

# Transparency Report **2019**



# Introduction

Koda's 2019 transparency report is the fourth of its kind in Koda's history. The transparency report contains all the information required by the Danish Act on Collective Rights Management, which was adopted in 2016, and is based on the accounting information stated in Koda's audited financial statements for 2019.

The report contains an activity report for 2019 reviewing key events of the year. This is followed by two sections detailing how Koda's revenues, generated by generated by the use of music in public, are distributed amongst rightsholders in Denmark and abroad. Koda's distribution of cultural contributions is described in section four. Section five and six provide descriptions of when and how Koda can refuse to license a musical work as well as a brief description of Koda's legal set-up and the context wherein Koda operates. The final section of the report consists of Koda's financial statements for 2019.

## **Koda, April 2020**

*Photo on front and back: Daniel Tafjord*

### **Koda**

Lautrupsgade 9  
2100 København Ø  
Denmark  
Phone: +45 33 30 63 00  
info@koda.dk  
www.koda.dk

# Content

<b>1. Activity report</b>	<b>4</b>
<b>2. Revenues and deductions 2019</b>	<b>10</b>
<b>Methods and principles behind     'Revenues and deductions 2019'</b>	<b>12</b>
<b>Correlations between Financial Statements     and Transparency Report</b>	<b>13</b>
<b>Revenues from other collective rights     management societies in 2019</b>	<b>15</b>
<b>3. Distributions from Koda</b>	<b>17</b>
<b>Distribution frequency and speed</b>	<b>17</b>
<b>Distributed in 2019</b>	<b>18</b>
<b>For distribution as of 31 December 2019</b>	<b>20</b>
<b>Reasons for delayed distributions</b>	<b>21</b>
<b>Reasons for Koda's provisions</b>	<b>22</b>
<b>Revenues from foreign collective     rights management societies distributed in 2019</b>	<b>23</b>
<b>Distributions to foreign collective rights     management societies</b>	<b>25</b>
<b>4. Koda's cultural contributions</b>	<b>28</b>
<b>5. Information on refusal to license</b>	<b>32</b>
<b>6. Legal structure of Koda</b>	<b>33</b>
<b>7. Koda's Financial Statements for 2019</b>	<b>34</b>

# 1. Activity report

The year 2019 was the third consecutive year in which Koda's turnover exceeded one billion Danish kroner. The year was characterised by high levels of activity, with highlights including a number of important strategic decisions with far-reaching implications, new progress on the digitalisation of core processes, several new major contracts with various media, and the adoption of a new cultural strategy for Koda. At the beginning of 2019, Koda became the first and as yet only collective rights management society in the world to make monthly distributions, thereby significantly increasing the speed of our distributions within the areas Radio, Television, Concert, Background Music with Reporting, and Abroad.

As regards Koda's political work, the adoption of the EU Copyright Directive was an important milestone in the efforts to safeguard music rights in a constantly changing digital market. And 2019 was also the year in which Koda got a new chairman and a new CEO, setting the course for the future with an ambition to be a Top 5 international player five and ten years from now.

## Financial key results for 2019

- Koda's total turnover: EUR 136 million
- Total revenue, including revenues from interest: EUR 136.6 million
- Amount to be distributed to rightsholders, after deductions for administration costs: EUR 121.4 million
- Total deductions for administration: EUR 15.2 million
- Admin rate: 11.1 per cent

With a total turnover of EUR 136 million, the year's results are on a par with those of 2018. Overall, the year's result yielded EUR 121.4 million for distribution among the rightsholders, mainly in the form of individual distributions and partly in the form of cultural contributions.

Koda's revenues come from music played in Denmark, as well as from Koda members' music played abroad. Looking specifically at Koda's revenues from music usage in Denmark, they increased by EUR 1 million compared to the previous year, ending up at EUR 127 million. These funds, less deductions for administration, will be distributed among Koda members and rightsholders who are members of collective rights management societies abroad. Koda's total revenues from abroad dropped by EUR 1 million compared to the previous year, ending up at EUR 9 million.

Koda's costs in 2019 were on a par with 2018, while the administration rate ended up at 11.1 per cent compared to 10.7 percent in 2018.

Among other things, the increase in turnover was driven by revenues from the category Other Public Performance, with growth seen within the sections Major Concerts, Cinemas and Background Music. At the same time, positive market trends within the field of radio and increases in the revenues from streaming have had a positive impact on the year's result.

### **Other Public Performance: continued growth for Concerts**

Within Koda's traditional market areas (not including Online and Broadcast), revenues have gone up by EUR 1.5 million. This is primarily due to 2019 being yet another year in which the 'Concert' section exceeded all expectations. The number of events increased, the festivals sold more tickets and raised their prices. All this meant that Koda's concert revenues have increased by 23 per cent during the period 2016 to 2019.

2019 was also a good year in cinema, with a number of blockbusters raising revenues. On the other hand, the retail and restaurant markets are both still under pressure, and as in 2018, the year was characterized by several closures and shifts to royalty-free repertoire. Nevertheless, both areas continue to grow. As far as retail is concerned, 1,900 new customers have signed up, while more than 1,500 closed up shop or cancelled their subscription. As far as restaurants and hotels are concerned, more than 1,000 new customers signed up, while 582 disappeared. In 2019, Koda's total revenue within these sections went up by approximately EUR 0.7 million.

The new music concept 'New Vibe', launched in 2018, demonstrated its value in 2019. New Vibe is a product that allows large stores to buy access to a narrower music repertoire at a reduced price. After just one year in the market, New Vibe accounts for 5.5 percent of Koda's turnover in this area, encompassing approximately 600 stores. These include a number of large retail chains that have chosen this solution as an alternative to playing only royalty-free repertoire.

### **Broadcast: Additional payment and new agreements**

Revenues generated from the section 'Radio' went up by more than 50 per cent from 2018 to 2019. This increase is primarily due to provisions made in 2018 due to incomplete negotiations that same year, meaning that the increase is not due to actual changes within the field of radio from one year to the next.

Even so, 2019 was a good year for the 'Radio' section overall, as the market for radio commercials saw positive developments. A number of new agreements were also entered into, including agreements with Bauer and with two new international radio brands (MTV and Energy), both of which launched formats in Denmark in 2019. Koda also entered into an agreement with the new nationwide radio channel Radio4.

Overall, the revenues generated within the field of TV were on a par with 2018. Koda's case at the copyright license tribunal against DR (Danish Broadcasting Corporation) continued in 2019. The central theme of the case remains the parties' disagreement on how much DR should pay Koda and how those rates should be calculated. The case will presumably be decided by the Copyright License Tribunal (Ophavsretslicensnævnet) in 2020.

### **Online: Growth in the streaming of TV, film and series**

Koda's 34 per cent growth in the revenues generated by the streaming of TV, film and series is due partly to arrears payments and partly to general market growth. Throughout the year, efforts were made to enter into new agreements with the relevant players in the market, and negotia-

tions were opened with a number of new players entering the Danish market. The new services include Amazon Prime, Apple+ and HayU.

The first agreement under the auspices of the joint Nordic hub Polaris was signed in 2019, when Polaris entered into an agreement on the use of the Polaris societies' repertoire on Facebook and Instagram.

A new deal was signed with NENT (Viasat), which launched a new online TV product in the autumn, combining streaming of movies and TV with classic flow TV. The product is the first of its kind on the Danish market.

Koda's revenue from streaming and downloading music increased by 29 per cent in 2019. However, this growth is not due to any significant changes in the market, but instead reflects the knock-on effect of a substantial return of funds made to one of the service providers in the market in 2018; for technical reasons, said service provider had been overcharged in the preceding years.

### **Drop in revenues from abroad**

The total revenues generated abroad in 2019 came to approximately EUR 1 million less than the corresponding 2018 figure.

Of course, Koda's revenues abroad depend on the extent to which Koda's repertoire is played abroad, which will vary from one year to the next. The top 20 of foreign rights management societies that distribute funds to Koda account for no less than 94 per cent of all the funds received by Koda from abroad. A number of these societies paid out larger sums to Koda in 2019 than they did in 2018, while others paid substantially less.

The main reasons for the decline in income from abroad is that Koda received one-off distributions from Germany and Finland in 2018. Since we did not receive similar one-off payments in 2019, Koda's revenues from abroad turned out lower in 2019 compared to 2018. Moreover, in 2019 we chose to postpone our distributions from the Italian rights management society SIAE, as SIAE is currently investigating certain special conditions concerning taxation in Italy. We expect this issue to be resolved at some point in 2020.

Koda continues to focus on ensuring that we receive settlement for performances abroad of works for which Koda manages rights on behalf of our members. In the year ahead, we will intensify our efforts to ensure that Koda members receive due payment from abroad.

### **Faster distributions**

The introduction of monthly distributions from Koda and a significant streamlining of our in-house processing of data have yielded results: money now reaches rightsholders much faster than in the past, without accumulating unnecessarily in Koda. Koda has adopted the strategic approach that the money should get to the rightsholders who earned them as quickly as possible. Monthly distributions are now made for the main sections Radio, Television, Concert, some

Background areas and Abroad. For these areas, the amount of time elapsing from performance to payment has, on average, been halved compared to 2018.

A total of EUR 44 million out of all the revenues received by Koda during 2019 were also distributed in 2019. This is EUR 14 million more than the corresponding figures for 2018. In this context, greater efficiency in reporting combined with the monthly distributions are the primary reasons for these improvement in distribution speeds.

The next step is to ensure that our members are sufficiently aware of the importance of registering their works faster. Any given work must be registered before it is released digitally in order for us to claim payment from the major digital services. Ultimately, late registration may mean that the rightsholders miss out on this revenue altogether. And the sooner the registration happens – the faster we can make distributions.

### **Highest-earning members behind growth**

Looking at the increase in Koda's revenue seen over the last ten years due to growing music consumption, the overall tendency among composers, songwriters and music publishers alike is still that the total increase is driven mainly by the repertoires of a few, but high-earning members. For example, welcoming several major publishers has increased Koda's publishing revenues nearly fivefold over the past ten years.

In total, Koda distributed no less than EUR 119 million in 2019 – of which EUR 53 million went to Koda members. Of this amount, three-quarters went to Koda members with an annual Koda-related income of more than EUR 13,387 (DKK 100,000). The recipients in question are 566 individual rightsholders – 76 of them publishers. A total of 155 Koda members, including publishers, receive annual earnings of more than EUR 53,548 (DKK 400,000) annually.

