

S T E F

**Society of composers and
performing right holders**

Annual Report 2019
(English translation)

S.T.E.F.
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101 Reykjavík

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performing right holders**

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THE BOARD OF DIRECTORS AND MANAGING DIRECTORS CONFIRMATION

We the board of directors and managing director of STEF hereby confirm STEF's Annual Report 2019.

Reykjavík, 22. maí 2020.

Board members:

Þórunn Gréta Sigurðardóttir

Jakob Frímann Magnússon

Bragi Valdimar Skúlason

Hjálmar H Ragnarsson

Páll Ragnar Pálsson

Óttarr Proppé

Sigurður Flosason

Managing director:

Guðrún Björk Bjarnadóttir

AUDITOR'S REPORT

To the board of directors and members of STEF

We have audited the accompanying balance sheet of STEF as of December 31st 2019, and the related statement of income for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Iceland. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements give a true and fair view of the financial position of STEF as of December 31st 2019 and of the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles in Iceland applied on a consistent basis.

Kópavogi, 22. may 2020.

Deloitte ehf.

Einar Hafliði Einarsson
State Authorized Public Accountant

We, the appointed auditors of STEF's general meeting, have reviewed this Annual report of 2019. It is our opinion that it is in conformity to the organizations act and suggest that it will be approved.

Reykjavík, 22. may 2020

Eyjólfur Kristjánsson

Tryggvi M. Baldvinsson

Income statement 2019

	2019	2018
Operating income		
Performance licences, domestic income	580.478.586	569.641.659
Performance licences, foreign income	98.560.405	106.152.064
Mechanical rights	65.999.787	78.181.548
Other revenue	57.446.441	52.475.272
Music Fund's income	34.733.170	30.027.015
	<u>837.218.389</u>	<u>836.477.558</u>
Operating expenditure		
Personnel cost	121.071.577	111.628.330
Other operating cost	49.203.285	54.312.284
	<u>170.274.862</u>	<u>165.940.614</u>
Net revenue, operating revenue less operating cost	666.943.527	670.536.944
Charge for losses on receivables	24.884.553	7.014.325
Pension- and retirement payments	4.000.548	3.780.824
Depreciations and charged operational assets	2.329.394	1.551.582
	<u>635.729.032</u>	<u>658.190.213</u>
Finance revenue and (-expense)		
Interest revenue.....	12.970.131	12.138.514
Interest expense.....	(1.380.087)	(1.147.306)
	<u>11.590.044</u>	<u>10.991.208</u>
Net income for the year	<u>647.319.076</u>	<u>669.181.421</u>

Balance sheet

	31.12.2019	31.12.2018
Assets		
Fixed assets		
Fixed tangible assets		
Real estate	140.511.944	140.511.944
Fixtures and equipment	6.256.000	6.256.000
	<u>146.767.944</u>	<u>146.767.944</u>
Investments		
Bonds, investment funds	88.855.795	84.486.835
Long term receivables	4.909.045	5.326.606
	<u>93.764.840</u>	<u>89.813.441</u>
Fixed assets	<u>240.532.784</u>	<u>236.581.385</u>
Current assets		
Current receivables		
Accounts receivables	278.190.488	302.437.007
Other receivables and prepayments	23.048.390	20.334.116
	<u>301.238.878</u>	<u>322.771.123</u>
Cash		
Bank deposits	368.994.999	311.104.235
	<u>368.994.999</u>	<u>311.104.235</u>
Current assets	<u>670.233.877</u>	<u>633.875.358</u>
Total assets	<u><u>910.766.661</u></u>	<u><u>870.456.743</u></u>

31st December 2019

Equity capital and liabilities

	31.12.2019	31.12.2018
Equity		
Undistributed revenue and reserves		
Revaluation reserve	97.269.322	97.269.322
Reserves	64.585.570	63.115.570
Undistributed revenue	484.726.152	440.520.822
	<u>646.581.044</u>	<u>600.905.714</u>
Restricted equity of STEF's Music-Funds		
Music-Fund I	4.842.412	3.351.626
Music-Fund II	1.782.183	198.235
Music-Fund III	988.945	(1.253.722)
Music-Fund IV	0	0
Music-fund V	1.880.000	1.880.000
	<u>9.493.540</u>	<u>4.176.139</u>
Total equity capital	<u>656.074.584</u>	<u>605.081.853</u>
Liabilities		
Long-term liabilities and obligations		
Memorial-Fund	0	0
Pension obligation	0	5.200.000
	<u>0</u>	<u>5.200.000</u>
Short-term liabilities		
Unpaid distribution.....	233.045.179	225.662.066
Other liabilities.....	21.646.898	30.712.824
Pension obligation.....	0	3.800.000
	<u>254.692.077</u>	<u>260.174.890</u>
Liabilities	<u>254.692.077</u>	<u>265.374.890</u>
Total equity and liabilities	<u>910.766.661</u>	<u>870.456.743</u>