

Transparency report 2019

STIM://

Introduction

STIM is a copyright organisation with more than 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 conditions for creating and regrowth in the Swedish music industry.

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

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

The purpose of the transparency report is to provide rightsholders with deeper insight and understanding of the operations that STIM, a collective rights management organisation, runs.

This report is divided into the following sections: The first section contains an overall report of our 2019 financial results. The second section contains more detailed information about revenue, expenditure and deductions, as well as outstanding and disbursed funds to rightsholders. The final section reports on the use of funds earmarked for social, cultural and educational objectives.

STIM, May 2020

Contents

1 MANAGEMENT & LEGAL STRUCTURE AND OVERALL FINANCIAL INFORMATION	3
1.1 Overall financial information	3
1.1.1 Income statement	3
1.1.2 Balance sheet	4
1.1.3 Cash flow statement	6
1.2 STIM's management & legal structure	7
1.2.1 Board of Directors and CEO	8
1.2.2 The STIM sphere	9
1.2.3 STIM's committees	10
1.3 Information on refusals of licence issuing requests	11
1.4 Information on remuneration to the CEO, other senior executives and members of the Board of Directors	11
2 FINANCIAL INFORMATION	12
2.1 Financial information on royalty revenue, costs of managing rights and other services and information on deductions made from royalty revenue	12
2.1.1 Rights categories	13
2.2.2 Royalty revenue, costs and deductions	14
2.2 Financial information on outstanding sums to rightsholders	15
2.2.1 The process from music use to payout	15
2.2.2 Settlement liability	15
2.2.3 Collected, unallocated sums	15
2.2.4 Allocated, unassigned sums	17
2.2.5 Assigned, unpaid sums	17
2.2.6 Payment frequency	19
2.2.7 STIM's improvement work	19
2.2.8 Handling funds collected before 2017	19
2.3 Information on relationships with other collective rights management organisations	20
2.3.1 Sums received from other collective rights management organisations	20
2.3.2 Deductions from sums received from other collective rights management organisations	22
2.3.3 Sums paid to other collective rights management organisations	23
2.3.4 Deductions from sums paid to other collective rights management organisations	24
3 SPECIAL REPORT	25
3.2 Use of funds for social, cultural and educational services during the year	26
3.2.1 STIM	27
3.2.2 Svensk Musik	27
3.2.3 FST	27
3.2.4 SKAP	27
3.2.5 Musikförläggarna	27
3.2.6 Project leaders through the SPN	27
3.2.7 SCE management costs	27

1. Management & legal structure and overall financial information

1.1 Overall financial information

1.1.1 Income statement

SEK thousand	Group		Parent Society	
	2019	2018	2019	2018
Operating income				
Royalty revenue	2,366,382	2,059,521	2,366,382	2,063,622
Other revenue	24,167	22,753	10,078	8,065
Total operating income	2,390,549	2,082,274	2,376,460	2,071,687
Operating expenses				
External costs	-104,302	-108,513	-110,017	-111,793
Personnel costs	-113,648	-105,199	-112,426	-103,782
Depreciation/amortisation	-26,357	-20,198	-17,413	-11,691
Total operating expenses	-244,306	-233,910	-239,856	-227,266
Profit/loss from participations in associates	3,496	8,917	-	-
Distributions	-2,106,190	-1,805,749	-2,106,190	-1,809,850
SCE funds	-46,979	-46,104	-46,979	-46,104
Operating profit/loss	-3,430	5,428	-16,564	-11,533
Interest income	2,693	2,533	3,468	3,056
Other financial items	3,568	238	3,568	238
Interest expenses	-31	-35	-19	-23
Profit/loss before tax	2,800	8,165	-9,548	-8,262
Appropriations	-	-	9,513	8,170
Profit/loss before tax	2,800	8,165	-35	-92
Tax on earnings for the year	29	86	35	92
Profit/loss for the year	2 829	8,251	-	-

2,390,549

Total operating income,
SEK thousand, Group.

2,829

Profit/loss for the year,
SEK thousand, Group.

1.1.2 Balance sheet

Assets (SEK thousand)	Group		Parent Society	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Non-current assets				
Intangible assets				
Ongoing new investment in IT systems	7,453	10,870	7,453	9,272
Capitalised expenditure on system development	29,993	32,724	26,154	30,558
Total intangible assets	37,446	43,594	33,607	39,830
Property, plant, and equipment				
Buildings and land	355,189	358,539	–	–
Construction, extensions and redevelopment in progress	175	2,605	–	–
Equipment	3,061	3,478	2,940	3,338
Total property, plant and equipment	358,424	364,623	2,940	3,338
Financial assets				
Participations in Group companies	–	–	200	200
Participations in associates	3,337	722	41,319	41,319
Receivables from Group companies	–	–	101,387	100,387
Receivables from associates	56,026	62,823	56,026	62,823
Other non-current assets	209	206	209	206
Other non-current financial assets	5,199	4,954	5,199	4,954
Total non-current financial assets	64,772	68,705	204,341	209,889
Deferred tax asset	1,421	1,354	1,421	1,354
Total non-current assets	462,063	478,276	242,310	254,412
Current assets				
Current receivables				
Trade receivables	85,973	95,462	83,038	94,232
Receivables from Group companies	–	–	14,150	13,535
Receivables from associates	38,358	32,925	38,358	32,976
Other receivables	29,937	24,568	29,832	23,479
Tax assets	9,353	10,216	8,569	9,978
Total prepaid expenses and accrued income	255,583	341,606	255,126	340,738
Total current receivables	419,203	504,775	429,074	514,939
Short-term investments	1,277,295	819,335	1,277,295	819,335
Cash and bank balances	92,908	125,161	71,681	108,880
Total current assets	1,789,407	1,449,271	1,778,049	1,443,155
Total assets	2,251,470	1,927,547	2,020,359	1,697,566

Equity and liabilities (SEK thousand)	Group		Parent Society	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Equity				
Restricted equity				
Invested capital	10	10	10	10
Capitalised expenditure for development work	26,800	24,021	26,800	24,021
Other restricted equity	1,226	1,226	1,226	1,226
Total restricted equity	28,037	25,258	28,037	25,258
Accumulated profit/unrestricted equity				
Accumulated profit/unrestricted equity	173,063	169,211	-26,795	-24,016
Adjustment of Opening Balance for associated companies	873			
Translation difference	8	142	-	-
Profit/loss for the year	2,829	8,251	-	-
Total accumulated profit/unrestricted equity	176,773	177,604	-26,795	-24,016
Total equity	204,810	202,861	1,242	1,241
Provisions				
Provisions for pensions	6,461	6,156	6,461	6,156
Total provisions	6,461	6,156	6,461	6,156
Non-current liabilities				
Non-current liabilities	500	500	-	-
Total non-current liabilities	500	500	-	-
Current liabilities				
Trade payables	18,204	10,202	17,155	8,496
Distribution liabilities	1,819,573	1,492,042	1,819,573	1,492,042
Liabilities to Group companies	-	-	-	-
Tax liabilities	233	1,073	-	-
Other liabilities	7,211	20,816	5,465	19,617
Accrued expenses and prepaid income	194,477	193,896	170,465	170,013
Total current liabilities	2,039,699	1,718,030	2,012,657	1,690,169
Total equity and liabilities	2,251,470	1,927,547	2,020,359	1,697,566