Approximately 22,500 Koda members – corresponding to 88 per cent of the 25,214 rightsholders to whom Koda has made distributions – received less than EUR 1,339 (DKK 10,000) in 2019.

### **Great influx of members**

Koda welcomed a total of 1,714 new members in 2019, encompassing 1,676 authors and 38 music publishers.

In 2019, the number of works in the ICE work database rose to 25.2 million works worldwide. In 2018, the figure was 22.6 million. The share of works associated with Koda members went up from 1.31 million in 2018 to 1.41 million in 2019 – an increase of almost 100,000 new Koda works.

### **CISAC Compliance Review: Best in Class**

In 2019, Koda was randomly selected to undergo one of CISAC's annual audits, which aim to chart the rights management societies' ability to adhere to the global compliance rules that have been agreed and acceded to by rights management societies worldwide.

The audit of Koda involved Koda answering more than 300 comprehensive questions, followed

by a three-day visit by experts from CISAC, as well as a series of follow-up meetings. CISAC concluded that 'Koda is very much in compliance with CISAC's rules', and Koda was named 'Best in Class' in almost all areas. For example, Koda was praised for being a very transparent company focusing on high-level member service, efficiency and quality.

However, CISAC criticised Koda's allocation practices as regards first performance awards and subsidised concerts, stating that such initiatives do not ensure equal treatment for all rightsholders regardless of which society they belong to.

Koda's Board of Directors has taken this criticism very seriously and will propose changes to how these two areas are funded at the next general meeting.

### **New platform**

In 2019, Koda made serious investments towards meeting our ambition of modernising our core systems. Thorough preliminary analyses have been launched in collaboration with Finnish Teosto, which has similar ambitions for developing a new platform and upgrading our data handling and digital competencies.

Within the field of digital services, Koda worked on a number of specific initiatives to optimise operations and services. The range of projects included:

- A new dashboard for My Koda, giving members and publishers entirely new opportunities for viewing data and forming an overview of distributions received.
- Implementing advanced matching, which has greatly improved the automated processing of the reported music consumption.
- Identifying the possibilities for a complete automation of reporting regarding commercials through collaboration with a partner with extensive specialist knowledge in advertising/commercials.
- Collaborating with CISAC (Session) on developing an app for global registration and management works; to be launched in 2020.

### **The EU Copyright Directive was adopted**

One of the milestones of 2019 was the adoption of the Copyright Directive in March. Ten out of thirteen Danish MEPs voted in favour of the directive, placing Denmark at the very top as regards parliamentary support for copyright issues. The Directive must be implemented in Danish law prior to June 2021.

### **Koda's Culture Strategy**

In 2019, Koda adopted its first strategy for the area of culture. The strategy was developed in close cooperation between the four member associations from Koda's Board of Directors and administration and from the four associations DJBFA, DPA, DKF and Musikforlæggerne. The cultural strategy outlines the overall directions for the allocation of Koda's cultural contributions and for the comprehensive cultural efforts taking place every year under the auspices of Koda Kultur (Koda Culture). In 2019, a total of EUR 9.6 million were allocated to cultural contributions.



Koda Kultur aims to develop the realm of music and to promote a strong music scene operating at the highest level. This will be achieved through contributions that promote quality, stimulate innovation and renewal, strengthen our international focus, counteract industry barriers and improve the conditions for a sustainable music market.

The cultural strategy revolves around four strategic themes, which will be the focal point for the efforts made in the years ahead. The four focus areas are:

- Greater diversity via greater gender equality on the music scene
- Better conditions for future users and creators of music
- Export and international exchanges
- Talent and elite

### **New chairman and CEO**

Finally, 2019 saw Koda changing both its chairman and CEO. Niels Mosumgaard held the position as chairman of Koda's board of directors until May, when a new board of directors appointed Niels Rønsholdt as its new chairman. Anders Lassen was Managing Director of Koda up until the end of June, at which point Gorm Arildsen took over the position as CEO.

## 2. Revenues and deductions 2019

The table below lists Koda's revenues by rights category and area of use, relating them directly to the areas in which they are paid out. The table displays Koda's revenues in 2019, which, after deductions and applied interest rates, result in the net amounts to be distributed amongst rightsholders. The methods and principles behind the table are described on page 12.

Table 2.1 **Revenues and deductions 2019**

In thousand EUR

Area of use	Revenue	Interest	Deduction for administration	Deduction for cultural contributions	Contribution to subsidised concert	Distribution of interest	For individual distribution	For individual distribution 2018
<b>General Public Performance</b>								
Background - with reporting	5,630		-1,142	-449	-71	18	3,987	3,745
Background - no reporting	8,099		-1,605	-649	-103	26	5,768	5,754
Cinemas and film screenings	2,082		-422	-166	-26	7	1,474	1,022
Concert	12,196		-2,265	-993	-158	39	8,819	9,054
Major Live Concert	1,836		-102	-173	-24		1,536	822
Subsidised concert	62			-6	843		899	896
<b>General Public Performance Total</b>	<b>29,905</b>		<b>-5,536</b>	<b>-2,437</b>	<b>460</b>	<b>90</b>	<b>22,482</b>	<b>21,293</b>
<b>Broadcast</b>								
Radio	16,079		-2,717	-1,336	-212	52	11,865	7,770
TV	15,300		-2,571	-1,273	-202	49	11,303	11,363
TV Distribution	27,631		-691	-2,694	0	89	24,334	25,367
TV Distribution - separate distribution basis	4,106		-587	-352	-45	13	3,136	2,872
Danish TV channels abroad	506		-18				488	509
Danish TV channels uplinked from the UK	229		-24				205	0
<b>Broadcast Total</b>	<b>63,851</b>		<b>-6,608</b>	<b>-5,655</b>	<b>-460</b>	<b>203</b>	<b>51,330</b>	<b>47,881</b>
<b>Online</b>								
Background music on websites	477		-83	-34		2	362	393
Interactive TV services	13,185		-1,318	-892		42	11,017	18,795
Streaming of TV, film and series	9,066		-662	-555		29	7,877	5,691
Music streaming and download	10,894		-976*	-667*			9,251	6,985
<b>Online Total</b>	<b>33,622</b>		<b>-3,039</b>	<b>-2,148</b>		<b>73</b>	<b>28,508</b>	<b>31,865</b>
<b>Abroad</b>								
Koda works performed abroad	8,355						8,355	9,372
<b>Abroad Total</b>	<b>8,355</b>						<b>8,355</b>	<b>9,372</b>
<b>Out of category</b>								
KulturPlus - Blank Tape Levy (individual)	284		-7				277	365
KulturPlus - Blank Tape Levy (collective)	141						141	191
Interests		406		-41		-366	0	
<b>Out of category Total</b>	<b>426</b>	<b>406</b>	<b>-7</b>	<b>-41</b>		<b>-366</b>	<b>418</b>	<b>556</b>
<b>Grand total</b>	<b>136,159</b>	<b>406</b>	<b>-15,191</b>	<b>-10,281</b>	<b>0</b>	<b>0</b>	<b>111,094</b>	<b>110,967</b>

\* This deduction is specified in 'Methods and principles behind 'Revenues and deductions 2019' on page 12.

Table 2.2 is a variation of table 2.1 in which deductions and contributions have been listed as percentages. The methods and principles behind the table are described on page 12.

**Table 2.2 Revenues and deductions 2019 - with deductions and contributions listed as percentages** In thousand EUR

Area of use	Revenue	Interest	Deduction for administration	Deduction for cultural contributions	Contribution to subsidised concert	Distribution of interest	For individual distribution	For individual distribution 2018
<b>General Public Performance</b>								
Background - with reporting	5,630		20.3 %	8.0 %	1.3 %	18	3,987	3,745
Background - no reporting	8,099		19.8 %	8.0 %	1.3 %	26	5,768	5,754
Cinemas and film screenings	2,082		20.3 %	8.0 %	1.3 %	7	1,474	1,022
Concert	12,196		18.6 %	8.1 %	1.3 %	39	8,819	9,054
Major Live Concert	1,836		5.6 %	9.4 %	1.3 %		1,536	822
Subsidised concert	62			10.0 %			899	896
<b>General Public Performance Total</b>	<b>29,905</b>		<b>18.5 %</b>	<b>8.1 %</b>		<b>90</b>	<b>22,482</b>	<b>21,293</b>
<b>Broadcast</b>								
Radio	16,079		16.9 %	8.3 %	1.3 %	52	11,865	7,770
TV	15,300		16.8 %	8.3 %	1.3 %	49	11,303	11,363
TV Distribution	27,631		2.5 %	9.7 %	0.0 %	89	24,334	25,367
TV Distribution - separate distribution basis	4,106		14.3 %	8.6 %	1.1 %	13	3,136	2,872
Danish TV channels abroad	506		3.5 %				488	509
Danish TV channels uplinked from the UK	229		10.5 %				205	0
<b>Broadcast Total</b>	<b>63,851</b>		<b>10.3 %</b>	<b>8.9 %</b>		<b>203</b>	<b>51,330</b>	<b>47,881</b>
<b>Online</b>								
Background music on websites	477		17.4 %	7.0 %		2	362	393
Interactive TV services	13,185		10.0 %	6.8 %		42	11,017	18,795
Streaming of TV, film and series	9,066		7.3 %	6.1 %		29	7,877	5,691
Music streaming and download	10,894		9.0 %*	6.1 %*			9,251	6,985
<b>Online Total</b>	<b>33,622</b>		<b>9.0 %</b>	<b>6.4 %</b>		<b>73</b>	<b>28,508</b>	<b>31,865</b>
<b>Abroad</b>								
Koda works performed abroad	8,355						8,355	9,372
<b>Abroad Total</b>	<b>8,355</b>						<b>8,355</b>	<b>9,372</b>
<b>Out of category</b>								
KulturPlus - Blank Tape Levy (individual)	284		2.5 %				277	365
KulturPlus - Blank Tape Levy (collective)	141						141	191
Interests		406		10.0 %		-366	0	
<b>Out of category Total</b>	<b>426</b>	<b>406</b>	<b>0.9 %</b>	<b>4.9 %</b>		<b>-366</b>	<b>418</b>	<b>556</b>
<b>Grand total</b>	<b>136,159</b>	<b>406</b>	<b>11.1 %</b>	<b>7.5 %</b>		<b>0</b>	<b>111,094</b>	<b>110,967</b>

\* This deduction is specified in 'Methods and principles behind 'Revenues and deductions 2019' on page 12.

