prepaid expenses and accrued income	14	341,606	294,925	340,739	293,811
Total current receivables		504,776	487,873	514,940	497,279
Short-term investments		819,335	620,994	819,335	620,994
Cash and bank balances		125,161	69,067	108,880	55,361
Total current assets		1,449,272	1,177,934	1,443,155	1,173,634
Total assets		1,927,547	1,669,069	1,697,566	1,444,020

Equity and liabilities (SEK '000)	Note	Group		Parent Society	
		31/12/2018	31/12/2017	31/12/2018	31/12/2017
Equity					
Restricted equity					
Invested capital		10	10	10	10
Capitalised expenditure for development work		24,021	23,625	24,021	23,625
Other restricted equity		1,226	1,226	1,226	1,226
Total restricted equity		25,257	24,861	25,257	24,861
Accumulated profit/unrestricted equity					
Accumulated profit/unrestricted equity		169,211	165,362	-24,016	-23,620
Translation difference		142	-400	-	-
Profit/loss for the year		8,251	4,930	-	-
Total accumulated profit/unrestricted equity	15	177,604	169,892	-24,016	-23,620
Total equity		202,861	194,753	1,241	1,241
Provisions					
Provisions for pensions	2, 19	6,156	5,737	6,156	5,737
Total provisions		6,156	5,737	6,156	5,737
Non-current liabilities					
Non-current liabilities	16	500	571	-	-
Total non-current liabilities		500	571	-	-
Current liabilities					
Trade payables		10,202	11,490	8,497	9,780
Provision for distribution	17	1,492,042	1,243,201	1,492,042	1,241,856
Liabilities to Group companies		-	-	-	-
Tax liabilities		1,073	1,886	-	43
Other liabilities		20,817	18,171	19,617	17,274
Accrued expenses and prepaid income	18	193,896	193,260	170,013	168,089
Total current liabilities		1,718,030	1,468,008	1,690,169	1,437,042
Total equity and liabilities		1,927,547	1,669,069	1,697,566	1,444,020

Change in equity – the Group

PARENT SOCIETY

(SEK '000)	Invested capital	Reserve for development costs	Other restricted equity	Retained earnings	Profit/loss for the year	Total equity
Amount at the start of the year, 01/01/2017	6	10,593	1,226	-10,588	0	1,237
Change in contributed capital	4	-	-	-	-	4
Allocated to reserve for development costs	-	13,032	-	-13,032	-	0
Amount at the end of the year, 31/12/2017	10	23,625	1,226	-23,620	0	1,241
Amount at the start of the year, 01/01/2018	10	23,625	1,226	-23,620	0	1,241
Change in contributed capital	-	-	-	-	-	0
Allocated to reserve for development costs	-	396	-	-396	-	0
Amount at the end of the year, 31/12/2018	10	24,021	1,226	-24,016	0	1,241

GROUP

(SEK '000)	Contributed capital	Reserve for development costs	Other restricted equity	Retained earnings	Profit/loss for the year	Total equity
Amount at the start of the year, 01/01/2017	6	10,593	1,226	189,290	-10,896	190,219
Appropriation of profits	-	-	-	-10,896	10,896	0
Change in contributed capital	4	-	-	-	-	4
Allocated to reserve for development costs	-	13,032	-	-13,032	-	0
Translation difference	-	-	-	-400	-	-400
Profit/loss for the year	-	-	-	-	4,930	4,930
Amount at the end of the year, 31/12/2017	10	23,625	1,226	164,962	4,930	194,753
Amount at the start of the year, 01/01/2018	10	23,625	1,226	164,962	4,930	194,753
Appropriation of profits	-	-	-	4,930	-4,930	0
Change in contributed capital	-	-	-	-	-	0
Allocated to reserve for development costs	-	396	-	-396	-	0
Currency translation difference	-	-	-	-143	-	-143
Profit/loss for the year	-	-	-	-	8,251	8,251
Amount at the end of the year, 31/12/2018	10	24,021	1,226	169,353	8,251	202,861