1.1.3 Cash flow statement

SEK thousand	Group		Parent Society	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Operating activities				
Payments from customers	2,470,058	2,061,416	2,462,289	2,050,678
Payments to rightsholders	-1,778,659	-1,556,908	-1,778,659	-1,559,663
Payments to suppliers and employees	-268,468	-254,972	-265,289	-247,276
Cash flow from operating activities before interest and income taxes paid	422,931	249,536	418,341	243,739
Interest received	2,693	2,533	3,468	3,056
Other financial items	3,568	238	3,568	238
Interest paid	-31	-34	-19	-23
Income taxes paid	-38	-6	-	-
Cash flow from operating activities	429,123	252,267	425,358	247,010
Investment activities				
Investments in property, plant and equipment and intangible non-current assets	-10,227	-7,484	-10,392	-4,636
Disposal of property, plant and equipment	14	166	-	136
Investments in non-current financial assets	-19,986	-15,613	-20,988	-15,748
Disposal of non-current financial assets	26,783	25,098	26,783	25,098
Current financial investments	-457,960	-198,341	-457,960	-198,341
Cash flow from investment activities	-461,376	-196,174	-462,557	-193,491
Cash flow for the year	-32,253	56,094	-37,199	53,519
Cash and cash equivalents at beginning of year	125,161	69,067	108,880	55,361
Cash and cash equivalents at year-end	92,908	125,161	71,681	108,880

1.2 STIM's management & legal structure

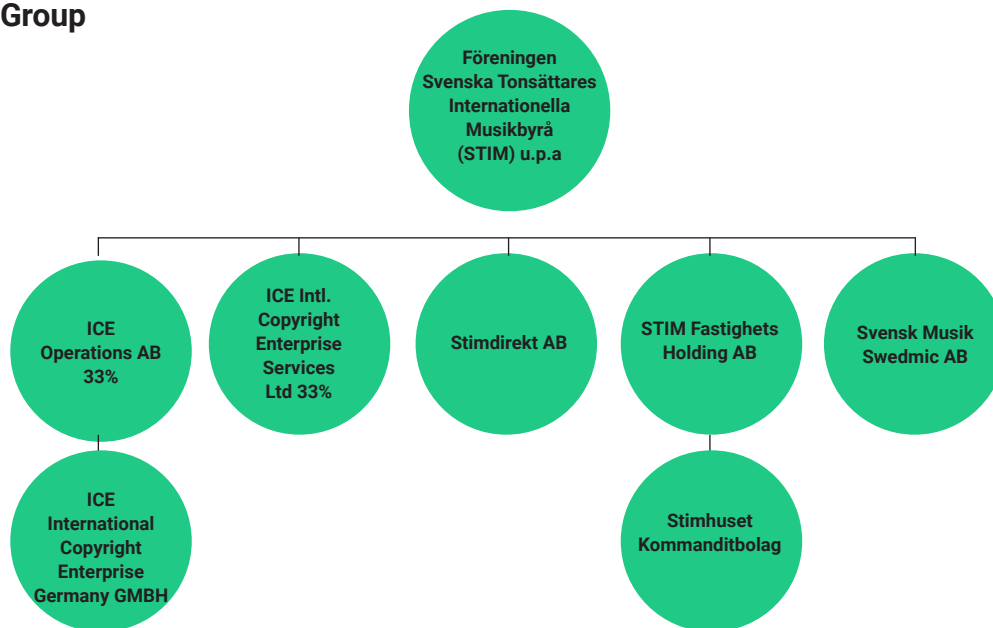
STIM is a collective rights management organisation for music. The business is operated as a not-for-profit financial association. On behalf of music creators and music publishers, STIM grants licenses and collects remuneration for the use of the music. This remuneration is then disbursed to rightsholders. Through its international network, STIM also represents rights to a worldwide

library of music. In addition, STIM works for diversity and regrowth in the music industry.

The number of STIM affiliates grew in 2019 to 92,401, of which 3,683 were music publishers. This is an increase of 3.3 percent compared with the previous year.

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

Group



1.2.1 Board of Directors and CEO

1 Karsten Dyhrberg Nielsen
CEO of STIM

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

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

4 Carina Brorman
Chair
Management Consultant and PR Strategist, owner and CEO of Carina Brorman Consulting AB. Chair of the Board for the 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.

5 Hans Fahlin
Member
Head of Asset Management at AP2, M. Sc. in Economics and Business from the Stockholm School of Economics. Chair of the Board for Centre for Finance at the University of Gothenburg, Gothenburg School of Business, Economics and Law and Inquire Europe – Institute of Quantitative Research Europe (cooperative, non-profit professional organization for investment professionals). Board Member since 2016.

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

7 Eric Hasselqvist
Member
Partner and Board member of Publishing Company TEN AB. Chair of the Board for Musikförläggarna SMFF financial association and Trilogy AB. Board member of Ten Music Group, Production Company TEN AB, Publishing Company TEN AB, Artist Company TEN AB, Elementica Data Center Construction AB, Bahnhof AB, Hasselqvist Management AB, Tenament AB and TEN FILM AB. Deputy board member of LONYKO AB and PORTTIME AB. Board Member since 2007, with a hiatus in 2013. Active in Musikförläggarna.

8 Anette Hökengren
Deputy (to fill vacancy)
General Manager/ Director Film, TV & Advertising at Sony Music Publishing Scandinavia AB. Board member of the Musikförläggarna SMFF financial association and Fem Fingrar Aktiebolag. Board member of SM Publishing Scandinavia AB. Board member since XXXX. Active in Musikförläggarna.



9 Martin Jonsson Tibblin
Member
Composer, chair and business manager of the Association of Swedish Composers (FST). 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.

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

11 Alfons Karabuda
Member
Composer, board member and CEO of Naomi Musikförlag AB. Chair of the Board for SKAP, European Composer & Songwriter Alliance (ECSA), International Music Council (IMC) and The global node Stockholm AB. Board member of Musiksverige (Musiksverige Samlad Svensk Musikbransch ek för) and the Polar Music Prize music panel (also chair of its prize committee) and at Kaffediktatorn AB. – Royal College of Music Member of the Cultural Committee of the Swedish Unesco Council and in the Work Committee of KLYS – Cooperation Committee of Artistic and Literary Professionals. Board Member since 2005, with a hiatus in 2014. Active in SKAP.

12 Susan Roberts
Employee Representative Works at STIM with member services and distribution. Board member of Brf Ploggen. Board member since 2019.

Deputies

Annika Dellås
First Deputy, Independent.

Kerstin Mangert
Second Deputy,
Musikförläggarna.

Jenny Hettne
First Deputy, FST.

Alexandra Nilsson
Second Deputy, SKAP.

Linda Portnoff
Second Deputy, Independent.

Marie Samuelsson
Second Deputy, FST.

Anders Wollbeck
First Deputy, SKAP.

Viktor Sellgren
Employee Representative.

Mikael Alenmark
Employee Representative.

1.2.2 The STIM sphere

As at 31 December 2019

NCB, Nordisk Copyright Bureau

NCB, Nordisk Copyright Bureau, is tasked with upholding the rights of authors and music publishers in the recording, copying and distributing of protected music and lyrics on CD, vinyl, DVD and similar media. NCB is governed by STIM and its counterparts in Denmark (Koda), Finland (Teosto), Norway (TONO) and Iceland (STEF). The NCB also administers the mechanical rights of the Baltic collecting societies, Latga-A in Lithuania, EAÛ 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 were managed by Koda from 1 April 2017.

Board

Karsten Dyhrberg Nielsen _____ CEO Stim , Chair
Guðrún Björk Bjarnadóttir _____ CEO Stef, Vice Chair
Cato Strøm _____ CEO Tono
Gorm Arildsen _____ 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

Gorm Arildsen _____ CEO Koda
Karsten Dyhrberg Nielsen _____ CEO STIM
Stephen Powell _____ CFO, PRS for Music
Andrea Martin _____ CEO PRS for Music
Simon Platz _____ Managing Director, Bucks Music Group
Risto Salminen _____ CEO Teosto
Stephan Kristiansen _____ (employee representative)
Cato Strøm _____ CEO Tono (observer)

Stimdirekt AB

Stimdirekt AB is a wholly owned subsidiary, which is dormant.