## **Methods and principles behind 'Revenues and deductions 2019'**

The following is a description of the method and assumptions underlying table 2.1 on page 10 and table 2.2 on page 11. Koda's revenues are divided into rights categories, which are further subdivided into a number of areas of use. The breakdown is based on the registration of income in Koda's account plan and follows the order of presentation provided in note 1 of the financial statements in Koda's annual report.

Like the financial statements, the accounting period follows the calendar year.

For each area of use, a deduction is made to cover administrative costs. The deduction for each area is calculated on the basis of the actual resource consumption associated with that individual area. For example, this may involve resources associated with collecting licensing fees, processing music report data and distribution processing. The deductions also cover the resources demanded by each area in terms of joint functions and staff functions. No deductions for administration costs are made from revenue received by Koda from abroad for performances of Koda members' music. This is due to the fact that these revenues have already been subject to deductions to cover the administrative costs of their relevant foreign society.

For each area of use, a deduction is made for Koda's cultural contributions. In accordance with Koda's Articles of Association, the deduction is calculated on the basis of the total income for public performance per type of use after the deduction for administration costs has been made. No deductions for cultural contributions are made from payments regarding mechanical rights, from income from abroad, or from KulturPlus income. For certain areas of use, a deduction has also been made to cover the cost of the subsidised concert reserve and of first performance awards for performances within the subsidised concert reserve. These deductions follow Koda's general distribution policy. First performance awards within other sections (TV, radio and concert) are calculated within the section where the relevant amount is charged and included in the same way as other parameters within the individual areas.

The deductions for administration and cultural contributions associated with the section 'Streaming and downloading of music' are accrued according to a different principle than the deductions for administration and cultural contributions in all other areas. Hence, the calculated deductions for administration of 9.0 per cent and for cultural contributions of 6.1 per cent do not reflect the actual deduction rates within the field, but are the result of timing differences. In actual fact, for 'Streaming and downloading of music' a total of 10 per cent is deducted for administration costs, and out of the amount left after deduction for administration costs, 10 per cent is deducted for cultural contributions from that part of the amount that can be attributed to performance rights.

Additionally, the table 'Distributed in 2019' on page 18 lists the amounts 'For individual distribution' distributed in 2019, and the table 'For distribution as of 31 December 2019' on page 20 lists the share for the distribution as per 31 December 2019.

## Correlations between Financial Statements and Transparency Report

The grand totals listed in Tables 2.1. and 2.2., 'Revenues and deductions 2019', on pages 10 and 11 have been calculated and reconciled with Koda's Financial Statements for 2019. The correlations are shown in this overview:

Table 2.3 **Correlations between definitions in Financial Statements and Transparency Report**

Financial Statements for 2019 - Note 1	Transparency Report - Revenues and deductions 2019
Income Statement - Total music revenue	= Revenue
Income Statement - Net financial income and expenses	= Interest
Administrative expenses + Depreciation, amortisation and impairment losses	= Deduction for administration
Note 2 - Distribution to rights holders	= For distribution after deduction of administration
Note 2 - Calculated funds for cultural contributions for the year	= Deduction for cultural contributions
Note 11 - Provision for distribution for the year	= For individual distribution (except KulturPlus (collective distribution) TEUR 141)

The adjustment of provision for bad debts stated in the financial statements in Koda's annual report for 2019 is not specified by individual areas of revenue, but can be broken down as shown in the second column of Table 2.4.

- The individual areas of use under 'Revenues and deductions 2019' comprise the categories 'Broadcast', 'General public performance', 'Online', 'Abroad' and finally 'Out of category'.
- The category 'Broadcast' under 'Revenues and deductions 2019' includes all revenues from 'Primary transmission on radio and TV and retransmission' in note 1 to the financial statements as well as an amount listed under 'Abroad' in note 1 of the financial statements, covering amounts distributed by Koda on behalf of foreign collective rights management societies for performances on Danish TV channels retransmitted abroad.
- The category 'General public performance' under 'Revenues and deductions 2019' includes all revenues listed in note 1 to the financial statements regarding 'Hotels and restaurants', 'Background music' and 'Concerts, events, etc'. In addition to this, 'Cinemas and films' from note 1 to the financial statements is also considered part of 'Other public performance'.
- Amounts listed as 'Online' in the table 'Revenues and deductions 2019' are the amounts listed as 'Internet and On Demand' in note 1 to the financial statements.
- The category 'Abroad' in the table 'Revenues and deductions 2019' comprises the part of the revenues listed under 'Abroad' in note 1 to the financial statements which concerns Danish performances abroad. A minor part of the revenues listed under 'Abroad' in note 1 pertain to 'Broadcast', see table 2.3.
- The category 'Out of category' under 'Revenues and deductions 2019' covers revenues from KulturPlus (collective and individual distribution)

Table 2.4

## Correlations between amounts in Financial Statement and Transparency Report

In thousand EUR

FINANCIAL STATEMENTS				TRANSPARENCY REPORT		
Note 1	Amount - Note 1	Adjustment of provision for bad debts	Revenue	Rights category from Revenues and deductions	Area of use - Revenues and deductions	Revenue
<b>Primary transmission on radio and TV and retransmission</b>	<b>63,080</b>	<b>35</b>	<b>63,116</b>			<b>63,116</b>
				Broadcast	Radio	16,079
				Broadcast	TV	15,300
				Broadcast	TV Distribution	27,631
				Broadcast	TV Distribution - separate distribution basis	4,106
<b>Kulturplus</b>	<b>426</b>		<b>426</b>			<b>426</b>
				Out of category	KulturPlus (individual distribution)	284
				Out of category	KulturPlus (collective distribution)	141
<b>Internet and On Demand</b>	<b>33,601</b>	<b>21</b>	<b>33,622</b>			<b>33,622</b>
				Online	Background music on websites	477
				Online	Interactive TV services	13,185
				Online	Streaming of TV, films and series	9,066
				Online	Music streaming and download	10,894
<b>Cinemas and films</b>	<b>2,085</b>	<b>-3</b>	<b>2,082</b>			<b>2,082</b>
				General public performance	Cinemas and film screenings	2,082
<b>Concert and Background Total</b>	<b>27,775</b>	<b>49</b>	<b>27,823</b>			<b>27,823</b>
Hotels and restaurants	7,268	<b>74</b>		General public performance	Background - with reporting	5,630
Background music	6,972	<b>11</b>		General public performance	Background - no reporting	8,099
Concerts, events, etc.	13,535	<b>-36</b>		General public performance	Concert	12,196
				General public performance	Major Live Concert	1,836
				General public performance	Subsidised concert	62
<b>Abroad</b>	<b>9,090</b>		<b>9,090</b>			<b>9,090</b>
				Broadcast	Danish TV channels uplinked from the UK	506
				Broadcast	Danish TV channels abroad	229
				Abroad	Koda works performed abroad	8,355
<b>Adjustment of provision for bad debts Total</b>	<b>102</b>	<b>-102</b>	<b>0</b>			
<b>Total</b>	<b>136,159</b>	<b>0</b>	<b>136,159</b>			<b>136,159</b>

## Revenues from other collective rights management societies in 2019

The table below displays the part of Koda's total revenue in 2019 received from other collective rights management societies. The table adheres to the same method and principles as tables 2.1 and 2.2, described in 'Methods and principles behind 'Revenues and deductions Koda 2019'' on page 12.

Table 2.5 **Revenues from other collective rights management societies in 2019**

In thousand EUR

Received from	Revenue	Deduction for administration	Deduction for cultural contribution	Contribution to subsidised concert	For distribution
<b>Copydan</b>					
<b>AVU-medier*</b>					
<b>General Public Performance</b>					
Background - no reporting	123	19.8 %	8.0 %	1.3 %	87
Cinemas and film screenings	422	20.3 %	8.0 %	1.3 %	297
<b>General Public Performance Total</b>	<b>545</b>	<b>20.2 %</b>	<b>8.0 %</b>		<b>385</b>
<b>Online</b>					
Interactive TV services	1,157	10.0 %	6.7 %		964
<b>Online Total</b>	<b>1,157</b>	<b>10.0 %</b>	<b>6.7 %</b>		<b>964</b>
<b>Total - AVU Medier</b>	<b>1,702</b>	<b>13.3 %</b>	<b>7.1 %</b>		<b>1,348</b>
<b>Kulturplus</b>					
<b>Out of category</b>					
KulturPlus - Blank Tape Levy (individual)	263	2.5 %			256
KulturPlus - Blank Tape Levy (collective)	131				131
<b>Out of category Total</b>	<b>394</b>	<b>1.7 %</b>			<b>387</b>
<b>Kultur plus Total</b>	<b>394</b>	<b>1.7 %</b>			<b>387</b>
<b>Verdens TV</b>					
<b>Broadcast</b>					
TV	384	16.8 %	8.3 %	1.3 %	283
TV Distribution	27,631	2.5 %	9.7 %		24,245
TV Distribution - separate distribution basis	4,106	14.3 %	8.6 %	1.1 %	3,122
<b>Broadcast Total</b>	<b>32,121</b>	<b>4.2 %</b>	<b>9.6 %</b>		<b>27,650</b>
<b>Online</b>					
Interactive TV services	11,365	10.0 %	6.8 %		9,461
<b>Online Total</b>	<b>11,365</b>	<b>10.0 %</b>	<b>6.8 %</b>		<b>9,461</b>
<b>Verdens TV Total</b>	<b>43,486</b>	<b>5.7 %</b>	<b>8.8 %</b>		<b>37,112</b>
<b>COPYDAN Total</b>	<b>45,582</b>	<b>5.9 %</b>	<b>8.7 %</b>		<b>38,847</b>

\* NCB has entrusted Koda with the task of receiving and distributing amounts from Copydan AVU-medier. Koda includes such amounts in table 2.5.

Continued on next page

Table 2.5 **Continued**

Received from	Revenue	Deduction for administration	Deduction for cultural contribution	Contribution to subsidised concert	For distribution
<b>Producer Rights Denmark</b>					
KulturPlus - Blank Tape Levy (individual)	21	2.5 %			21
KulturPlus - Blank Tape Levy (collective)	11				11
<b>Total - Producer Rights Denmark</b>	<b>32</b>	<b>1.7 %</b>			<b>32</b>
<b>Abroad</b>					
<b>Broadcast</b>					
Danish TV channels abroad	506	3.5 %			488
Danish TV channels uplinked from the UK	229	10.5 %			205
<b>Broadcast Total</b>	<b>735</b>	<b>5.7 %</b>			<b>693</b>
<b>Koda works performed abroad</b>					
Koda works performed abroad	8,355				8,355
<b>Total</b>	<b>8,355</b>				<b>8,355</b>
<b>Abroad Total</b>	<b>9,090</b>	<b>0.5 %</b>			<b>9,048</b>
<b>Grand total</b>	<b>54,704</b>	<b>5.0 %</b>	<b>7.3 %</b>		<b>47,926</b>



# 3. Distributions from Koda

## Distribution frequency and speed

In 2019, Koda began making monthly distributions within a wide range of areas. This applies to most radio, TV and concert areas, certain background areas, and to music played abroad.