Cash flow statement

(SEK '000)	Note	Group		Parent Society	
		2018	2017	2018	2017
Payments from customers		2,061,416	1,985,923	2,050,678	1,980,431
Payments to rightsholders	17	-1,556,908	-1,542,802	-1,559,663	-1,536,601
Payments to suppliers and employees		-254,972	-234,497	-247,276	-231,422
Cash flow from operating activities before interest and income taxes paid		249,536	208,624	243,739	212,408
Interest received		2,771	4,577	3,294	5,092
Interest paid		-34	-24	-23	-16
Income taxes paid		-6	-5	0	0
Cash flow from operating activities		252,267	213,172	247,010	217,484
Investment activities					
Investments in property, plant and equipment and intangible non-current assets	8, 10,11	-7,484	-16,210	-4,636	-15,109
Disposal of property, plant and equipment	10.11	166	1	136	1
Investments in non-current financial assets		-15,613	-7,104	-15,748	-7,104
Disposal of non-current financial assets		25,098	25,020	25,098	25,020
Current financial investments		-198,341	-221,987	-198,341	-221,987
Cash flow from investment activities		-196,174	-220,280	-193,491	-219,180
Cash flow for the year		56,094	-7,108	53,519	-1,696
Cash and cash equivalents at beginning of year		69,067	76,175	55,361	57,057
Cash and cash equivalents at year-end		125,161	69,067	108,880	55,361

Accounting and valuation policies

ACCOUNTING POLICIES

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

CONSOLIDATED ACCOUNTS

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

ACCOUNTING OF ASSOCIATES

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

REVENUE RECOGNITION

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

As of 2018, revenue from ICE is reported gross, which means that revenue for ICE is now reported before making the deduction for ICE expenses is. As of 2018, the ICE deductions for licensing and distribution services is reported as external costs. To facilitate comparability between the years, 2017 annual figures have been adjusted according to the new principle of accounting for these deductions. For the years 2014-2016, ICE revenue/costs have been negligible and adjustment for these years has therefore not been made.

PROVISION FOR DISTRIBUTION

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

INTANGIBLE NON-CURRENT ASSETS AND PROPERTY, PLANT AND EQUIPMENT

Intangible non-current assets, such as computer software, are recognised at acquisition cost less deductions for accumulated depreciation according to plan. "Off-the-shelf" software is expensed directly. Costs related to software developed or substantially modified on Stim's behalf are capitalised as an intangible asset if said software is deemed to lead to probable economic benefits that after a year exceed the costs incurred. Capitalised costs for acquired software are depreciated on a straight-line basis over the estimated useful life, although subject to a maximum of 10 years. Depreciation is applied as of the time at which the asset is ready to be placed in service. As such, no depreciation is applied to investments in progress. Property, plant and equipment are recognised at acquisition cost less deductions for accumulated depreciation according to plan. Expenditure to improve the performance of assets, above their original level, is added to the carrying amount of the asset. Expenses for repairs and maintenance are recognised as costs. Property, plant and equipment are systematically depreciated over the estimated useful life of the asset. A straight-line method of depreciation is applied to all categories of property, plant and equipment and intangible assets.

THE FOLLOWING DEPRECIATION PERIODS ARE APPLIED:

Components in buildings

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



Other non-current assets

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

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

CURRENT ASSETS

Financial instruments

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

Financial assets measured at fair value through profit or loss

This class of financial instrument comprises financial assets held for trading. A financial asset is classed in this category if it is acquired with the primary purpose of selling it in the near future. Derivative instruments are always included in this cat-

egory, except in cases where the derivative instrument is part of a hedge transaction. The society has classified endowment insurance linked to pension commitments as financial assets measured at fair value through profit or loss.

