

STEF
Financial Statement
2025

(an english translation - short version)

STEF
Laufasvegur 40
101 Reykjavik
id.no. 620269-5739

STEF

Financial Statement

2025

(an english translation - short version)

Contents

Auditors report	2-3
Endorsement by the Board of Directors	4
Income Statement	5
Balance Sheet	6-7

Independent Auditor's Report

To the Members of STEF and the Board of Directors of STEF

Opinion

We have audited the financial statements of STEF. for the year ended December 31, 2025 which comprise, the statement of comprehensive income, the statement of financial position, the statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies

In our opinion, the accompanying financial statements give a true and fair view of the financial position of STEF as at 31 December 2025, and its financial performance and its cash flows for the year then ended in accordance with the Icelandic Financial Statement Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of STEF in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and we have fulfilled our ethical responsibilities in accordance with the code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the CEO for the Financial Statements

The Board of Directors and the CEO are responsible for the preparation and fair presentation of the financial statements in accordance with the Icelandic Financial Statement Act, and for such internal control as the Board of Directors and the CEO determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the CEO are responsible for assessing STEF's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors and the CEO either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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 financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, 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 our opinion. 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.

Independent Auditor's Report

- Obtain an understanding of internal control relevant to the 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
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors and the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Kópavogur, 13. May 2026

Deloitte ehf.

Einar Hafliði Einarsson
State Authorised Public Accountant

We, the appointed auditors of STEF's general meeting, have reviewed this Annual report of 2025. It is our opinion that it is in conformity to the organizations act and suggest that it will be approved.

Reykjavík, 13. May 2026

Eyjólfur Kristjánsson

Tryggvi M Baldvinsson

Endorsement by the Board of Directors

The financial statements of STEF for the year 2025 are prepared in accordance with the Icelandic Financial Statements Act no. 3/2006.

Operations during the year

Profit (loss) during the year recognised in the income statement amounted to.....	1.266.107.582
Book value of assets at year-end according to the balance sheet amounted to.....	1.761.803.670
Book value of equity at year-end according to the balance sheet amounted to	1.298.204.061
Equity ratio at year-end according to the balance sheet amounted to.....	73,7%
Average number of full time employees during the year was	11,1

Statement of the Board of Directors and the CEO

It is the opinion of the Board of Directors and the CEO of STEF that these financial statements present all the information necessary to show the position of the Organisation at year-end, the operating results for the year and the financial developments during the year 2025.

The Board of Directors and the CEO of STEF hereby confirm the financial statements for the year 2025 with their signatures.

Reykjavík, 13. maí 2026.

Board of Directors

Páll Ragnar Pálsson, chairman of the board

Bragi Valdimar Skúlason, vice-chairman of the board

Hildur Kristín Stefánsdóttir

Hallur Ingólfsson

Halldór Smáráson

Magnús Jóhann Ragnarsson

Sóley Stefánsdóttir

CEO

Guðrún Björk Bjarnadóttir

Income Statement for the year 2025

	Notes	2025	2024
Performance licences, domestic income		956.663.905	762.957.840
Performance licences, foreign income		151.309.005	125.969.666
Streaming- and copyrights		281.805.273	259.365.914
Other revenue		69.305.027	74.724.109
Music Fund 's income		52.964.849	43.755.517
		<u>1.512.048.059</u>	<u>1.266.773.046</u>
Salaries and other employee expenses	4	(208.066.734)	(177.035.287)
Administrative expenses		(44.056.819)	(43.132.954)
Other operating expenses		(32.092.848)	(29.023.345)
Depreciation and amortisation		(9.177.285)	(3.474.572)
		<u>(293.393.686)</u>	<u>(252.666.158)</u>
		1.218.654.373	1.014.106.888
Investment revenue		47.453.209	48.331.641
Profit for the year		<u><u>1.266.107.582</u></u>	<u><u>1.062.438.529</u></u>

Balance sheet at 31 December 2025

Assets	Notes	31.12.2025	31.12.2024
Non-current assets			
Property	7	220.400.000	201.920.000
Equipments	7	6.256.000	6.256.000
Investment securities	8	150.515.756	134.031.316
Bonds and other long term receivables		597.718	1.850.227
		<u>377.769.474</u>	<u>344.057.543</u>
Current assets			
Trade receivables		328.505.389	291.767.911
Other current receivables		82.621.587	39.488.518
Cash and cash equivalents		972.907.220	674.873.482
		<u>1.384.034.196</u>	<u>1.006.129.911</u>
Assets		<u>1.761.803.670</u>	<u>1.350.187.454</u>
Equity and liabilities			
Capital and reserves			
Revaluation reserve	9	177.157.378	158.677.378
Retained earnings of music-funds	10	115.232.873	107.616.101
Retained earnings	11	1.005.813.810	695.192.409
Equity		<u>1.298.204.061</u>	<u>961.485.888</u>
Current liabilities			
Unpaid distributions to rightholders		397.089.788	347.972.855
Other current liabilities		66.509.821	40.728.711
		<u>463.599.609</u>	<u>388.701.566</u>
Total equity and liabilities		<u>1.761.803.670</u>	<u>1.350.187.454</u>

Statement of Cash Flows for the year 2025

	Notes	2025	2024
Operating activities			
Paid income		1.476.573.277	1.309.351.482
Paid operating cost		(295.374.229)	(243.386.847)
Paid investment income		38.568.819	39.920.921
Cash from operating activities		<u>1.219.767.867</u>	<u>1.105.885.556</u>
Investing activities			
Purchases/sales of investments		(6.456.695)	4.424.035
		<u>(6.456.695)</u>	<u>4.424.035</u>
Financial activities			
Payments to rightholders	10	(816.669.999)	(1.030.645.636)
Payments to rightholders from funds		(109.921.097)	(94.793.076)
Other changes		11.313.662	0
		<u>(915.277.434)</u>	<u>(1.125.438.712)</u>
Net increase in cash and cash equivalents		298.033.738	(15.129.121)
Cash and cash equivalents at beginning of year		674.873.482	690.002.603
Cash and cash equivalents at year-end		<u>972.907.220</u>	<u>674.873.482</u>