In addition to more frequent payments, the monthly distributions have also significantly reduced the periods elapsing from performance to payment. As regards the radio and TV areas where distributions are now made monthly, payment has been made two to three months after the performance has taken place. This is a marked improvement compared to the approximately seven months that would previously elapse. As far as concerts are concerned, distributions have been made for all fully processed concerts; in some cases, this has happened as soon as approximately 14 days after the relevant concert was given. However, in order to carry out distributions for a concert, Koda still needs to have received the relevant reporting as well as payment and information on, for example, ticket revenues from the concert promoter.

The frequency and speed of Koda's distributions have also increased within other areas. Several areas have transitioned from annual to quarterly or bi-annual distributions, and efforts have also been made in these areas to have the reporting processed faster, ensuring that less time elapses between performance and payment.

Koda's distribution schedule, which can be found on Koda's website, lists all of Koda's distribution areas and states when distributions are made for specific performance periods.

In 2020, Koda will continue to optimizing the processes on collecting and processing reports, and even more areas will be included in Koda's monthly distributions.

In some situations, distributions may still be delayed, for example due to agreement disputes, lack of reporting, or incomplete work documentation or rightsholder documentation. The reasons for such delays in 2019 are described in greater detail and the amounts specified in Table 3.8 on page 21 and Table 3.9 on page 22.

## Distributed in 2019

The table below displays the amounts that Koda distributed<sup>1</sup> in 2019 and which, after any adjustment in the provision for subsequent years, constitute the total amount paid to rightsholders.

'Distributed' amounts are amounts which have been processed in Koda's reporting and distribution system, and hence ready for payment. The majority of these amounts will be paid out at the next coming distribution, but a small part will be temporarily withheld from actual distribution due to insufficient documentation concerning the relevant work or rightsholder. In this report, such amounts are listed as 'provisions'

Table 3.1 **Distributed in 2019**

In thousand EUR

Rights category	Revenue from 2019	Revenue from 2018 and before	Total	Total 2018
General public performance	-8,149	-17,428	-25,577	-20,094
Broadcast	-24,126	-33,349	-57,475	-49,475
Online	-5,301	-20,365	-25,666	-29,363
Out of category	-	-360	-360	-1,992
<b>Total - Denmark</b>	<b>-37.576</b>	<b>-71.502</b>	<b>-109,077</b>	<b>-100,923</b>
Abroad	-6,572	-3,063	-9,635	-8,671
<b>Total - Abroad</b>	<b>-6,572</b>	<b>-3,063</b>	<b>-9,635</b>	<b>-8,671</b>
<b>Total</b>	<b>-44.148</b>	<b>-74.564</b>	<b>-118,712</b>	<b>-109,595</b>

Table 3.2 **Adjustment in provisions in 2019**

In thousand EUR

Provision type	Total	Total 2018
Profits from property sale	-1,712	-
Undocumented works and rightsholders, double claims, etc.	2,247	480
Returned shares - adjustment in provisions	61	-798
<b>Total</b>	<b>596</b>	<b>-318</b>

Table 3.3 **Other adjustments in 2019**

In thousand EUR

Other adjustments 2019	Total	Total 2018
Undistributable funds - incomplete work information	-	543
Undistributable funds - incomplete rightsholder information	138	271
Returned from PRS	-	169
Adjustment of cultural contributions	18	1
Koda Dramatik - amounts from TV distribution	-	-23
Returned shares	-	875
<b>Total</b>	<b>156</b>	<b>1,835</b>

Table 3.4 **Paid to rightsholders in 2019**

In thousand EUR

Type	Total	Total 2018
Distributed in 2019	-118,712	-109,595
Adjustment in provision in 2019	596	-318
Other adjustments in 2019	156	1,835
<b>Total</b>	<b>-117,961</b>	<b>-108,078</b>

**Table 3.1** specifies the revenue distributed in 2019. The amounts are classified by rights category corresponding to table 2.1 on page 10, and distinguish between distributed revenues from 2019 and from 2018 and earlier. The only revenues accounted for under 'Out of category' are income from 'KulturPlus' and interests. Figures pertaining to abroad are specified in table 3.10 on page 23.

**Table 3.2** shows the adjustments in Koda's provisions in 2019.

**Table 3.3** 'Other adjustments' comprise funds that have already been distributed by Koda, but which have, for some reason, not been paid out or returned to Koda. A few adjustments pertaining to Koda's amount for distribution are also included here. The amount also appears in Table 3.5, listed by category of rights.

**Table 3.4** shows the total amount paid to rightsholders in 2019. This is calculated by deducting the provisions from the total amount due for distribution.

## For distribution as of 31 December 2019

The table below displays the revenue which as per 31 December 2019 had not yet been distributed. The amounts have been specified on the basis of the amounts due for distribution and those set aside for provisions.

Table 3.5 For distribution as of 31 December 2019

In thousand EUR

Rights category	Revenue from 2019	Revenue from 2018 and before	Other adjustments in 2019	Total	Total 2018
General public performance	14,268	834	-29	15,073	18,283
Broadcast	26,982	2,503	115	29,600	35,895
Online	23,129	14,007	69	37,205	34,400
Out of category	643	-5	-	638	291
<b>Total - Denmark</b>	<b>65,022</b>	<b>17,339</b>	<b>156</b>	<b>82,517</b>	<b>88,870</b>
Abroad	1,783	1,579		3,362	4,644
<b>Total - Abroad</b>	<b>1,783</b>	<b>1,579</b>		<b>3,362</b>	<b>4,644</b>
<b>Total</b>	<b>66,805</b>		<b>19,075*</b>	<b>85,879</b>	<b>93,513</b>

\* This amount is the total of the columns 'Revenue from 2018 and before' and 'Other adjustments in 2019'. This amount is specified in table 3.8

Table 3.6 Provisions as of 31 December 2019

In thousand EUR

Provision type	Provision	Undistributable funds	Total	Total 2018
Profit fra sale of property	0		0	1,713
Undocumented works and rightsholders, double claims, etc.	11,263	718	11,981	9,738
Returned shares etc.	428		428	367
<b>Total</b>	<b>11,691</b>	<b>718</b>	<b>12,409**</b>	<b>11,817</b>

\*\* This amount is specified in table 3.9

Table 3.7 For distribution as of 31 December 2019 - incl. provisions

In thousand EUR

Type	Total	Total 2018
For distribution as of 31 December 2019 - incl. Provisions	85,879	93,513
Provisions as of 31 December 2019	12,409	11,817
<b>Total</b>	<b>98,288</b>	<b>105,331</b>

**Table 3.5** shows the amounts still due for distribution at the time of calculation. The amounts are listed by rights category in accordance with table 2.1 on page 10 and distinguish between distributed revenue from 2018 and distributed revenue from 2017 and earlier. The only revenues accounted for under 'Out of category' are income from 'KulturPlus' and interest.

**Table 3.6** shows amounts that were set aside for provisions at the time of calculation, listed by type of provision. It also specifies the amounts classified as undistributable at the time of calculation and thus encompassed by the decision concerning the use of undistributable funds at Koda's general meeting. These amounts are funds that have been held back in member accounts for three years, either due to a lack of work documentation or lack of rightsholder documentation.

**Table 3.7** sums up the total amount due for distribution (including provisions) as of 31 December 2019.

## Reasons for delayed distributions

Table 3.5 on page 18 display the revenues which as per 31 December 2019 was not yet distributed. The majority of these are 2019 revenues, which follows Koda's quarterly and annual payment terms and will therefore be distributed in 2019 within the applicable deadlines for distributions laid down in the Danish Act on Collective Rights Management (section 15(2)). Additionally, the table includes unsettled income from 2018 and before, which, according to the statutory deadlines for distribution, is delayed. The reasons why these revenues were not distributed at the time of calculation are stated in table 3.8 below. Revenues from abroad that Koda receives from foreign collective rights management societies are subject to other deadlines than revenue collected by Koda (The Danish Act on Collective Rights Management, section 18(4)). This means that undistributed revenues from abroad received within the first half of 2019 are also defined as delayed according to law.

Table 3.8 For distributions as of 31 December 2019

In thousand EUR

Reason for delayed distribution	2018 and before	Undistributable funds - included in the proposal for use presented at the April 2020 general assembly	Total	Total 2018
<b>Denmark</b>				
<b>Interim amount that cannot be distributed:</b>				
<ul style="list-style-type: none"> <li>Awaiting contractual clarification with music user</li> <li>Delayed due to negotiations between Copydans's member organisations, UBOD and Koda</li> </ul>	9,961		9,961	699
<b>Koda has yet to receive the data necessary for distribution, wholly or in part</b>				
<ul style="list-style-type: none"> <li>Music user reporting is delayed for technical/practical reasons.</li> <li>Music user reporting is incomplete; Koda awaits supplementary reporting.</li> <li>Remaining amount transferred, in accordance with established practice, to the next year's pool within the same distribution area - including amounts where Koda does not expect the relevant distribution basis information to be received at a later date.</li> </ul>	2,683		2,683	3,067
<b>Amounts not yet distributed from retransmission of TV and radio channels with uplinks abroad</b>				
<ul style="list-style-type: none"> <li>Cannot be sent on because the affiliated society in the relevant uplink country does not license or process reporting for primary transmissions.**</li> </ul>	1,449	18	1,467	854
<b>From distribution areas managed by NMP/NCB</b>				
<ul style="list-style-type: none"> <li>Funds where NMP awaits information on the distribution basis, wholly or in part</li> <li>Amounts accumulated from tracks of very low value that have not been processed</li> <li>Reported tracks that cannot be matched to an ICE work or which await payment from music user.</li> </ul>	1,331		1,331	4,053
	2,052		2,052	1,908
<b>Total</b>	<b>17,477</b>	<b>18</b>	<b>17,495</b>	<b>10,582</b>
<b>Abroad</b>				
<b>Reason for delayed distribution</b>				
<ul style="list-style-type: none"> <li>Awaiting processing of reporting</li> <li>Awaiting work documentation</li> </ul>	1,579**		1,579	2,121
<b>Total</b>	<b>1,579</b>		<b>1,579</b>	<b>2,121</b>
<b>Grand total</b>	<b>19,057</b>	<b>18</b>	<b>19,075</b>	<b>12,703</b>

\* Koda does not pass on these revenues until the foreign affiliated society has received a suitable basis for distribution. If this fails to happen within three years (pursuant to the Act on Collective Rights Management) the funds are categorized as undistributable.