Available-for-sale financial assets

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

Loan receivables and trade receivables

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

Loans payable and trade payables

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

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

Provisions

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

Contingent liabilities

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

Employee benefits

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

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

Income taxes

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

Deferred tax is calculated using the tax rate that has been decided or announced as at the balance sheet date and that is expected to apply when the deferred tax asset is realised or the deferred tax liability is settled. Deferred tax assets are reported to the extent it is probable that future taxable surpluses will exist against which temporary differences can be offset.

Cash flow statement

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

Foreign currency

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

Leasing

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

Notes

1 Operating income

(SEK '000)	Group		Parent Society	
	2018	2017	2018	2017
Royalty revenues	2,059,520	2,014,613	2,063,622	2,013,305
of which				
Public performance – Live	116,305	117,893	116,305	117,893
Public performance – Background	195,306	206,381	195,306	206,381
Public transmission – TV	265,722	327,941	265,722	327,941
Public transmission – Radio	101,286	103,338	101,286	103,338
Public transmission online – interactive	552,432	456,935	556,532	455,627
Public transmission online – non-interactive	2,267	2,281	2,267	2,281
Mechanical reproduction revenue*	64,020	63,710	64,020	63,710
Income from collecting societies abroad	762,184	736,134	762,184	736,134
Other revenue	22,753	28,053	8,065	10,819
Rental income	13,662	15,383	-	-
Exchange gains	2,089	2,485	2,004	752
STIM/Svensk Musik government grant/subsidy	1,600	1,600	-	-
STIM/Svensk Musik, sheet music hire and recorded media sales	1,098	900	-	-
Reminder fees	1,543	1,239	1,543	1,239
Administrative services	914	1,910	914	1,910
Compensation for damages	19	3,143	19	3,143
Intra-group invoicing	-	-	3,036	2,935
Other	1,828	1,393	549	840
TOTAL OPERATING INCOME	2,082,274	2,042,666	2,071,686	2,024,124

* Including private copying levy & library levy.

Revenue for 2017 has been adjusted for ICE management deduction of SEK 20,579 thousand and revenue provisions reported as bad debt losses for SEK -3,344 thousand.

2 Operating expenses

(SEK '000)	Group		Parent Society	
	2018	2017	2018	2017
External costs				
Office and administration *	93,850	91,906	94,297	92,826
Of which capitalised development costs	-3,717	-16,126	-3,717	-13,431
Rental costs	614	589	11,562	9,871
IT operations	5,921	5,208	5,811	5,137
Property costs	8,128	7,559	123	-
Total external costs	108,513	105,262	111,793	107,834
* In addition to the above amounts, additional external costs have been reported as SCE funds	4,348	4,891	531	372
Personnel costs				
Salaries and other remuneration	70,654	65,170	67,167	61,820
Social security contributions	22,304	21,330	21,234	20,231
Pension costs	11,580	11,261	11,093	10,765
Other personnel costs *	661	1,020	4,288	3,849
Total personnel costs	105,199	98,781	103,782	96,665
* In addition to the above amounts, additional personnel costs have been reported as SCE funds	4,955	4,100	1,182	1,104
Of which Board of Directors and CEOs				
Salaries and other remuneration	4,492	4,095	4,345	3,951
Social security contributions	1,411	1,166	1,365	1,121
Pension costs	1,044	923	1,044	923
Invoiced fees included in External costs	382	630	382	630
Of which Board of Directors				
Salaries and other remuneration	1,552	1,337	1,405	1,193
Social security contributions	488	420	441	375
Invoiced fees included in External costs	382	630	382	630
Depreciation/amortisation				
Capitalised expenditure on system development	9,243	6,117	8,242	5,451
Equipment	3,486	4,266	3,449	4,081
Buildings	7,469	7,474	-	-
Total depreciation/amortisation	20,198	17,857	11,691	9,532
Total operating expenses	233,910	221,900	227,266	214,031

Costs for 2017 have been adjusted for the ICE management deduction of SEK 20,579 thousand and revenue provisions reported as bad debt losses for SEK -3,344 thousand. SCE costs for the Group in 2017 have been adjusted by SEK - 7,515 thousand and are now included in the line item for SCE costs in the income statement. Gross remuneration including holiday pay and benefits to STIM's Chief Executive Officer amounted to SEK 2.9 (2.8) million in 2018.