Board

Karsten Dyhrberg Nielsen _____ CEO Stim, Chair
Lisa Stålspets _____ Legal Counsel Stim, Deputy

Stim Fastighetsholding AB (with wholly owned subsidiary Stimhuset KB)

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

Board

Karste Dyhrbert Nielsen _____ CEO STIM, Chair
Jan-Christer Stoppel _____ CFO STIM, Deputy

Svensk Musik Swedmic AB

Svensk Musik Swedmic AB is a wholly owned subsidiary of STIM since 2008. The task of the company is to document and

provide information about copyright-protected Swedish music. This is achieved by, for example, cataloguing and archiving art music and older popular music and producing music scores for, among other things, orchestral works and works for larger jazz ensembles. Svensk Musik also administers STIM grants and travel contributions to STIM affiliated authors.

Board

Dror Feiler _____ FST, Chair
Peter Magro _____ Musikförläggarna
Elise Einarsdotter _____ SKAP
Lisa Stålspets _____ STIM

ICE

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

Board of ICE Operations AB

Dr. Rainer Minz _____ Chair
Karsten Dyhrberg Nielsen _____ STIM
Carina Brorman _____ STIM
Kerstin Mangert _____ STIM
Andrea C Martin _____ PRS for Music
Nigel Elderton _____ PRS for Music
Steve Powell _____ PRS for Music
Jörg Fukking _____ GEMA
Lorenzo Colombini _____ GEMA
Dr. Ralf Weigand _____ GEMA
Pia Andersson _____ (employee representative)

Board of ICE International Copyright Enterprise Germany GmbH

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

Board of ICE International Copyright Enterprise Services Ltd.

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

1.2.3 STIM's committees

As at 31 December 2019

Assessment committee for music and copyright

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

Lisa Stålspets _____ STIM, Chair
Jonas Nordin _____ STIM, secretary
Peo Nylén _____ Musikförläggarna
Mattias Svensson Sandell _____ FST
Dan Bornemark _____ 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
Vakant _____ SKAP
Vakant _____ SKAP

Deputy members

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

Distribution committee

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

Karsten Dyhrberg Nielsen _____ CEO 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, via such things as grants, support for music projects and financing activities that promote copyright.

Ordinary members

Eva Schöld _____ Chair
Mats Bernerstedt _____ Musikförläggarna
Kerstin Brunnberg _____ Independent
Jonas Forssell _____ FST
Håkan Glänte _____ SKAP

Deputy members

Maria Carlén _____ Independent
Hans Desmond _____ Musikförläggarna
Ida Lundén _____ FST
Sara Norell Murberger _____ Independent
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 _____ Chair
Fredrika Hörlin _____ Independent
Thomas Lindahl _____ SKAP
Erik Peters _____ FST
Nutta Hultman _____ Musikförläggarna

SPN, STIM'S council for the promotion of Swedish music

Committee, appointed by NäMMU, which prepares proposals for decisions by NäMMU, concerning projects aimed at making new Swedish music more accessible and known – both nationally and internationally. A committee of independent experts appointed by NäMMU Prepares proposals for decisions by NäMMU.

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

Scholarship committee

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

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

1.3 Information on refusals of licence issuing requests

In 2019, STIM refused several licence issuing requests.

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

- There is no copyrightable disposal, i.e. use of the music does not require a licence. Music for private use is one example.

- The music used is no longer protected by copyright.
- The licence request pertains to something other than use of the music creator's rights. STIM does not represent the performing artist's rights or other rights groups' rights (image, literature, film, etc.)

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

The tables below show information on the total amounts of remuneration and royalties received in 2019 to members and deputies of STIM's board of directors, the CEO and other executives of STIM's management team. In addition, the tables also include royalties paid to music publishers where a person who has held the position of member or deputy member of STIM's Board of Directors or has been an executive in STIM's management team, is the owner or holds a senior position.

Table 1a shows rights remuneration paid out in 2019 from STIM, directly to members and deputies of STIM's Board of Directors, CEO and senior executives, or on their behalf to companies/publishers.

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

	Sum, SEK thousand
Board fees, STIM's Board of Directors	1,746
Fees to the boards and committees of the Group	763
Salary and benefits paid to the management team and CEO	9,733
Pension provisions (premiums) to the management team and CEO	2,216
Social security contr. (incl. special employer's contr.) to the Board, management team and CEO	4,425
Total remuneration and benefits	18,883

Table 1b shows rights remuneration paid out in 2019 from STIM, to music publishers owned by the individuals listed above, or of which they are employees or have a similar connection.

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

	Sum, SEK thousand
Copyright remuneration directly to copyright holder	68
Copyright remuneration via a company/publisher on behalf of the copyright holder	585
Rights remuneration to publishers that are wholly or partly owned to senior executives	2,563
Rights remuneration paid out to publishers where senior executives are employed or have a similar affiliation.	230,417
Royalties received from STIM (not incl. VAT)	233,633

Besides the information in this section, information on remuneration paid out by STIM to each person on the Board of Directors and the senior executives is reported at STIM's Annual General Meeting. Also reported at the AGM is information on any assignments or activities that could give rise to a conflict of interest for individuals serving on the Board of Directors or for senior executives.

2. Financial information

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

In the following section, STIM's royalty revenue and deductions for costs during the financial year are reported. Royalty revenue and deductions for costs are reported for each rights category, which means category of music use.

STIM does not currently allocate the costs of managing rights and other services to each rights category. The majority of STIM's management costs consist of staff costs. STIM's staff generally work across a number of rights categories. In light of this, STIM's management costs are treated as indirect costs. However, all costs are directly linked to STIM's activities.

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

2.1.1 Rights categories

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

1. Public performance – live

Public performance rights are split into two categories. “Public performance – Live” is one. This category covers acts carried out when a work is made accessible to the public, with or without use of technical aids, in the same location as the public can enjoy the work. This category may include, for example, a live performance of a work at a concert or to an audience outside of a concert hall with the aid of audiovisual equipment.

2. Public performance of background music

The second category of public performance rights is “public performance of background music”. This category covers acts carried out when a work is made accessible to the public, with or without use of technical aids, in the same location as the public can enjoy the work. This category may include, for example, a radio or television performance, or a performance in a public place such as a restaurant, hotel or workplace.

3. Public transmission on television (broadcasting, including simulcasting)

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

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

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

5. Reproduction on physical sound formats – Mechanical

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

6. Public transmission online (interactive)

This category covers acts carried out when a work is made accessible to the public via cable or wirelessly from a different location to the one in which the public can enjoy the work. Public transmission includes transmission that allows individuals to access the work at a time and location of their own choosing. This rights category also includes relevant disposal of any production of copies.

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

7. Public transmission online (non-interactive)

This category covers acts carried out when a work is made accessible to the public via cable or wirelessly from a different location to the one in which the public can enjoy the work and users can access the work at a time and location of their choosing, but they are unable to choose what to play and when. This includes webcasting/streaming services where e.g. the public cannot choose where in the broadcast viewing will start. This category does not cover simulcasting, however. This rights category also includes relevant disposal of any production of copies.

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

2.1.2 Royalty revenue, costs and deductions

STIM's total royalty revenue amounts to: SEK 2,366,382 thousand
 STIM's total rights management costs and deductions made amount to: SEK 213,212 thousand
 STIM's total costs for SCE services amount to: SEK 46,980 thousand

A deduction for management costs is made to cover STIM's costs for rights management. Management costs consist of actual, documented and legitimate costs for STIM's management activities, credited other categories of revenue that STIM has earned (i.e. revenue that is not royalty revenue), net financial items, taxes and

Group contributions. Group contributions consist of surpluses (or, where applicable, deficits) generated in the Group's other companies. It primarily consists of operating surplus from the Group's real estate companies.