\*\* In addition to this revenue from 2018 and before, revenue received from abroad before 30 June 2019 is also delayed compared to the deadline stipulated in the Act on Collective Rights Management. This figure amounts to 252 thousand EUR.

## Reasons for Koda's provisions

The reasons for Koda's provisions are explained and quantified below. The majority of these consist of revenues that have been processed through Koda's distribution system, however, they cannot be paid to rightsholders due to lack of or unresolved work or rightsholder documentation. These amounts are posted to different accounts, depending on the type of documentation involved.

Table 3.9 **Provisions as of 31 December 2019** In thousand EUR

Reason for provision	Provisions, Koda	Provisions, NMP/NCB	Undistributable funds - included in the proposal for use presented at the April 2020 general assembly	Total	Total 2018
<b>Profits from property sale</b>					1,713
<b>Incomplete work information</b>					
▪ The work has not been clearly and correctly notified with Koda.	2,698	1,076	301	4,075	3,406
<b>Incomplete rightsholder information</b>					
▪ The rightsholder cannot be identified or located, or Koda does not have their account information.	2,576	947	396	3,918	3,002
<b>Classified as 'Undistributable funds' in 2019</b>			21	21	138
<b>Reserved due to dispute between rightsholders</b>					
▪ Reserved indefinitely until the dispute is resolved.	2,140	236		2,376	1,901
<b>Various corrections and blocked accounts</b>					
▪ E.g. regarding distributions to and from societies abroad	327			327	68
<b>Returned shares</b>					
▪ Funds distributed to affiliated societies, but returned to Koda due to differences in work documentation.	428			428	367
▪ Mechanical amounts processed by Koda on behalf of NCB					
<b>Amounts blocked prior to distribution</b>					
▪ This includes matches with repertoires that are not managed by Koda. Awaits return payment to online provider.		1,263		1,263	1,223
<b>Total</b>	<b>8,169</b>	<b>3,522</b>	<b>718</b>	<b>12,409</b>	<b>11,818</b>

## Revenues from foreign collective rights management societies distributed in 2019

The table below displays the revenues for 2019 and earlier years that Koda received from foreign collective rights management societies and distributed to Koda members in 2019 for use of their music outside of Denmark. Amounts are listed by society and classified by rights category.

Table 3.10 **Revenues from foreign collective rights management societies distributed in 2019** In thousand EUR

Country	Society	General public performance	Broadcast	Online	Unknown category	Total
Argentina	SADAIC	4	5	2	5	16
Australia	APRA	9	64	81	27	181
Austria	AKM	33	83	7	32	155
Barbados	COSCAP	0	0		0	0
Belarus	NCIP	0	1		0	1
Belgium	SABAM	19	83	4	32	139
Brazil	UBC	6	18	25	9	59
Bulgaria	MUSICAUTOR	0	3	0		4
Canada	SOCAN	9	34	11	56	109
Chile	SCD	0	17	1	5	24
China	MCSC	1	1		35	37
Colombia	SAYCO		1	1	1	2
Costa Rica	ACAM		0		0	0
Croatia	HDS-ZAMP		1		5	6
Czech Republic	OSA	4	19	4	4	31
Ecuador	SAYCE			0	0	0
Estonia	EAU	5	10		3	18
Finland	TEOSTO	39	721	65	172	997
France	SACEM	48	207	26	115	396
Georgia	GCA	0	0			1
Germany	GEMA	183	74	203	572	1,032
Greece	AEPI			0		0
Hong Kong	CASH	0	4	3	6	13
Hungary	ARTISJUS	4	9	0	13	26
India	IPRS		0		0	0
Indonesia	KCI			0		0
Indonesia	WAMI	0	0		1	1
Ireland	IMRO	5	23	5	5	38
Israel	ACUM	1	10	3	9	22
Italy	SIAE	15	21	3	30	69
Jamaica	JACAP	0	0		0	0
Japan	JASRAC	64	156	95	9	324
Kazakhstan	KAZAK	0	0		0	0
Korea, Republic Of	KOMCA	10	37	67	17	130
Latvia	AKKA-LAA	7	4	0	8	20
Lithuania	LATGA	9	64		1	73
Macedonia, The Former Yugoslav Republic Of	ZAMP Macedonia		1			1
Malaysia	MACP	0	0	2	6	8
Mexico	SACM	2	36	7	1	45

Table 3.10 **Continued**

In thousand EUR

Country	Society	General public performance	Broadcast	Online	Unknown category	Total
Netherlands	BUMA	103	261	87	92	544
Netherlands	STEMRA		0		0	0
Norway	TONO	265	569	133	36	1,003
Peru	APDAYC	0	1	1	1	2
Philippines	FILSCAP	1	6		2	9
Poland	ZAIS	15	23	6	46	90
Portugal	SPA	1	12	0	15	28
Romania	UCMR-ADA	2	16	1	12	31
Russian Federation	RAO	9	6		3	18
Saint Lucia	ECCO	0	0		0	0
Serbia	SOKOJ	0	5	0	0	5
Singapore	COMPASS	1	6	0	12	20
Slovakia	SOZA	0	6	0	0	7
Slovenia	SAZAS	1	4	0	2	7
South Africa	SAMRO	0	10	1	0	11
Spain	SGAE	37	47	24	28	136
Sweden	STIM	116	636	668	255	1,675
Switzerland	SUISA	26	234	25	57	342
Thailand	MCT	1	1	0	2	5
Trinidad And Tobago	COTT	1	1	0	0	1
Turkey	MESAM		4	0	3	8
Ukraine	NGO-UACRR		0		0	0
United Kingdom	PRS	24	425	352	228	1,029
United States	ASCAP	61	144	84	65	354
United States	BMI	2	128		192	322
United States	SESAC		5	3	0	8
Uruguay	AGADU		0		0	0
Viet Nam	VCPMC	1	1	0	1	2
<b>Total</b>		<b>1,146</b>	<b>4,259</b>	<b>1,996</b>	<b>2,233</b>	<b>9,635</b>



## Distributions to foreign collective rights management societies

The table below shows the amounts that Koda distributed to foreign collective rights management societies in 2019 for use of their members' music in Denmark. Amounts are listed by society and classified by rights category.

Table 3.11 **Distributions to other foreign collective rights management societies in 2019** In thousand EUR

Country	Society	General public performance	Broadcast	Online*	Out of category	Distributed on behalf of Koda	Total
Albania	ALBAUTOR		0	0			0
Algeria	ONDA	0	0	0	0		0
Argentina	SADAIC	5	6	12	0		23
Armenia	ARMAUTHOR NGO	0	0	0			0
Australia	AMCOS			15	0		15
Australia	APRA	173	821	153			1,147
Austria	AKM	41	207	35	1		284
Austria	AUME			8	0		8
Barbados	COSCAP	0	0	0			0
Belarus	NCIP			0			0
Belgium	SABAM	26	40	13	0	3	83
Benin	BUBEDRA	0	0	0			0
Bolivia	SOBODAYCOM	0	0	0			0
Bosnia And Herzegovina	AMUS	0	0	0			0
Bosnia And Herzegovina	SQN	0	0	0			0
Brazil	ABRAMUS	1	1	1			4
Brazil	ADDAF			0			0
Brazil	AMAR SOMBRÁS	2	1	0	0		2
Brazil	ASSIM	0	0	0			0
Brazil	SADEMBRA	1	0	0			1
Brazil	SBACEM	0	1	0			1
Brazil	SICAM	0	0	0	0		0
Brazil	SOCINPRO	0	0	0			1
Brazil	UBC	3	5	2	0		10
Bulgaria	MUSICAUTOR	0	1	0	0		1
Burkina Faso	BBDA	0	0	0			0
Canada	SOCAN	172	600	218	4	3	997
Canada	SODRAC			8	0		8
Chile	SCD	1	0	0	0		2
China	MCSC	0	1	0			1
Colombia	SAYCO	0	1	1			2
Costa Rica	ACAM	0	0	0			0
Cote D'Ivoire	BURIDA	0	0	0			0
Croatia	HDS-ZAMP	0	1	0	0		2
Cuba	ACDAM	0	0	0	0		0
Czech Republic	OSA	3	5	2	0		11
Democratic Republic Of The Congo	SONECA (SACEM)	0	0	0			0
Denmark	NCB			11	0		11
Dominican Republic	SGACEDOM	0	0	0			0

Table 3.11 **Continued**

In thousand EUR

Country	Society	General public performance	Broadcast	Online*	Out of category	Distributed on behalf of Koda	Total
Ecuador	SAYCE			0			0
Egypt	SACERAU			0	0		0
Estonia	EAU	1	1	2	0		5
Finland	TEOSTO	35	46	31	0		112
France	SACEM	226	1,120	406	7		1,760
Georgia	GCA	0	0	0			0
Germany	GEMA	268	721	289	5	1,467	2,750
Ghana	COSGA	0	0	0			0
Greece	AEPI	0	1	1	0		2
Greece	AUTODIA	0	0	0			0
Guatemala	AEI-GUATEMALA	0	0	0			0
Guatemala	AGAYC	0	0	0			0
Guinea	BGDA	0	0	0			0
Hong Kong	CASH	0	5	2			7
Hungary	ARTISJUS	1	1	2	0		4
Iceland	STEF	12	24	17	0		54
India	IPRS	0	1	0	0		1
Indonesia	KCI	0	0	0			0
Indonesia	WAMI	0	0	0			0
Ireland	IMRO	64	117	33	1		215
Israel	ACUM	3	9	8	0		20
Italy	SIAE	59	187	69	1	4	321
Jamaica	JACAP	0	0	0	0		0
Japan	JASRAC	6	23	25	0		54
Kazakhstan	KAZAK	0	0	0			0
Kenya	MCSK	0	0	0			0
Korea, Republic Of	KOMCA	2	4	3	0		9
Latvia	AKKA-LAA	0	1	0	0		2
Lithuania	LATGA	1	1	1	0		3
Macedonia, The Former Yugoslav Republic Of	ZAMP Macedonia	0	0	0			0
Madagascar	OMDA	0	0	0			0
Malaysia	MACP	0	0	0			0
Mali	BUMDA	0	1	0			1
Mauritius	MASA	0					0
Mexico	SACM	3	3	1			7
Moldova, Republic Of	ASDAC	0					0
Montenegro	PAM CG	0	0	0			0
Nepal	MRCSN		0	0			0
Netherlands	BUMA	77	143	67	1		287
Netherlands	STEMRA			19	0		19
Nigeria	COSON	0	0	0			1
Nigeria	MCSN	0	0	0			0
Norway	TONO	208	311	245	2		765
Panama	SPAC		0	0			0
Paraguay	APA	0	0	0			0
Peru	APDAYC	0	1	0	0		1