DEFINED CONTRIBUTION PLANS

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

PENSION COMMITMENTS SECURED WITH ENDOWMENT INSURANCE

The outcome of certain other pension plans is linked to the development of individually signed endowment policies. The value of the endowment insurance always covers the obligation to pay pensions, but not the obligation to pay special employer's contributions in conjunction with the pension being disbursed. A surplus arises when value growth is better than expected and this surplus falls to the policyholder. The value of the surplus fund as at 31 December 2018 was SEK 59 (55) thousand. The endowment insurance has been pledged as security. No part of the year's provision is covered by the Swedish Pension Obligations Vesting Act. The market value of the endowment insurance is established through the annual statement issued by the concerned bank or equivalent. The value of the endowment insurance as at 31/12/2018 was SEK 4,954 (4,617) thousand.

3 Intragroup transactions

(SEK '000)	Parent Society	
	2018	2017
Operating costs from Group companies		
Licensing revenue	-2,820	2,706
Invoiced cost for personnel	1,237	1,340
Invoiced cost for IT	1,538	1,370
Other revenue	261	225
Total	216	5,641
<i>Share of total operating income</i>	<i>0.0%</i>	<i>0.3%</i>
Operating costs from Group companies		
Cost of premises	11,336	10,762
SCE funds	7,590	7,515
Other expenses	2	0
Total	18,928	18,277
<i>Share of total operating costs</i>	<i>8.3%</i>	<i>8.5%</i>
Sales via associates		
Direct licensing revenue	374,193	140,297
Total	374,193	140,297
<i>Share of total operating income</i>	<i>18.1%</i>	<i>6.9%</i>
Operating costs from associates		
Remuneration for licensing and distribution services	30,224	20,579
Documentation and reporting	12,785	20,641
Consulting services	2,332	5,731
Total	45,341	46,951
<i>Share of total operating costs</i>	<i>20.0%</i>	<i>21.9%</i>

4 Average number of employees

AVERAGE NUMBER OF EMPLOYEES

	2018		2017	
	Average number of employees	Of which men	Average number of employees	Of which men
Parent Society	120	57%	117	55%
Subsidiaries	9	78%	8	72%
Group	129	59%	125	56%

BOARD MEMBERS AND SENIOR EXECUTIVES

	2018		2017	
	Number on balance sheet date	Of which men	Number on balance sheet date	Of which men
Parent Society				
Board members, including employee representatives	11	55%	10	60%
Deputy Board members, including employee representatives	10	20%	9	11%
Chief executive and other senior executives	7	57%	7	43%
Group*				
Board members, including employee representatives	17	59%	15	62%
Deputy Board members, including employee representatives	12	25%	11	11%
Chief executive and other senior executives	8	50%	8	57%

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

5 Terms of employment for Chief Executive Officer

PARENT SOCIETY

Agreement has been reached with the Chief Executive Officer on severance pay equal to 12 months salary if notice is served by STIM for reasons other than gross negligence on the part

of the Chief Executive Officer under Swedish law. The mutual period of notice is six months.

6 Auditors' fees

(SEK '000)	Group		Parent Society	
	2018	2017	2018	2017
KPMG AB				
Audit	736	636	648	534
Tax	-	9	-	9
Other non-auditing services	127	124	127	124
Elected auditor				
Auditing	40	63	40	63
Total auditors' fees	903	832	815	730