Another important part of STIM's mission is to provide services that promote musical diversity and strengthen copyright protections. To this end, deductions for social, cultural and educational objectives are made. These are known as SCE funds. How these funds are used and verified is explained in Chapter 3.

The table below shows revenue along with the deductions made for management costs and SCE funds, along with the disposable amount for distribution.

Table 2 – Royalty revenue and deductions

Rights category	Royalty revenue, SEK thousand	Management deductions, SEK thousand	Management deductions, %	SCE deductions, SEK thousand	SCE deductions, %	Distribution cost for the year, SEK thousand
Public performance – Live	120,131	-25,591	21.3%	-8,354	7.0%	86,186
Public performance – Live Other Societies*	150,783	-	-	-	-	150,783
Public performance – Background	210,575	-45,902	21.8%	-15,626	7.4%	149,047
Public performance – Live Other Societies*	35,190	-	-	-	-	35,190
Public transmission – TV	275,405	-50,105	18.2%	-15,651	5.7%	209,648
Public transmission – TV Other Societies*	224,059	-	-	-	-	224,059
Public transmission – Radio	111,239	-22,814	20.5%	-7,350	6.6%	81,076
Public transmission – Radio Other Societies*	229,432	-	-	-	-	229,432
Reproduction on physical sound formats – Mechanical	105,714	-229	0.2%	-	-	105,485
Reproduction on physical sound formats – Mechanical, Other Societies*	2,073	-	-	-	-	2,073
Public transmission online – Interactive	632,577	-68,321	10.8%	-	-	564,256
Public transmission online – Interactive, Other Societies*	211,473	-	-	-	-	211,473
Public transmission online – Non-interactive	2,497	-250	10.0%	-	-	2,247
Public transmission online – Non-interactive, Other Societies*	55,235	-	-	-	-	55,235
Total royalty revenue and deductions	2,366,382	-213,212	9.0%	-46,980	2.0%	2,106,190

* Other Societies means royalty revenue from other sources. They are primarily foreign collective management companies with which STIM has cooperation agreements.

2.2 Financial information on outstanding sums to rightsholders

2.2.1 The process from music use to payout

Simplified, the process from music usage to payment consists of the following steps:

1. A rightsholder's work is performed by a licensed music user.
2. The copyrighted revenue is collected along with information on how the work has been used, such as playing time, performances and number of listeners.
3. When the revenue is collected, STIM makes a deduction for management fees to cover licencing, processing and administrative costs.
4. Verification and matching of the revenue and information is carried out.
5. Revenue is distributed and allocated to works based on available report documentation. If reliable information about use is not available, analogies are used. Analogies are analysed and tested prior to use. Before analogies can be used, they must be approved by the Board.
6. The revenue is assigned to the rightsholders that own the copyright to the work in question.
7. Assigned revenue is paid out to the rightsholders who are affiliated with STIM and to other collective rights management organisations for rightsholders affiliated with them.

2.2.2 Distribution liability

STIM's distribution liability consists of outstanding revenues to rightsholders after deductions have been made. Processing revenues collected and making a quality-assured distribution always involves a lead time between the point when funds are collected and when they are paid out. The process for quality assurance consists of several steps, including ensuring that the right amount goes to the right copyright holder, e.g. by checking report documentation that

has been received, analysing deviations and testing new processes. Quality assurance is done both manually and mechanically. The lead time between music use and payment varies, depending on the settlement area but it typically ranges from 6-12 months. This means that sums paid are often earned the year before payment is made. For a number of reasons, it can take much longer before the money is paid out. For example, with new licensing agreements, it is necessary to set up and test new allocation models for the area in question. Other reasons why the lead time can be longer are delays in receiving the report documentation, lack of complete information about the work in question and unresolved disputes about shares in the work. Distribution liability has three components, each of which represents a step in the process where the funds currently are:

1. *Collected, unallocated sums* (tables 3a–b) consist of collected sums (e.g. sums reported as revenue), irrespective of revenue year, which have not yet been allocated for distribution.
2. *Allocated, unassigned sums* (tables 4a–b) consist of sums, irrespective of revenue year, which have been allocated for distribution but that were not possible to assign to a rightsholder.
3. *Assigned, unpaid sums* (tables 5a-b) consist of sums, irrespective of revenue year, that have been assigned to a rightsholder, but are not possible to pay out.

In the following sections, STIM's distribution liability is reported for each step in the process described above.

2.2.3 Collected, unallocated sums

Description and definition

Table 3a shows the sums at the beginning and end of the year, as well as the change for the year in the share of STIM's distribution

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

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

Rights category	Opening balance 01/01/2019	Distribution cost for the year	Allocated distributions this year	Closing balance 31/12/2019
Public performance – Live	119,041	236,969	-216,375	139,634
Public performance – Background	96,415	184,237	-163,013	117,639
Public transmission – TV	230,456	433,707	-407,404	256,758
Public transmission – Radio	135,231	310,508	-285,265	160,474
Reproduction on physical sound formats – Mechanical	7,708	107,558	-106,290	8,975
Public transmission online – Interactive	628,461	775,729	-575,213	828,977
Public transmission online – Non-interactive	7,458	57,482	-40,479	24,461
Total collected, unallocated sums	1,224,770	2,106,190	-1,794,040	1,536,919

Comments on the results

The increase in collected, unallocated sums between 2018 and 2019 amounts to SEK 312 million.

Most of the increase in unallocated sums is attributable to the Online category. This is mainly attributable to growth in the area. During 2018 and 2019, many new agreements were signed with customers in this segment. In conjunction with that, it was also necessary to establish routines for reporting (data collection) with each and every one of these new customers. Because of that, and in addition to the direct growth impact of the distribution liability, there are also, initially, temporary delays before the process is up and running as intended. Furthermore, online is an area where distributions are based on precise user data. Accordingly, delays arise when it is not possible to achieve a 100% match with all data that is received on the first distribution attempt (see below).

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

Revenue year	SEK thousand
2019	1,027,638
2018	214,283
2017	87,674
2016 and older	207,325
Total collected, unallocated sums	1,536,919

Table 3b shows the age structure of the amounts that have not yet been able to be allocated for distribution. There are many reasons for the lead time up until when funds can be allocated for distribution. Several of the main reasons are listed here:

- **STIM has not received the distribution information**

STIM strives to, always, reconcile revenue against the report documentation, regardless of whether or not it is an analogical disbursement for the period that the revenue pertains to. However, there is often a delay between receipt of funds and reporting on music use.

- **Matching of user data in several steps**

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

- **New and renegotiated services and customers**

For new licenses, it is typically necessary to design and test new models for distribution before payment can be made. One example is the new license agreement with CMORE that was signed in 2019. Over the last few years, agreements with major customers have also been renegotiated, primarily in the Online category. This occurred, for example with Facebook and YouTube. During the negotiation periods, payments to STIM and thus distributions were suspended. Revenue provisions were set up to account for this.

- **Unspecified revenues from sister companies**

STIM receives remuneration from other societies when STIM's music library is performed outside Sweden. In certain cases, distribution documentation is insufficient for STIM to be able to make a payment. When that happens, it is necessary to collect supplementary information, which causes a delay before the revenue can be distributed. STIM maintains an ongoing dialogue with foreign collecting societies aimed at getting more high-quality documentation.

2.2.4 Allocated, unassigned sums

Description and definition

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

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

Rights category	Opening balance 01/01/2019	Allocated distributions this year	Assigned to rightsholders this year	Closing balance 31/12/2019
Public performance – Live	12,747	216,375	-214,570	14,552
Public performance – Background	25,962	163,013	-159,848	29,127
Public transmission – TV	27,224	407,404	-403,933	30,695
Public transmission – Radio	14,916	285,265	-282,868	17,313
Reproduction on physical sound formats – Mechanical	678	106,290	-106,628	341
Public transmission online – Interactive	35,106	575,213	-578,619	31,700
Public transmission online – Non-interactive	881	40,479	-40,233	1,126
Uncategorised	4,611			4,611
Total allocated, unassigned sums	122,124	1,794,040	-1,786,699	129,465

Comments on the results

The increase in allocated, unassigned sums, between 2018 and 2019 amounts to SEK 7 million.