Table 3.11 **Continued**

In thousand EUR

Country	Society	General public performance	Broadcast	Online*	Out of category	Distributed on behalf of Koda	Total
Philippines	FILSCAP	0	0	0			0
Poland	ZAIS	3	5	4	0		12
Portugal	SPA	4	5	3	0		13
Puerto Rico	SPACEM (SACEM)			0			0
Romania	UCMR-ADA	1	0	1	0		3
Russian Federation	RAO	3	2	1	0		6
Saint Lucia	ECCO			0			0
Senegal	SODAV	0	1	0			1
Serbia	SOKOJ	0	0	1	0		1
Singapore	COMPASS	0	2	0	0		2
Slovakia	SOZA	1	0	0			1
Slovenia	SAZAS	0	0	0	0		1
South Africa	SAMRO	3	13	3			19
South Africa	SARRAL		0	0			0
Spain	SGAE	33	86	56	1		176
Sweden	STIM	4,953	11,740	6,456	78	1,188	24,416
Switzerland	SUISA	23	27	12	0		63
Taiwan, Chinese Taipei	MÜST	0	0	0			0
Thailand	MCT		0	0			0
Trinidad And Tobago	COTT	0	0	0			1
Turkey	MESAM	0	1	0	0	0	2
Turkey	MSG	0	0	4	0		5
Uganda	UPRS	0		0			0
Ukraine	NGO-UACRR	0	0	0	0		0
United Kingdom	MCPS		0	137	1		139
United Kingdom	PRS	2,139	7,641	1,934	53	4,905	16,671
United States	AMRA	67	91	26	0		183
United States	ASCAP	1,618	3,876	1,761	23	69	7,347
United States	BMI	1,554	3,998	1,990	24		7,567
United States	Harry Fox Agency			0			0
United States	SESAC	107	242	168	1		517
Uruguay	AGADU	0	0	0			0
Venezuela	SACVEN	0	0	0			0
Viet Nam	VCPMC	0	0	0			0
Zambia	ZAMCOPS	0	0	0			0
Zimbabwe	ZIMURA	0	0	0			0
<b>Total</b>		<b>11,907</b>	<b>32,145</b>	<b>14,262</b>	<b>204</b>	<b>7,641</b>	<b>66,159</b>

\* The Online entry includes amounts distributed by NMP/NCB on behalf of Koda

## 4. Koda's cultural contributions

In 2019, Koda's cultural contributions saw the introduction of a number of initiatives that directly affect Koda's members. Three new grant schemes managed by Koda – the Up-and-Coming Grant, the Recording/Release Grant and Koda's Project Grant – saw the light of day. At the same time, a new, joint application system was launched, meaning that all Koda members now have access to applying for Koda's cultural contributions from one central platform; they no longer have to apply to four different membeassociations. A total of 7,573 applications were received through the new joint portal. Of these, 3,599 received grants, while 3,974 applications were rejected.

As shown in Table 4.1, the total cultural contributions came to a total of EUR 9.6 million in 2019. The funds used for these cultural contributions were accrued in 2018 and preceding years. Another EUR 1.7 million have been allocated for the same period of accrual; these funds have not yet been activated. The total amount of EUR 11.3 million in cultural contributions accrued in 2018 is specified in note 8 in Koda's financial statements. The allocations for 2019 pertain to a number of different purposes; details are provided in Table 4.1

The text following the table accounts for the most important activities, undertaken by, respectively, Koda, Dansk Komponistforening (DKF – Danish Composers' Society), Musikforlæggerne i Danmark (MiD – Danish Music Publishers' Association), Danske Populærautorer (DPA – Danish Songwriters' Guild) and Danske Jazz-, Beat- og Folk Autorer (DJBFA – Composers and Songwriters). It has been agreed that no more than 15 per cent of the cultural contributions may be spent on administration, no more than 20 per cent on Culture/Business Policy Activities, and that the remaining 65–75 per cent must be used for support (grants/funds).

Table 4.1 **Distribution of Koda's cultural contributions**

In thousand EUR

Purpose	Total
Support for original Danish music	1,223
Production, publication and/or distribution of phonograms/videograms	1,790
Production of sheet music	80
Working grants, study grants and travel grants	2,644
Properties to be used by members	245
Concert activities	173
Honorary grants, awards and similar distributions	92
Courses and similar activities	105
PR and similar activities	1,285
Cultural policy activities	829
Legal assistance, copyright issues	65
Specific projects pursuant to section 1(1)	62
Administration of cultural contributions (maximum 15 per cent)	1,054
<b>Total</b>	<b>9,646</b>

In 2019, the work with the allocation of the cultural contributions were shared between Koda, DKF, DJBFA, DPA and Musikforlæggerne, and a shared funds as shown in Table 4.2.

**Distributions, as distributed by individual associations and Koda**  
 Table 4.2 In thousand EUR

	Usage in 2019	Percentage of total distribution
Musikforlæggerne	1,397	14%
DPA	2,029	21%
DKF	1,656	17%
DJBFA	2,534	26%
Shared funds	972	10%
<b>Total – distributed by associations</b>	<b>8,588</b>	<b>89%</b>
Koda	960	10%
Greenland	43	0%
Faroe Islands	55	1%
<b>Total – distributed by Koda</b>	<b>1,058</b>	<b>11%</b>
<b>Total</b>	<b>9,646</b>	<b>100%</b>

Below, a number of selected examples will provide an overall idea of the allocation and purpose of the cultural contributions in 2019.

### **Koda's allocation of cultural contributions**

In 2019, Koda allocated EUR 0.9 million of the cultural contributions to a wide range of activities that support the Danish music scene. Of these, EUR 0.7 million were allocated to PR activities. This includes support to a range of events, festivals and organisations such as MXD, Spil Dansk, Koda Skolekontakt, Radio Days and more. The support provided focuses on exposure in connection with the relevant events, while the underlying ambition is to stimulate the Danish music scene and help it grow. EUR 0.2 million has primarily been spent on administrating the grants through the new joint grant system. EUR 13,387 was allocated to legal assistance associated with the Copyright Directive.

Within the three new grant schemes administered by Koda – the Up-and-Coming Grant, the Recording/Release Grant and Koda's Project Grant – Koda allocated EUR 1 million out of the total allocation for the three grant schemes. The Up-and-Coming Grant awarded grants to 174 applicants (51 per cent) out of a total of 340 applications. The Recording/Release Grant awarded grants to 722 applicants (42 per cent) out of a total of 1,718 applicants. Koda's Project Grant awarded support to 19 applicants (12 per cent) out of a total of 148 applications.

### **Musikforlæggernes's allocation of cultural contributions**

Musikforlæggerne seek to optimise the conditions for creating new music of the highest quali-

ty, as well as to improve the possibilities for disseminating the works created – in Denmark and internationally. In 2019, Musikforlæggerne allocated a total of EUR 1.3 million.

Musikforlæggerne allocated EUR 1.1 million to a total of 585 projects (79 per cent) out of the 734 applications received. In addition to this, EUR 0.2 million was allocated to cultural policy activities, EUR 0.1 million to administration and EUR 26,775 to wages associated with projects. Musikforlæggerne have increased the scope of their political efforts, focusing on music as an important creative profession and especially on the great importance of music as a driver of growth in the Danish business community, as reflected in the Danish government's Vækstplan for Kreative Erhverv (Growth Plan for Creative Businesses). In 2019, Musikforlæggerne released the report Musikforlæggerne – bindeleddet mellem sangskrivere, komponister og marked ('The Music Publishers – Connecting Songwriters, Composers and the Market'), which described the music publishers' work with the composers' works, and not least their role within the music industry.

### **DJBFA's allocation of cultural contributions**

DJBFA strives to exercise influence on Danish and international cultural policymaking, thereby influencing and improving conditions for professional composers and songwriters. In 2019, DJBFA allocated EUR 2.5 million of Koda's cultural contributions. Approximately half of this amount – EUR 1.2 million – was allocated through DJBFA's Grant Reserve, which received a total of 1,214 applications. Of these, 127 applications were rejected on technical grounds, either because the application did not contain the necessary information or because the applicant had already been awarded another grant within the year. Out of the 1,087 applications accepted for consideration, 480 were awarded a grant (corresponding to 44 per cent).

During the same period, DJBFA operated four retreats and thirteen working residencies, totalling EUR 0.3 million. 70 applicants were granted stays at the four retreats (40 per cent), while 105 were rejected (60 per cent). Applications are accepted for every week of the year at the New York retreat, while only selected weeks are available at the remaining three (LI. Skiveren, Lofoten in Northern Norway and Klitgaarden). A total of 332 applied for a working residency; 135 of these applicants were successful (40 per cent) while 197 were rejected (60 per cent). The main focus of DJBFA's retreats and working residencies is to enable songwriters and composers to create new compositions and lyrics, meet new collaborators and hone their professional skills.

Cultural policymaking activities accounted for a total of EUR 0.3 million in 2019. Funds went towards participating in a wide range of events, including the Kulturmødet on Mors, the SPOT Festival, P3 Gold, the Roskilde Festival Folk High Schools OUND, Spil Dansk, a Music and Health Conference as well as Nordic and international collaborations.

DJBFA's administration costs came to EUR 0.3 million.

### **DKF's allocation of cultural contributions**

Dansk Komponistforening (DKF – Danish Composers' Society) works towards developing and strengthening the art of music. In 2019, DKF allocated a total of EUR 1.7 million out of Koda's cultural contributions.