7 Provision for distribution costs

(SEK '000)	Group		Parent Society	
	2018	2017	2018	2017
Distribution – performance licences				
of which				
Public performance – Live	82,067	87,164	82,067	87,164
Public performance – Background	134,885	150,432	134,885	150,432
Public transmission – TV	198,251	254,595	198,251	254,595
Public transmission – Radio	72,462	77,703	72,462	77,703
Public transmission online – interactive	490,170	409,157	494,271	407,488
Public transmission online – non-interactive	2,040	2,053	2,040	2,053
Mechanical revenue	63,690	63,320	63,690	63,320
Income from collecting societies abroad	762,184	736,134	762,184	736,134
Total distribution	1,805,749	1,780,558	1,809,850	1,778,889

8 Ongoing new investment in IT systems

(SEK '000)	Group		Parent Society	
	2018	2017	2018	2017
Opening acquisition value	6,068	11,938	6,068	11,938
Costs for the year	5,315	13,431	3,717	13,431
Depreciation/amortisation during the year	-513	-19,300	-513	-19,300
Closing acquisition value	10,870	6,068	9,272	6,068

9

Capitalised expenditure on system development

(SEK '000)	Group		Parent Society	
	2018	2017	2018	2017
Opening acquisition value	161,568	139,574	154,596	135,296
Acquisitions during the year	-	2,694	-	-
Depreciation/amortisation during the year	513	19,300	513	19,300
Sales and disposals	-2,044	-	-	-
Closing accumulated acquisition value	160,037	161,568	155,109	154,596
Opening depreciation/amortisation	-119,848	-113,730	-116,310	-110,859
Depreciation/amortisation during the year	-9,242	-6,118	-8,241	-5,451
Sales and disposals	1,777	-	-	-
Closing accumulated depreciation/amortisation	-127,313	-119,848	-124,551	-116,310
Closing residual value	32,724	41,720	30,558	38,286

10

Buildings and land

(SEK '000)	Group		Parent Society	
	2018	2017	2018	2017
Buildings				
Opening acquisition value	284,767	283,568	-	-
Acquisitions during the year	41	2,809	-	-
Sales and disposals	-	-1,610	-	-
Closing accumulated acquisition value	284,808	284,767	-	-
Opening depreciation/amortisation	-47,945	-40,798	-	-
Depreciation/amortisation during the year	-7,469	-7,474	-	-
Sales and disposals	-	327	-	-
Closing accumulated depreciation/amortisation	-55,414	-47,945	-	-
Closing residual value, buildings	229,394	236,822	-	-
Land				
Opening acquisition value	129,145	129,145	-	-
Closing acquisition value, land	129,145	129,145	-	-
Closing residual value, buildings and land	358,539	365,967	-	-

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

11 Equipment

(SEK '000)	Group		Parent Society	
	2018	2017	2018	2017
Opening acquisition value	21,703	19,930	20,348	18,670
Acquisitions during the year	1,055	1,773	1,055	1,678
Sales and disposals	-911	-	-394	-
Closing accumulated acquisition value	21,847	21,703	21,009	20,348
Opening depreciation/amortisation	-15,628	-11,362	-14,480	-10,399
Depreciation/amortisation during the year	-3,486	-4,266	-3,449	-4,081
Sales and disposals	745	-	258	-
Closing accumulated depreciation/amortisation	-18,369	-15,628	-17,671	-14,480
Closing residual value	3,478	6,075	3,338	5,868

12 Participations and receivables in Group companies

SUBSIDIARIES

	Corporate identity number	Regd. Office	Share of equity %	Number of shares, thousands	Parent Society	
					Carrying amount 31/12/2018	Carrying amount 31/12/2017
Svensk Musik Swedmic AB	556754-1338	Stockholm	100	1	100	100
Stimdirekt AB	556884-6371	Stockholm	100	50	50	50
Stim Fastighets Holding AB	556842-4880	Stockholm	100	50	50	50
Total participations in Group companies					200	200
Subsidiaries, indirectly owned						
Stimhuset KB, part ownership	969696-4361	Stockholm			-	-