The increase between 2018 and 2019 is primarily attributable to higher revenue and higher payment volumes. The lead time for allocated, unassigned sums is normally short, but when STIM does not have access to information necessary to be able to allocate funds on the work, the lead times are longer. In the absence of information, active and adapted measures are normally required to collect the required information about the work.

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

Revenue year	SEK thousand
2019	20,243
2018	15,145
2017	23,263
2016 and older	70,814
Total allocated, unassigned sums	129,465

Table 4b shows the age distribution of the amounts that could not yet be assigned. During this step of the process, it is unavoidable that lead times arise for certain flows and events prior to being able to assign the sums to a work. Several of the main reasons are listed here:

- **Incomplete information about the work**

If the works that have been reported have not been registered, or, if important information about the work is lacking, the funds will be reserved until complete documentation for the work is available. STIM has routines in place for ensuring that information about works is correct. For example, it regularly checks and reconciles with information in the CISAC database.

- **Rightsholder is not known or has no affiliation**

If it is not possible for STIM to identify the rightsholder, or if the reported rightsholder lacks affiliation, the funds are reserved until it is possible to verify information about the rightsholder. STIM has routines for identifying unknown rightsholders. For example, STIM publishes lists of works where the rightsholder is unknown, along with sending such lists to publishers and sister companies. Each day, STIM also synchronizes the ICE database (containing information on works) with information on registered rightsholders' affiliation in the CISAC IPI database.

- **Uncertainties about rightsholders' shares in a work**

When there are uncertainties about the rightsholders' shares in a work, the revenue is reserved until the correct share distribution in the work can be established.

2.2.5 Assigned, unpaid sums

Description and definition

Table 5a shows sums at the beginning and end of the year, as well as the change for the year in the portion of STIM's distribution liability which has been assigned to rightsholders but has not been paid for various reasons. The column Amount paid this year is money from STIM's assigned funds, regardless of revenue year, that has been paid out to rightsholders or their representatives during the course of the year.

Table 5a – Assigned, unpaid sums (SEK thousands)

Rights category	Opening balance 01/01/2019	Assigned to rightshold- ers this year	Amount paid during the year	Closing balance 31/12/2019
Public performance – Live	8,271	214,570	-213,432	9,409
Public performance – Background	18,383	159,848	-161,232	16,999
Public transmission – TV	27,594	403,933	-401,873	29,654
Public transmission – Radio	11,774	282,868	-282,880	11,762
Reproduction on physical sound formats – Mechanical	518	106,628	-106,770	376
Public transmission online – Interactive	54,114	578,619	-572,385	60,347
Public transmission online – Non-interactive	654	40,233	-40,087	800
Uncategorised	23,841			23,841
Total assigned, unpaid sums	145,149	1,786,699	-1,778,659	153,189

Comments on the results

The increase in assigned, unpaid sums, between 2018 and 2019 amounts to SEK 8 million.

The lead time for assigned, unpaid sums, is typically short. However, it can sometimes be longer when required information for sending payment to the recipient is missing.

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

Revenue year	SEK thousand
2019	15,957
2018	12,945
2017	17,448
2016 and older	106,839
Total assigned, unpaid sums	153,189

Table 5b shows the age distribution of the amounts that could not yet be paid out. During this step of the process, it is unavoidable that lead times arise for certain flows prior to being able make payment. Several of the main reasons are listed here:

- **The rightsholder is not known or affiliation is missing for a certain portion of a work.**

For description, see Chapter 2.2.4 "The rightsholder is not known or affiliation is missing for a certain portion of a work. This refers, however to funds where it has been possible to distribute some portions, yet, there are still one or more portions that have not yet been possible to distribute.

- **Minimum payment amount**

STIM applies a minimum amount to their affiliated rightsholders' compensation in the event of payment, this amount limit is 100 SEK. If this minimum is not reached, the funds will remain unpaid until the threshold has been reached and payment can proceed.

- **Missing/incomplete payment information**

There is inadequate information for being able to make payment to the recipient.

- **The rightsholder is deceased/no longer exists**

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

2.2.6 Frequency of payments

The payment frequency varies for the different areas of music. These variations have to do with the type of license agreement, frequency of revenue streams, music reporting, and STIM's internal processes. In 2019, four major payments were made for most of the rights categories and four payments were made for multi-territorial online revenue. In addition to those, several smaller payments were also made. In 2020, we expect a similar outcome.

2.2.7 STIM's improvement work

STIM has defined requirements on the format and content for the information that it collects so that it is able to distribute funds in a quality-assured manner. There are also routines in place for searching for this information, along with rules on how to manage funds which, despite the searches carried out, have not met the informational requirements. However, part of the distribution liability is explained by the fact that these requirements and routines have not covered all flows and events. In 2019, there were efforts to design supplementary and improved routines for searching and payment aimed at making the administration process more efficient and shortening the lead times. Work was also carried out to develop the processes and ensure that the IT systems support effective monitoring and searching of funds that could not immediately be distributed on the first attempt. Many improvements were implemented during the year and in 2020, efforts will continue to implement additional new routines and system support. The aim of these new routines is that funds should only, as an exception, be unregulated for more than 3 years from the year in which they were collected.

2.2.8 Handling funds collected before 2017

2.2.7 Amounts that can be paid out

In conjunction with the Swedish Act on the Collective Administration of Copyrights entering into force, STIM initiated a project during autumn of 2017 aimed at identifying and performing quality assurance of documentation that will make it possible to distribute funds collected before 2017. In 2019, STIM conducted an in-depth analysis of all funds in the distribution liability that were collected before 2017. The analysis was focused on identifying the reasons why funds had been reserved, along with opportunities for distributing and paying out those funds. Sometimes, despite conducting searches for the requisite information on music use for a particular work, along with the rightsholders entitled to remuneration, STIM still has funds in its possession that it has not been able to trace, distribute or pay out based on ordinary report documentation. In such cases, STIM has investigated opportunities for paying out the funds using similar analogies. In 2019, it was possible to pay out a small portion of those funds in this way. Plans are to pay out the remainder in 2020.

Amounts that are not possible to pay out

For funds where the associated information is so general or deficient that it is not possible to use an analogy, the funds are set aside as undisbursable. For such funds, STIM's annual general meeting decides on how the funds shall be used in accordance with the general principles adopted at the AGM on 29 May 2017 on the use of undisbursable funds. For the 2020 AGM, STIM intends to put forth the undisbursable funds collected prior to 2017 for the AGM to decide on how they should be used.

2.3 Information on relationships with other collective rights management organisations

2.3.1 Sums received from other collective rights management organisations

Unlike table 2, which shows royalty revenue from other collective copyright societies, the table below shows all collective rights management organisations from whom sums have been received

during the year, with a breakdown of rights categories. This table also includes royalty revenue from e.g. Copyswede and NCB.