Of these, EUR 1.2 million were spent on the creation, production and presentation of new Danish music, mainly via the association's own reserves, the Composers' Funds (Komponistmidlerne) and the Production Reserve (Produktionspuljen). In 2019, DKF received a total of 1,007 applications. Of these, 225 applicants received funding from the Composers' Funds, accounting for 35 per cent of out the total of 654 applications received. A total of 353 applications were submitted to the Production Reserve; 186 (52 per cent) were successful. Just over EUR 0.2 million went towards commissions of new Danish music, comprising 77 commission fees for Danish composers. A total of EUR 66,937 went towards strategic work targeted at audiences at Danish festivals and music societies, accommodating 12 applicants.

In 2019, DKF's political work focused on three special areas: diversity on the classical music scene; proper professional payment of composers; and composition and music education. The various activities included discussions and consultancy on diversity issues for music organisations across the music industry, preparing a European charter for diversity and equality in music, mapping new music scenes in Denmark, music education and sound art in public spaces as well as a development project on composition in music schools.

In 2019, DKF spent just over EUR 0.2 million of the cultural contributions on administration.

### **DPA's allocation of cultural contributions**

DPA promotes the creation of new Danish lyrics and music by striving to have music recognised as a creative profession that requires a professional framework and investments in education, export and the retention of rights.

DPA allocated EUR 2 million of Koda's cultural contributions in 2019. Of these, EUR 1.3 million (64.5 per cent) went directly to supporting music creators and projects on the Danish music scene. DPA allocated a total of EUR 1.2 million via the grant schemes/reserves managed by DPA. Of this, EUR 1.2 million was spent on direct support to the music creators and the Danish music scene. Having received a total of 1,770 applications, the grants committees awarded 146 urgent export aid grants (accounting for 83 per cent of the applications received) and 75 track and topliner grants (40 per cent of the applications received), 400 PR and promotion grants (54 per cent), 191 travel grants (74 per cent) and 73 educational grants (77 per cent).

In 2019, DPA provided funding for 44 projects through a grant scheme ('faglig pulje') that accepts applications from all organisations and individuals wishing to create major market-oriented initiatives and collaborative projects. DPA owns two properties, one in L.A and one in London, which are made available to Koda's members wishing to work there. In 2019, 59 working residencies were granted in these properties, and EUR 0.1 million was allocated to this scheme. A total of EUR 8,032 was allocated to honours and awards, including Årets Kommercielle Musikskaber (Commercial Music Creator of the Year) and Årets Vækstlagspris (Grassroots Award of the Year).

DPA allocated a total of EUR 0.2 million to political work focusing on raising awareness of Danish music as a creative profession, and spent EUR 0.3 million, corresponding to 12.3 per cent, on administration in 2019.

## 5. Information on refusal to license

In accordance with firmly established practice, Koda only refuses to issue a licence in three specific cases:

1. In situations where Koda deems that the performance of music cannot be regarded as public, meaning that there is no reason to license such performance.
2. In situations where the publicly performed music is not protected under copyright.
3. In situations where Koda does not have the rightsholder's permission to manage the rights pertaining to the music performed.

However, Koda may, in specific cases where a music user repeatedly fails to meet the terms of their agreement, including payment, refuse to issue a licence as long as the terms of the agreement are not honoured.

In 2019 Koda has only refused to issue licences in cases that belong to one of the three categories listed above.



## 6. Legal structure of Koda

### **Koda's legal structure and management structure**

Koda is a non-profit members' society. As specified in Koda's articles of association, the main objective of Koda is to manage the rights pertaining to musical works on behalf of composers, songwriters and music publishers. Koda has a board of directors who monitor Koda's overall operation. The board of directors appoint a CEO to whom all other employees within Koda's administrative organisation refer.

### **Entities owned, directly or indirectly, wholly or partly by Koda at the end of the year**

- Nordisk Copyright Bureau
- Network of Music Partners A/S ("NMP")
- Polaris Nordic A/S
- Polaris Hub AB

### **At the end of the year, Koda was represented on the boards of the following entities**

- Copydan Arkiv
- Copydan AVU Medier
- Copydan KulturPlus
- Copydan Fællesforeningen
- Copydan Verdens TV (observer)
- Rettighedsalliancen
- Spil Dansk



---

## *Koda*

# Financial Statements for 2019

---

CVR No 64 08 69 28

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

When translating from DKK into EUR, the exchange rate at the balance sheet date for both current and prior years, ie 746.97, has been used for both income statement and balance sheet items.

---

*PricewaterhouseCoopers Statsautoriseret Revisionsskifterselskab, CVR No 33 77 12 31*  
*Statens Regnskabscenter, København*  
*T: +45 3945 3945, F: +45 3945 3981, pwc.dk*

## Contents

	<u>Page</u>
Management's Statement	1
Independent Auditor's Report	2
Accounting Policies	4
Income Statement 1 January – 31 December	9
Balance Sheet at 31 December	10
Cash Flow Statement	11
Notes to the Financial Statements	12



## Management's Statement

The Executive Board and the Board of Directors have today considered and adopted the Financial Statements of Koda for the financial year 1 January to 31 December 2019.

The Financial Statements are prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class A, the By-laws of Koda as well as section 23(5) of the Danish Act on Collective Management of Copyright. We consider the accounting policies applied appropriate and the estimates made reasonable. Moreover, we consider the overall financial statements presentation true and fair.

In our opinion, the Financial Statements give a true and fair view of the financial position at 31 December 2019 of the Society and of the results of the Society operations for 2019.

We recommend that the Financial Statements be adopted at the Ordinary General Meeting of the Society.

Copenhagen, 27 March 2020

### Executive Board

Gorm Arildsen

### Board of Directors

Niels Rønsholdt  
(Chairman)

Ole Dreyer Wogensen  
(Deputy Chairman)

Anna Lidell  
(Deputy Chairman)

Bent Sørensen

Frans Bak

Niels Mosumgaard

Loui Törnqvist

Søren Winding

Niels Marthinsen

Jens Visby  
(Employee Representative)

The Financial Statements were presented at the Annual General Meeting of the Society, / 2019

### Chairman



## ***Independent Auditor's Report***

To the Board of Directors of Koda

### **Opinion**

In our opinion, the Financial Statements give a true and fair view of the financial position of the Society at 31 December 2019, and of the results of the Society's operations for the financial year 1 January - 31 December 2019 in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class A, the By-laws of Koda as well as section 23(5) of the Danish Act on Collective Management of Copyright.

We have audited the Financial Statements of Koda for the financial year 1 January - 31 December 2019, which comprise summary of significant accounting policies, income statement, balance sheet, cash flow statement and notes ("Financial Statements").

### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Society in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other 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 opinion.

### **Management's Responsibilities for the Financial Statements**

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class A and the By-laws of Koda and which fulfil the requirements of section 23(5) of the Danish Act on Collective Management of Copyright, and for such internal control as Management 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, Management is responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Society 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.



## ***Independent Auditor's Report***

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark 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 conducted in accordance with ISAs and the additional requirements applicable in Denmark, 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.
- 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 the Society's internal control.
- 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 in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society'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 Society to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

## ***Independent Auditor's Report***

We communicate with those charged with governance 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.

Copenhagen, 27 March 2020

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

Ulrik Ræbild  
State Authorised Public Accountant  
mne33262

Anders Røjleskov  
State Authorised Public Accountant  
mne28699

## Accounting Policies

The Financial Statements of Koda for 2019 are prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class A, the By-laws of Koda as well as section 23(5) of the Danish Act on Collective Management of Copyright.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2019 are presented in EUR thousands.

### Recognition and measurement

Music revenue is recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Society, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Society, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

### Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement; however, see the section on hedge accounting.



## **Accounting Policies**

### **Income Statement**

#### **Music revenue**

Koda's music revenue is recognised in the income statement under the completed-contract method when music has been used before the balance sheet date, and Koda has acquired the right to the revenue on behalf of its members, and the revenue can be reliably measured.

#### **Administrative expenses**

Administrative expenses comprise expenses for staff, premises, office supplies, etc with deduction of reimbursements received. Staff expenses comprise salaries and payroll related expenses.

#### **Depreciation and impairment losses**

Depreciation and impairment losses comprise depreciation and impairment of projects and operating equipment.

#### **Income from investments in group enterprise**

The item "Income from investment in subsidiary" includes the profit/loss for the year.

#### **Financial income and expenses**

Financial income and expenses comprise return on portfolios etc and are recognised in the income statement at the amounts relating to the financial year.

#### **Tax**

Tax on profit for the year is recognised in the Financial Statements of the Society under the provisions applying to trade associations.

## **Accounting Policies**

### **Balance Sheet**

#### **Receivables**

Receivables are recognised at market value, usually corresponding to the invoiced amount. Other receivables are recognised in the balance sheet at amortised cost, which substantially corresponds to nominal value. The value is reduced by provisions for bad debts according to principles determined on the basis of the Society's experience from past years and of an individual assessment of each receivable.

#### **Securities**

Securities are measured at market value at the balance sheet date. Unrealised price gains/losses at the balance sheet date and realised price gains/losses from sale are included in the item "Net financial income" in the income statement.

#### **Works database and K-lean (development project)**

Development projects are recognised at Koda's share of internal and external project costs.

Development projects comprise external consultant assistance, salaries and other expenses directly and indirectly related to the development activities of the Society.

Development projects that are clearly defined and identifiable and in respect of which the utilisation in the Society can be demonstrated, and where it is the intention to use the project, are recognised as assets. This applies if sufficient certainty exists that the value in use of future earnings can cover operating expenses as well as the development costs.

Development projects that do not meet the criteria for recognition in the balance sheet are recognised as expenses in the income statement as incurred.

Capitalised development costs are measured at cost less accumulated amortisation and impairment losses or at a lower recoverable amount.

Development projects are amortised systematically over their useful lives which are assessed at five years.

#### **Operating equipment and leasehold improvements**

Operating equipment and leasehold improvements are recognised at cost less accumulated depreciation and any impairment losses. Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use. Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives which are 3-5 years for operating equipment and 10 years for leasehold improvements.

## **Accounting Policies**

### **Investment in associates**

Investment in associates is recognised at cost. An associate with a negative net asset value is recognised at EUR 0. Any legal or constructive obligation of the Society to cover the negative balance of the enterprise is recognised as a liability.

### **Prepayments**

Prepayments comprise prepaid expenses concerning rent, insurance premiums and subscriptions, etc.

### **Financial debts**

Loans are measured at amortised cost which substantially corresponds to nominal value.

### **Cash flow statement**

The cash flow statement shows the Society's cash flows for the year broken down by payments received, operating and investing activities, payments made and changes for the year in cash and cash equivalents and securities at the beginning and end of the year.