RECEIVABLES FROM GROUP COMPANIES

(SEK '000)	Group		Parent Society	
	2018	2017	2018	2017
<i>Financial assets</i>				
Interest-bearing loans to Group companies*	-	-	100,387	100,387
<i>Current receivables</i>				
Trade receivables from Group companies	-	-	1,532	873
Interest-bearing loans to Group companies*	-	-	1,000	2,919
Accrued performance revenue	-	-	169	3,680
Other receivables from Group companies	-	-	10,834	10,271
Other receivables from Group companies	-	-	113,922	118,130

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

13 Participations and receivables in associates

ASSOCIATES

	Corporate identity number	Regd. Office	"Share of equity and votes, %"	Number of shares, thousands	Parent Society	
					Carrying amount 31/12/2018	Carrying amount 31/12/2017
ICE Operations AB	556723-5907	Stockholm	33	33	39,997	39,997
International Copyright Enterprise Services Ltd	08983089	London	33	100	1,322	1,322
Total participations in associates					41,319	41,319

In 2015, STIM together with PRS for Music Ltd (PRS) and Gesellschaft für musikalische aufführungs- und mechanische vervielfältigungsrechte (GEMA) founded a UK-based company, International Copyright Enterprise Services Ltd. During 2015, STIM sold one third of the holdings in ICE Operations AB and

now owns one third, as do both PRS and GEMA. ICE Operations AB established in 2014 a wholly owned German subsidiary, ICE International Copyright Enterprise Germany GmbH (HRB162426B).

(SEK '000)	Group	
	Carrying amount 31/12/2018	Carrying amount 31/12/2017
Opening balance	-8,053	-13,254
Translation difference	-142	-401
Share of profit from associates	8,917	5,602
Closing balance	722	-8,053

RECEIVABLES FROM ASSOCIATES

(SEK '000)	Group		Parent Society	
	2018	2017	2018	2017
<i>Financial assets</i>				
Interest-bearing loans to associates*	62,823	72,379	62,823	72,379
<i>Current receivables</i>				
Interest-bearing loans to associates	32,677	26,176	32,677	26,176
Other receivables from associates	247	279	247	279
Total receivables from associates	95,747	98,834	95,747	98,834

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

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

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

* Of the interest-bearing loans, SEK 1.7 million falls due six years after the balance sheet date.

14 Total prepaid expenses and accrued income

(SEK '000)	Group		Parent Society	
	2018	2017	2018	2017
Accrued rights revenues				
Directly licensed STIM	165,141	171,254	165,142	171,254
Directly licensed via ICE (STIM Direct 2017)	143,172	91,877	143,172	91,877
private copying levy	8,960	12,313	8,960	12,313
abroad, from other societies	12,600	8,245	12,600	8,245
Prepaid expenses	8,114	7,457	7,246	6,343
Other	3,618	3,778	3,618	3,778
Total prepaid expenses and accrued income	341,606	294,925	340,739	293,811

15 Appropriation of profit or loss

(SEK '000)	Parent Society	
	2018	2017
The following funds are at the disposal of the society's annual general meeting:		
Retained earnings, SEK	-24,016	-23,620
Profit/loss for the year, SEK	0	0
Total	-24,016	-23,620
The Board of Directors proposes that any profit be carried forward, SEK	-24,016	-23,620

16 Non-current liabilities

(SEK '000)	Group		Parent Society	
	2018	2017	2018	2017
Deposit, tenants	500	571	-	-
Total non-current liabilities	500	571	-	-

17 Settlement liabilities

(SEK '000)	Group		Parent Society	
	2018	2017	2018	2017
Total distribution liability at beginning of the year	1,243,201	1,023,672	1,241,856	1,017,433
Settlement cost for the year	1,805,749	1,780,558	1,809,850	1,778,889
Payments for the year	-1,556,908	-1,542,801	-1,559,663	-1,536,601
Distribution liability at year-end	1,492,042	1,261,429	1,492,043	1,259,721
Reclassifications*	-	-18,228	-	-17,865
Distribution liability at year-end	1,492,042	1,243,201	1,492,043	1,241,856

*Reclassifications consist primarily of SCE funds that have been reclassified and reports as accrued expenses.