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

Collective management organisation	Live	Background	TV	Radio	Mechanical	Online interactive	Online non-interactive	Total
ACAM - Costa Rica	11	2	17	16	–	15	4	65
ACUM - Israel	147	–	373	57	–	335	794	1,706
AGADU - Uruguay	73	–	28	14	–	1	–	117
AKKA/LAA - Latvia	3,091	1,246	1,343	1,257	–	49	–	6,987
AKM - Austria	787	528	619	3,407	–	–	364	5,704
APA - Paraguay	2	–	2	9	–	–	–	12
APDAYC - Peru	61	13	95	90	1	86	25	371
APRA - Australia	3,423	178	1,208	3,339	–	9,345	–	17,492
ARMAUTHOR - Armenia	–	–	2	–	–	0	–	2
ARTISJUS - Hungary	478	455	384	99	69	1	216	1,702
ASCAP - United States	1,905	3,295	10,320	45,116	–	29,086	741	90,463
AUTODIA - Greece	6	1	10	9	–	9	3	38
BMI - United States	7,568	–	4,730	3,246	–	–	–	15,544
BUMA - Netherlands	1,703	325	2,462	2,746	–	277	4,958	12,471
CASH - Hong Kong	308	–	128	21	–	218	–	675
COMPASS - Singapore	1,451	10	19	227	–	11	–	1,718
COSCAP - Barbados	1	–	–	3	–	–	–	4
EAU - Estonia	1,247	263	2,022	1,857	19	1,765	520	7,693
ECCO - (prev. HMS) St. Lucia	–	–	1	0	–	–	–	2
FILSCAP - Philippines	18	–	–	128	–	–	98	245
GCA - Georgia	4	–	7	16	–	–	–	27
GEMA - Germany	28,490	4,098	23,535	40,038	–	9,916	8	106,085
HDS - Croatia	222	–	19	38	–	–	–	279
IMRO - Ireland	970	255	140	862	–	63	–	2,288
IPRS - India	111	–	–	122	–	–	–	233
JACAP - Jamaica	18	4	28	27	–	26	8	110
JASRAC - Japan	5,744	1,473	4,513	965	–	7,607	209	20,510
KAZAK - Kazakhstan	-1	–	-2	-1	–	–	-2	-6
KODA - Denmark	22,913	6,093	104,163	37,249	963	46,291	18,962	236,634
KOMCA - South Korea	619	–	836	836	–	3,902	–	6,194
LATGA - Lithuania	1,246	469	3,125	3,006	–	–	–	7,847
MACP - Malaysia	574	–	–	–	3	134	–	711
MCSC - China	370	–	26	92	–	–	–	488
MCT - Thailand	65	–	47	32	–	21	141	305
MESAM - Turkey	20	–	157	160	–	4	177	518
MUSICAUT - Bulgaria	–	–	–	-1	–	–	–	-1
MUST - Taiwan	264	–	60	182	–	446	–	953
NCIP - Belarus	50	10	78	74	1	70	21	304

Collective management organisation	Live	Background	TV	Radio	Mechanical	Online interactive	Online non-interactive	Total
ONDA - Algeria	-	-	-	-	-	-	-	-
OSA - Czech Republic	774	33	135	175	172	11	4	1,304
PAM CG - Montenegro	2	-	28	13	-	-	-	43
PRS - United Kingdom	11,464	3,404	8,210	10,077	-	5,440	3,132	41,727
RAO - Russia	2	2	2	3	-	-	15	24
SABAM - Belgium	2,036	102	417	3,149	-	88	49	5,840
SACEM - France	3,617	1,909	6,251	2,886	-	38	5,106	19,806
SACM - Mexico	146	31	228	217	2	206	61	890
SADAIC - Argentina	183	1,098	347	121	-	251	-	2,000
SAMRO - South Africa	14	5	65	681	-	43	-	808
SAYCE - Ecuador	-	-	-	-	-	-	-	-
SAYCO - Colombia	30	6	46	44	-	42	12	182
SAZAS (DSS) - Slovenia	47	-	58	143	-	-	152	402
SCD - Chile	75	16	117	112	1	106	31	459
SESAC - United States	104	22	163	155	2	147	43	636
SGAE - Spain	3,170	2,790	1,352	917	-	126	9	8,364
SIAE - Italy	-	-	-	-	-	-	-	-
SOBODAYCOM - Bolivia	2	-	2	2	-	2	1	9
SOCAN - Canada	4,143	38	430	3,665	-	862	3	9,142
SOKOJ - Serbia	79	-	73	84	-	-	-	236
SOZA - Slovakia	46	-	73	356	-	-	-	476
SPA - Portugal	695	147	190	168	-	20	209	1,429
STEF - Iceland	1,920	520	5,248	3,750	-	682	-	12,121
STEMRA - Netherlands	58	-	14	-	11	77	59	220
SUISA - Switzerland	2,390	152	1,121	3,886	-	141	11	7,701
TEOSTO - Finland	12,542	2,376	45,132	23,082	11	11,959	16,658	111,760
TONO - Norway	19,928	4,055	30,554	32,380	816	17,468	2,288	107,489
UACRR - Ukraine	-	-	-	-	-	-	-	-
UBC - Brazil	1,701	132	1,516	1,151	-	751	40	5,292
UCMR/ADA - Romania	1,397	21	483	705	-	1	58	2,666
WAMI - Indonesia	44	-	-	-	-	-	-	44
VCPMC - Vietnam	53	2	2	21	-	4	18	100
ZAIS - Poland	2,078	131	457	796	-	22	29	3,513
ZAMP - Macedonia	-	-	-	77	-	-	-	77
Copyswede	-	-	22,988	-	2,100	232	-	25,320
Of which paid directly to rightsholders								
NCB	-	-	-	-	101,116	38,159	-	139,275
NMP (sums collected on behalf of the following organisations: KODA, TONO, TEOSTO, STEF, EAU, LATGA, AKKA/LAA)	-	-	-	-	-	29,955	-	29,955
Total sums received from other collective rights management organisations	152,703	35,710	286,194	234,155	105,289	216,510	55,235	1,085,797

Comments on the results

In 2019, STIM's revenue from other collective rights management organisations increased by SEK 189 million compared to 2018. The increase is primarily attributable to the fact that STIM has a music library that is very popular worldwide, which generates higher revenue, particularly from the US and UK societies. The revenue from a specific society, however, may vary from one year to the next, which is to be expected and it is due to such things as lower volumes, variations in music use and irregular payments.

In 2018, no revenue was received from the German society, GEMA. This had to do with an unresolved tax matter in Germany. The matter was resolved at the beginning of the year and subsequently, revenue was received this year that pertained to both 2019 and the retroactive amount for the full-year 2018. Mechanical royalty revenue from NCB was larger than normal in 2019 for the same reason.

In 2019, STIM also received an extra payment of Online revenue for the period 2013-2016 from NCB.

2.3.2 Deductions from sums received from other collective rights management organisations

STIM only makes deductions on revenues where STIM carries out settlement on behalf of the organisation. Table 7 shows the deductions for the collective rights management organisations concerned and only within the rights categories and sub-categories of rights categories, where deductions are applicable.

There is an international distribution principle that has been adopted by CISAC, which means that collected funds for television

and radio channels should be sent to the collecting society that has a report to settle against. STIM receives remuneration for Swedish channels which are broadcast and licensed outside of Sweden. The principle states that a “half” management deduction must be made where only licensing or settlement takes place. In these cases, licensing is therefore carried out by another company and settled by STIM, in exchange for half of the management deduction.