## Income Statement 1 January - 31 December

	Note	2019 EUR '000	2018 EUR '000
Performing rights		120.167	117.501
Mechanical rights		6.902	8.534
Music revenue, abroad		9.090	9.896
<b>Total music revenue</b>	<b>1</b>	<b>136.159</b>	<b>135.931</b>
Distribution to rights holders for the year	2	-121.374	-121.281
<b>Profit before expenses etc</b>		<b>14.785</b>	<b>14.650</b>
Administrative expenses	3	-14.272	-13.522
<b>Profit before depreciation, amortisation and other items</b>		<b>513</b>	<b>1.128</b>
Depreciation, amortisation and impairment losses		-919	-1.057
<b>Profit before interest</b>		<b>-406</b>	<b>71</b>
Net financial income and expenses	4	406	-71
<b>Profit before tax</b>		<b>0</b>	<b>0</b>
Corporation tax		0	0
<b>Net profit for the year</b>		<b>0</b>	<b>0</b>

## Balance Sheet at 31 December

### Assets

	Note	2019 EUR 'ooo	2018 EUR 'ooo
Investment in associates		24	22
Deposits		508	498
<b>Fixed asset investments</b>		<b>532</b>	<b>520</b>
Works database and K-lean	5	298	736
Fixtures and fittings, operating equipment and leasehold improvements	6	1.902	1.731
<b>Property, plant, equipment and intangible assets</b>		<b>2.200</b>	<b>2.467</b>
Receivables		1.262	2.190
Prepayments		121	213
Other receivables		12.837	12.200
Cash at bank and in hand		54.141	28.346
Securities	7	44.561	77.337
<b>Current assets</b>		<b>112.922</b>	<b>120.286</b>
<b>Assets</b>		<b>115.654</b>	<b>123.273</b>
<b>Capital and liabilities</b>			
Funds for cultural contributions	8	12.071	11.268
Collective blank media funds	9	532	764
Other payables and debt	10	3.132	5.941
Reserves special purpose (technology)		1.631	0
Provision for distribution	11	98.288	105.300
<b>Gæld i alt</b>		<b>115.654</b>	<b>123.273</b>
<b>Capital and liabilities</b>		<b>115.654</b>	<b>123.273</b>
Contingent liabilities	12		
Subsequent events	13		

## Cash Flow Statement

	2019	2018
	EUR '000	EUR '000
<b>Music revenue received, Denmark</b>		
Music revenue for the year (performing rights and mechanical rights)	127.069	126.035
Change in trade receivables	929	-1.305
Change in other receivables	-637	1.377
	<b>127.361</b>	<b>126.107</b>
<b>Music revenue received, abroad</b>		
Music revenue for the year, abroad	9.090	9.896
	<b>9.090</b>	<b>9.896</b>
<b>Operating expenses</b>		
Administrative expenses for the year	-14.272	-13.522
Change in payables	-1.179	2.416
Change in associates	-2	0
Change in prepayments	92	2
	<b>-15.361</b>	<b>-11.104</b>
<b>Financial expenses</b>		
Interest expenses for the year	407	-70
Change in deposits	-10	-10
	<b>397</b>	<b>-80</b>
<b>Investments</b>		
Development projects and operating equipment	-652	-729
	<b>-652</b>	<b>-729</b>
<b>Funds for cultural contributions and collective blank media funds</b>		
Funds for cultural contributions and collective blank media funds for the year	-10.424	-10.542
Change in funds for cultural contributions and collective blank media funds	569	508
	<b>-9.855</b>	<b>-10.034</b>
<b>Individual contributions</b>		
Individual contributions for the year	-110.953	-110.740
Change in individual contributions	-7.008	2.697
	<b>-117.961</b>	<b>-108.043</b>
<b>Change in cash and cash equivalents for the year</b>	<b>-6.981</b>	<b>6.013</b>
Securities and cash and cash equivalents, beginning of year	105.683	99.670
<b>Securities and cash and cash equivalents, end of year</b>	<b>98.702</b>	<b>105.683</b>

## Notes to the Financial Statements

	2019	2018
	EUR '000	EUR '000
<b>1 Music revenue</b>		
Primary transmission on radio and TV and retransmission	63.080	58.740
KulturPlus	426	565
Internet and On Demand	33.601	38.372
Cinemas and films	2.085	1.436
Hotels and restaurants	7.268	7.220
Background music	6.972	6.809
Concerts, events, etc	13.535	13.024
Adjustment of provision for bad debts	102	-131
Abroad	9.090	9.896
	<b>136.159</b>	<b>135.931</b>
<b>2 Distribution to rights holders for the year</b>		
Distribution to rights holders for the year is allocated as follows:		
Funds for cultural contributions	10.280	10.350
Collective blank media funds	141	191
Provision for distribution for the year	110.953	110.740
<b>Distribution to rights holders</b>	<b>121.374</b>	<b>121.281</b>
<b>Calculation of funds for cultural contributions</b>		
Profit according to the income statement	121.374	121.281
Net public performance rights, abroad	-9.048	-9.877
Net KulturPlus	-418	-556
Net mechanical rights	-6.264	-7.683
Online, already provided	-11.710	-5.611
	<b>93.934</b>	<b>97.554</b>
Funds for cultural contributions, 10% provided	9.393	9.755
Online public performance, provided	887	595
<b>Calculated funds for cultural contributions for the year</b>	<b>10.280</b>	<b>10.350</b>

## Notes to the Financial Statements

	2019	2018
	EUR '000	EUR '000
<b>3 Administrative expenses</b>		
Staff expenses	-10.948	-10.266
Refunded administrative expenses	1.226	1.242
Fees and comission	-2.035	-2.325
Marketing and PR	-763	-729
Travelling, meetings and entertainment	-327	-357
Rental income	139	150
Rental expenses	-1.278	-1.225
Property expenses	-359	-294
Office supplies	-492	-482
IT expenses	-1.596	-1.381
Membership fees etc	203	203
Refund of administrative expenses	1.957	1.942
	<b>-14.273</b>	<b>-13.522</b>
Remuneration to the Executive Board and the Board of Directors	948	564
<p>Remuneration to the Excecutive Board and Board of Directores for 2019 also incluces salaries, ect. to resigned CEO.</p>		
<b>4 Net financial income</b>		
Return on portfolio	463	-189
Bank and giro accounts	-222	-72
Receivables etc	165	190
	<b>406</b>	<b>-71</b>



## Notes to the Financial Statements

	2019	2018
	EUR '000	EUR '000
<b>5 Works database and K-lean</b>		
Cost at 1 January	2.956	2.956
Additions	0	0
Cost at 31 December	2.956	2.956
Amortisation and impairment losses at 1 January	-2.220	-1.632
Amortisation for the year	-438	-588
Amortisation and impairment losses at 31 December	-2.658	-2.220
<b>Carrying amount at 31 December</b>	<b>298</b>	<b>736</b>

## 6 Fixtures and fittings, operating equipment and leasehold improvements

	Fixtures and fittings EUR '000	IT equipment EUR '000	IT software EUR '000	Leasehold improvements EUR '000	Total EUR '000
Cost at 1 January	532	1.721	1.275	1.306	4.834
Additions for the year	0	21	580	51	652
Disposals for the year	0	0	0	0	0
Cost at 31 December	532	1.742	1.855	1.357	5.486
Depreciation, amortisation and impairment at 1 January	-516	-1.632	-322	-633	-3.103
Impairment losses for the year	0	0	0	0	0
Depreciation and amortisation for the year	-16	-62	-268	-135	-481
Depreciation, amortisation and impairment at 31 December	-532	-1.694	-590	-768	-3.584
<b>Carrying amount at 31 December</b>	<b>0</b>	<b>48</b>	<b>1.265</b>	<b>589</b>	<b>1.902</b>

## 7 Securities

The portfolio comprises bonds, corporate bonds and investment fund certificates in distributing investment funds where the underlying portfolios comprise bonds.

## Notes to the Financial Statements

	2019	2018
	EUR '000	EUR '000
<b>8 Funds for cultural contributions</b>		
Funds for cultural contributions for the year	10.281	10.350
Funds for cultural contributions, transferred from previous years	1.790	918
	<b>12.071</b>	<b>11.268</b>
<b>9 Collective blank media funds</b>		
Collective blank media funds for the year	141	191
Collective blank media funds, transferred from previous years	391	573
	<b>532</b>	<b>764</b>
<b>10 Payables and other debt</b>		
Koda-Dramatik	0	102
Polaris Nordic A/S	80	134
Accrued expenses	1.639	1.398
Accrued holiday pay	1.370	1.359
Collective blank media funds	14	13
Prepayments	29	2.935
	<b>3.132</b>	<b>5.941</b>
<b>11 Provision for distribution</b>		
For distribution, beginning of year	105.296	102.603
Provision for distribution for the year	110.953	110.740
Distribution for the year	-117.961	-108.043
	<b>98.288</b>	<b>105.300</b>
Music revenue to the Executive Board and the Board of Directors of Koda	221	255

## Notes to the Financial Statements

### 12 Contingent liabilities

#### *Rental obligation:*

The Society has entered into a rental obligation which is non-cancellable until 1 March 2024. The obligation amounts to EUR 4,461k at 31 December 2019 and part of the lease has been sub-leased on non-cancellable leases totalling EUR 529k.

#### *Lease obligation:*

At 31 December 2019, the obligation amounts to EUR 31k.

#### *DXC:*

Koda has entered into a contractual obligation with DXC which is non-cancellable until 1 July 2020. The obligation amounts to EUR 356k at 31 December 2019.

#### *Polaris Nordic A/S*

Together with Tono, Norway, and Teosto, Finland, Koda participates in the jointly owned company Polaris Nordic A/S that has entered into a five-year operating agreement with ICE. At 31 December 2019, the future estimated expense for Koda in the contract period amounts to EUR 226k.

### 13 Subsequent events

Koda's expectations to the future are negative affected by the Covid-19 outbreak, and the actions taken by governments around the world to mitigate the effects of the outbreak. However, the outbreak has affected the Danish market as well as many other countries and due to this, Management expect a negative impact on the music revenue in 2020. The extent of the outbreak are unknown and therefore it is uncertain how much Koda are able to collect of music revenue later on in 2020.



**Koda**

Lautrupsgade 9

2100 København Ø

Denmark

Phone: +45 33 30 63 00

[info@koda.dk](mailto:info@koda.dk)

[www.koda.dk](http://www.koda.dk)