18 Accrued expenses and prepaid income

(SEK '000)	Group		Parent Society	
	2018	2017	2018	2017
Prepaid Royalty revenue	128,882	136,717	128,882	136,718
Accrued expenses SCE funds	18,148	17,865	18,148	17,865
Prepaid rental income	7,088	6,955	-	-
Accrued holiday pay liability	4,147	3,808	3,963	3,642
Accrued social security expenses and payroll tax	5,479	3,296	5,327	3,151
Other accrued expenses	30,152	24,619	13,693	6,713
Total accrued expenses and prepaid income	193,896	193,260	170,013	168,089

19 Contingent liabilities and pledged assets

CONTINGENT LIABILITIES

STIM has endowment insurance policies that have been pledged as security for its pension commitments. See Note 2. The fair value of the endowment insurance, including payroll tax, amounts as at 31 December 2018 to SEK 6,156 (5,737) thousand. STIM has, together with the other owners, financed

investments in the associates ICE AB and ICE Ltd in order to establish effective cooperation with PRS for Music and GEMA. Further investments remain that STIM is contractually obligated to finance. This obligation cannot be quantified as the amount has not been established in the agreement.

20 Tax

(SEK '000)	Group		Parent Society	
	2018	2017	2018	2017
Tax on earnings for the year				
Current tax for current year	-6	-5	0	0
Current tax attributable to previous years	0	0	0	0
Change in deferred tax for the year	92	67	92	67
Total tax as per the income statement	86	62	92	67
The difference between the reported tax expense and the tax expense based on the current tax rate is explained by:				
Profit/loss before tax	8,165	4,868	-92	-67
Tax based on the current tax rate	-1,796	-1,071	20	15
Tax effect of costs that are not tax-deductible	-2,731	-1,678	-2,725	-1,673
Tax effect of revenue that is not taxable	166	121	166	121
Tax effect of utilised, previously non-valued, deductible deficiencies	2,118	1,452	-	-
Tax effect of non-valued deductible deficiencies	-302	-366	-	-
Tax effect of settlement of foreign tax	2,631	1,604	2,631	1,604
Tax attributable to previous years	0	0	0	0
Reported tax expense	86	62	92	67

Pension commitments

As at 31 December 2018, the Group's temporary difference with respect to pension commitments amounted to SEK 6,156

(5,737) thousand, corresponding to a deferred tax asset of SEK 1,354 (1,262) thousand.

DEFERRED TAXES

(SEK '000)	Group		Parent Society	
	2018	2017	2018	2017
Other provisions for pensions	1,354	1,262	1,354	1,262
Total deferred tax	1,354	1,262	1,354	1,262

21 Appropriations

(SEK '000)	Group		Parent Society	
	2018	2017	2018	2017
Group contribution STIM Fastighets Holding AB	-	-	8,861	10,064
Group contribution Stimdirekt AB	-	-	-691	-917
Total Group contributions	-	-	8,170	9,148

22 Significant events after the end of the financial year

Early in 2019, ICE Ltd. signed a new agreement with Spotify. The prior agreement was an interim license after the takeover of the local societies' licences. The new agreement has more favourable rates and it covers more territories than in the prior agreement.

Work with the European Copyright Directive continued during the early part of 2019. Following successful three-party negotiations, the European Parliament approved the new copyright rules on 26 March 2019, which STIM welcomed.

23 Administrative cost percentage

(SEK '000)	Parent Society	
	2018	2017
Administrative cost percentage	10.1%	9.4%

STIM is a non-profit membership organisation. Prior to distribution and payment to the members, a deduction is made rights revenue that covers the costs for administration. As a measure of the cost-effectiveness of management, administrative cost percentage is used. A corresponding measure is also used interna-

tionally and by most copyright organisations. STIM calculates the administrative cost percentage as (Operating expenses + Other revenue + Net financial items + Group contributions)/ Rights revenue.