Table 7 – Management fees and other deductions from sums received from other collective rights management organisations

Collective management organisation	Sum received, SEK thousand	Management deductions, SEK thousand	Management deductions, %	SCE deductions, SEK thousand	SCE deductions, %	Total deductions, SEK thousand	Total deductions, %
Copyswede							
Public transmission – TV	22,988	2,151	9.4%	-444	1.9%	2,595	11.3%
Reproduction on physical sound formats – Mechanical	2,100	-229	10.9%	-	-	-229	10.9%
Public transmission online – Interactive	232	-25	10.9%	-	-	-25	10.9%
Total Copyswede	25,320	-2,406	9.5%	-444	1.8%	-2,849	11.3%
STEF - Iceland							
Public performance – Live	1,920	-192	10.0%	-	-	-192	10.0%
Public performance – Background	520	-52	10.0%	-	-	-52	10.0%
Public transmission – TV	5,248	-525	10.0%	-	-	-525	10.0%
Public transmission – Radio	3,750	-375	10.0%	-	-	-375	10.0%
Public transmission online – Interactive	682	-68	10.0%	-	-	-68	10.0%
Total STEF – Iceland	12,121	-1,212	10.0%			-1,212	10.0%
TEOSTO - Finland							
Public transmission – TV	4,846	-606	12.5%	-	-	-606	12.5%
Total TEOSTO – Finland	4,846	-606	12.5%			-606	12.5%
TONO - Norway							
Public transmission – TV	6,848	-856	12.5%	-	-	-856	12.5%
Total TONO – Norway	6,848	-856	12.5%			-856	12.5%
KODA - Denmark							
Public transmission – TV	20,194	-2,524	12.5%	-	-	-2,524	12.5%
Public transmission – Radio	973	-122	12.5%	-	-	-122	12.5%
Total KODA – Denmark	21,166	-2,646	12.5%			-2,646	12.5%
LATGA - Lithuania							
Public transmission – TV	8	-1	12.5%	-	-	-1	12.5%
Total LATGA - Lithuania	8	-1	12.5%			-1	12.5%
EAU - Estonia							
Public transmission – TV	173	-22	12.5%	-	-	-22	12.5%
Total EAU - Estonia	173	-22	12.5%			-22	12.5%
PRS - United Kingdom							
Public transmission – TV	1,817	-227	12.5%	-	-	-227	12.5%
Total PRS - United Kingdom	1,817	-227	12.5%			-227	12.5%
SACEM - France							
Public transmission – TV	14	-2	12.5%	-	-	-2	12.5%
Total SACEM - France	14	-2	12.5%			-2	12.5%
APRA - Australia							
Public transmission online – Interactive	4,124	-206	5.0%	-	-	-206	5.0%
Total APRA - Australia	4,124	-206	5.0%			-206	5.0%

2.3.3 Sums paid to other collective rights management organisations

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

Collective management organisation	Live	Background	TV	Radio	Mechanical	Online interactive	Online non-interactive	Total
ACUM - Israel	3	19	82	17	–	97	1	219
AKKA/LAA - Latvia	25	3	8	23	–	5	–	65
AKM - Austria	42	84	251	113	–	282	1	774
AMCOS - Australia	–	–	18	2	–	225	–	246
AMRA - USA	143	586	165	477	3	723	6	2,103
APDAYC - Peru	3	1	2	1	–	4	–	10
APRA - Australia	330	1,548	2,886	657	3	1,267	5	6,696
ARTISJUS - Hungary	15	7	21	27	–	485	1	556
ASCAP - United States	4,418	10,924	18,494	5,945	34	11,669	56	51,541
AUME - Austria	–	–	–	3	–	249	–	253
AUTODIA - Greece	–	–	–	2	–	67	–	70
BMI - United States	3,528	11,122	17,299	5,230	23	15,087	55	52,343
BSDA - Senegal	–	4	1	11	–	5	–	22
BUMA - Netherlands	230	1,294	434	275	4	3,085	3	5,324
BUMDA - Mali	–	2	1	4	–	1	–	8
BURIDA - Côte d'Ivoire	–	–	1	–	–	–	–	2
CASH - Hong Kong	1	1	4	–	–	7	–	13
COTT - Trinidad and Tobago	–	–	–	–	–	1	–	1
EAU - Estonia	33	66	46	105	–	51	1	302
GEMA - Germany	1,021	1,517	2,700	1,594	6	6,598	16	13,453
GESAP - Georgia	–	–	2	0	–	–	–	3
HDS-ZAMP - Croatia	20	5	8	54	–	16	–	102
IMRO - Ireland	160	351	440	183	1	183	1	1,318
IPRS - India	–	–	–	–	–	4	–	4
JASRAC - Japan	35	50	160	30	1	187	1	463
KODA - Denmark	994	1,922	7,004	1,193	11	6,398	17	17,538
KOMCA - South Korea	3	58	49	16	–	312	–	438
LATGA - Lithuania	6	3	5	11	–	15	–	39
MCPS - United Kingdom	–	–	15	42	–	8,362	5	8,424
MCSN - Nigeria	–	–	–	–	–	–	–	0
MESAM - Turkey	17	211	712	26	9	49	9	1,033
MUSICAUT - Bulgaria	3	2	3	15	–	8	–	30
MÚST - Taiwan	–	–	–	–	–	2	–	2
NCB - Denmark	–	–	–	1	–	17	–	18
OSA - Czech Republic	51	11	42	92	–	91	1	289
PRS - United Kingdom	5,056	12,347	34,597	7,172	16	9,139	64	68,392
RAO - Russia	7	–	13	1	–	8	0	29
SABAM - Belgium	96	170	222	70	–	12	1	571
SACEM - France	1,011	1,562	4,583	1,739	4	4,551	32	13,483
SACM - Mexico	3	–	2	–	–	10	–	15
SADAIC - Argentina	24	10	27	17	–	96	5	179
SADEMBRA - Brazil	–	–	0	–	–	–	–	2
SAMRO - South Africa	4	20	47	15	–	23	–	109
SAYCO - Colombia	1	–	0	–	–	2	–	4
SAZAS(DSS) - Slovenia	3	3	12	18	–	8	–	43
SBACEM - Brazil	1	11	1	2	–	–	–	16
SCD - Chile	–	–	9	–	–	–	–	9
SESAC - United States	353	929	3,059	327	3	1,379	3	6,054
SGAE - Spain	108	213	439	203	–	1,368	6	2,337
SIAE - Italy	222	426	679	-292	1	1,313	4	2,938
SOCAN - Canada	375	1,393	3,144	657	3	1,307	6	6,885
SOCINPRO - Brazil	–	4	1	–	–	6	–	12
SODRAC - Canada	–	–	5	1	–	92	–	98
SOKOJ - Serbia	1	7	7	8	–	87	–	110
SOZA - Slovakia	1	1	1	52	–	54	–	109

Collective management organisation	Live	Background	TV	Radio	Mechanical	Online interactive	Online non-interactive	Total
SPA - Portugal	21	15	56	22	–	38	1	153
STEF - Iceland	52	64	202	41	–	93	1	453
STEMRA - Netherlands	–	–	1	7	–	1,620	1	1,629
SUISA - Switzerland	157	295	338	254	–	969	3	2,015
TEOSTO - Finland	498	427	1,749	1,762	1	1,101	66	5,604
TONO - Norway	1,039	1,424	2,809	1,348	1	6,699	32	13,351
UACRR - Ukraine	–	–	–	–	–	15	–	15
UBC - Brazil	20	44	29	45	–	5	–	143
UCMR - Romania	23	35	5	28	–	53	–	144
ZAIKS - Poland	33	15	23	120	–	239	1	432
Total sums paid to other collective rights management organisations	20,194	49,205	102,912	30,351	125	85,842	406	289,036

2.3.4 Deductions from sums paid to other collective rights management organisations

Payment to other collective management organisations during 2019 occurred for the amount reported for each organisation as per the table above (Table 8). All organisations were charged at the same point in time and for the percentage deduction for each rights category.

Sums paid during 2019 were mainly collected during 2018 and 2019. For these years, STIM has made the following average percentage deductions.

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

Rights category	Revenues collected 2019		Revenues collected 2018	
	Management deductions, %	SCE deductions, %	Management deductions, %	SCE deductions, %
Public performance – Live	21.3%	4.8%	22.4%	4.8%
Public performance – Background	21.8%	5.1%	23.2%	5.3%
Public transmission – TV	18.2%	4.1%	19.4%	4.3%
Public transmission – Radio	20.5%	4.6%	21.6%	4.7%
Reproduction on physical sound formats – Mechanical	0.2%	–	0.5%	–
Public transmission online – Interactive	10.8%	–	11.2%	–
Public transmission online – Non-interactive	10.0%	–	10.0%	–

A portion of the SCE funds (SEK 14 million of the total SEK 47 million) has been reserved for services that are only available for use by STIM rightsholders. Accordingly, STIM no longer makes a deduction for rightsholders who do not make use of the earmarked SEK 14 million in funds and this is the reason for the deviation between table 2 and table 9 regarding the SCE deduction.