The income statements and balance sheets will be presented to the Society's Annual General Meeting to be held on 23 May 2019 for adoption.

Stockholm, 25 April 2019

Carina Brorman
Chair of the Board

Karsten Dyhrberg Nielsen
President and CEO

Alfons Karabuda

Elisabet Widlund Fornelius

Dror Feiler

Hans Fahlin

Douglas Carr

Hannah Gullander

Eric Hasselqvist

Martin Jonsson Tibblin

Eva Botmar

Annika Falkenäng

Our audit report was submitted on May 3, 2019

Anders Malmeby
Authorised Public Accountant
KPMG AB

Ketil Skarby
Elected auditor

Auditors' report

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

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions

We have audited the annual accounts and consolidated accounts of Föreningen Svenska Tonsättares Internationella Musikbyrå (STIM) u.p.a. for the year 2018. The annual accounts and consolidated accounts of the society are included in the printed version of this document on pages 30–53.

In our opinion, the annual accounts and consolidated accounts have been prepared in accordance with the Swedish Annual Accounts Act and present fairly, in all material respects, the financial position of the Parent Society and the Group as of 31 December 2018 and of their financial performance and cash flows for the year then ended in accordance with the Swedish Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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

Basis for opinions

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

We are independent of the Parent Society and the Group in accordance with professional ethics for accountants in Sweden. I am an authorised public accountant and have fulfilled my ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Information other than the annual accounts and consolidated accounts

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

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

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our

knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated. If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Chief Executive Officer

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

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

Certified Auditor's Responsibility

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

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

- identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient

and appropriate to provide a basis for my opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of the society's internal control relevant to my audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Chief Executive Officer.
- conclude on the appropriateness of the Board of Directors' and the Chief Executive Officer's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. I also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the society's and the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify my opinion about the annual accounts and consolidated accounts. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause a society and a group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated accounts. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my opinion.

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

The Elected Auditor's Responsibility

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

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

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Chief Executive Officer of Föreningen Svenska Tonsättares Internationella Musikbyrå (STIM) u.p.a. for the year 2018 and the proposed appropriations of the society's profit or loss.

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

Basis for opinions

We conducted our audit in accordance with generally accepted auditing standards in Sweden. Our responsibility in this respect is further described in the Auditor's Responsibility section. We are independent of the Parent Society and the Group in accordance with professional ethics for accountants in Sweden. I am an authorised public accountant and have otherwise fulfilled my ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of the Board of Directors and the Chief Executive Officer

The Board of Directors and Chief Executive Officer are responsible for the proposal for appropriations of the society's profit or loss, as well as for administration.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Chief Executive Officer in any material respect has undertaken any action or been guilty of any omission which can give rise to liability to the society.

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

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

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the society's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on the professional judgment of the certified

auditor and other elected auditors with a starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the society's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the society's profit or loss, we examined whether the proposal is in accordance with the statutes.

Stockholm, 3 May, 2019

Anders Malmeby
Authorised Public Accountant
KPMG AB

Kertil Skarby
Elected auditor

Would you like to know more about STIM?

STIM.SE

At stim.se, you can join STIM or acquire a licence for using music. Also on our website you will find web services for affiliated creators of musical works, music publishers and customers together with more information and news about STIM's operations.

www.stim.se

STIM ON SOCIAL MEDIA

www.facebook.com/stimsweden

www.twitter.com/stim_sweden

www.instagram.com/stimsweden

www.linkedin.com/company/stim



CONTACT STIM

Visit us at Stimhuset on Hornsgatan 103 in Stockholm

Mailing address:

Box 17092 104 62 Stockholm

E-mail:

stim@stim.se

Telephone number for reception:

+46 (0)8 783 8800

Production and design:

STIM in collaboration with Narva

Printers: Elanders Sverige AB, 2019

Board photos: Johan Olsson and Cristian Jonsson

Other photos: page 33: Unsplash/Greg Rakozy,
43: Shutterstock

**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.**