3. Special report

STIM's mission is to ensure rightsholders get paid when their music is used, but also to guarantee the long-term value of music. By championing strong copyright protections and contributing to diversity and regrowth, STIM and rightsholders take collective responsibility for the long-term viability of the Swedish music industry.

Every year, via deductions, STIM allocates a share of its royalty revenue to various social, cultural and educational services (SCE services). These services may be provided by STIM or external service providers, for example the music creators' trade associations FST, SKAP and Musikförläggarna, or STIM's subsidiary Svensk Musik. According to STIM rules, the deduction may amount to a maximum of 10 per cent of STIM's residual rights royalties once management costs have been deducted.

Each year, STIM's Board of Directors, having taken that limit into account, decides on the budget for SCE funds in the coming year. For 2019 the budgeted amount was SEK 48 million.

NäMMU, STIM's committee for promoting Musical Diversity and Copyrights is responsible for disbursing funds to services that defend music creators' interests and promote copyright protections. Members of NäMMU are proposed by the STIM Nomination Committee and appointed by the annual general meeting.

NäMMU is responsible for preparing proposals and deciding on which SCE services to provide during the financial year. NäMMU is also responsible for monitoring use of the SCE funds.

When compiling this special report, NäMMU has worked from an overall assessment as to whether the use of funds may be considered reasonable, whether the purpose of the funds has been made clear to rightsholders on fair terms, and whether it fulfils the goal of promoting musical diversity and copyright protections.

Sums deducted for social, cultural and educational services during the financial year

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

Rights category	Rights royalties, SEK thousand	SCE deductions, SEK thousand	SCE deductions, %
Public performance – Live	120,131	-8,354	7.0%
Public performance – Live Other Societies	150,783	-	-
Public performance – Background	210,575	-15,626	7.4%
Public performance – Background Other Societies	35,190	-	-
Public transmission – TV	275,405	-15,651	5.7%
Public transmission – TV Other Societies	224,059	-	-
Public transmission – Radio	111,239	-7,350	6.6%
Public transmission – Radio Other Societies	229,432	-	-
Reproduction on physical sound formats – Mechanical	105,714	-	-
Reproduction on physical sound formats – Mechanical, Other Societies	2,073	-	-
Public transmission online – Interactive	632,577	-	-
Public transmission online – Interactive, Other Societies	211,473	-	-
Public transmission online – Non-interactive	2,497	-	-
Public transmission online – Non-interactive, Other Societies	55,235	-	-
Total royalty revenue and deductions	2,366,382	-46,980	2.0%

3.2 Use of funds for social, cultural and educational services during the year

The management costs associated with SCE use are reported below by user and separately for SCE administration (NäMMU and SPN).

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

Service type	Committees, SEK thousand	Service providers, SEK thousand						Total
	NäMMU/SPN	STIM	Svensk Musik	Project leaders through the SPN	Musik-förläggarna	FST	SKAP	
SCE deductions on 2019 revenue	2,062	11,743	8,205	3,280	6,180	7,550	7,960	46,980
Unutilised SCE funds from prior years	–	3,534	–	–	–	–	–	3,534
Available funds	2,062	15,277	8,205	3,280	6,180	7,550	7,960	50,514
Allocated budgeted amount 2019	2,315	11,750	8,745	3,500	6,180	7,550	7,960	48,000
Scholarships, awards and grants	–	4,350	1,235	237	–	1,916	3,440	11,178
Advocacy and Knowledge sharing to benefit rightsholders	–	–	311	–	1,277	1,859	–	3,446
Advocacy and Knowledge sharing to promote copyright protections	–	–	276	120	–	1,045	2,900	4,341
Education and training for the benefit of rightsholders	–	–	288	1,455	524	465	–	2,732
Marketing activities aimed at promoting rightsholders' interests	–	–	264	1,429	3,549	722	–	5,964
Subsidised areas of music neglected by the market, musical heritage and diversity	–	6,600	2,577	–	–	–	–	9,177
Consultancy and Negotiations	–	–	156	–	830	1,543	1,620	4,150
Records and Administration	–	–	1,582	–	–	–	–	1,582
Production and publication of sheet music, along with support for these activities	–	793	1,516	–	–	–	–	2,309
Committees and SCE administration	2,062	–	–	40	–	–	–	2,101
Total SCE funds used 2019	2,062	11,743	8,205	3,280	6,180	7,550	7,960	46,980
Unused SCE funds	253	3,541	540	220	–	–	–	4,553
Of which, transferred to 2020	–	3,534	–	–	–	–	–	3,534

3.2.1 STIM

STIM used SEK 11,742,534 (equivalent to 25%) of the total SCE funds spent.

A total of SEK 4,350,000 was used for STIM's scholarship activities. During 2019, 2,216 rightsholders applied for STIM grants. Of the total number of applications, 131 were awarded grants (of which 54% men) by the scholarship committee. The size of each grant was either SEK 50,000 or SEK 25,000. STIM's grant activities are administered by its subsidiary Svensk Musik.

SEK 6,600,000 was spent on market-neglect and publisher subsidies to stimulate the creation of works in areas of music neglected by the market, musical heritage and diversity. The subsidies were paid to STIM-affiliated rightsholders.

SEK 792,534 was spent on sheet music publication subsidies covering 134 sheet music publishers considered to be important in their respective genres for works that were otherwise unlikely to be published. The subsidies were issued to STIM-affiliated publishers for music written by STIM-affiliated authors. STIM does not deduct any management cost from the funds used for SCE services.

3.2.2 Svensk Musik

STIM's subsidiary Svensk Musik used SEK 8,204,979 (equivalent to 17%) of the total SCE funds spent. The funds were spent on services on behalf of STIM and were disbursed as shown in table 11. Svensk Musik's reported management costs amounted to SEK 4,043,320, which NäMMU feels is reasonable given the organisation's format and assignment.

3.2.3 FST

FST used SEK 7,550,000 (equivalent to 16%) of the total SCE funds spent. The funds were disbursed as shown in table 11. According to its financial statements, FST's management costs amounted to SEK 1,373,326, which NäMMU feels is reasonable.

3.2.4 SKAP

SKAP used SEK 7,960,000 (equivalent to 17%) of the total SCE funds spent. The funds were disbursed as shown in table 11. According to its financial statements, FST's management costs amounted to SEK 1,141,709, which NäMMU feels is reasonable.

3.2.5 Musikförläggarna

Musikförläggarna used SEK 6,180,000 (equivalent to 13%) of the total SCE funds spent. The funds were disbursed as shown in table 11. According to its financial statements, Musikförläggarna's management costs amounted to SEK 2,589,798, which NäMMU feels is reasonable.

3.2.6 Project leaders through the SPN

NäMMU earmarks a share of SCE funds for promotional activities in the form of projects. For this, funds are paid out to the project implementers. NäMMU makes quarterly decisions as to which projects receive SCE funds.

The projects are prepared by the STIM Promotion Committee (SPN), which independently initiates projects deemed to promote the goals of the organisation in the best possible way. The SPN is an expert body of independent experts appointed by NäMMU. During 2019, SPN distributed SEK 3,279,680 to 16 SPN-initiated projects, which corresponds to 7 % of the total SCE funds spent.

3.2.7 SCE management costs

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

The management costs for NäMMU and SPN were budgeted jointly for the 2019 financial year: During the year, total management costs amounted to SEK 2,061,883, comprised of salaries for office staff of both NäMMU and SPN, fees to NäMMU and SPN, office expenses, travel and entertainment expenses. The office staff consists of one full-time and one part-time (40%) employee.

STIM://