

# Transparency Report **2020**



# Introduction

Koda's 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 2020.

The report contains an activity report reviewing key events of the year. This is followed by two sections detailing how Koda's revenues, 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 2020.

## Koda, April 2021

*Photo, cover and back: Anya Berkut*

### 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 2020</b>	<b>10</b>
<b>Methods and principles behind 'Revenues and deductions 2020'</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 2020</b>	<b>15</b>
<b>3. Distributions from Koda</b>	<b>17</b>
<b>Distribution frequency and speed</b>	<b>17</b>
<b>Distributed, paid and for distribution in 2020</b>	<b>18</b>
<b>Methods and principles behind 'Distributed, paid and for distribution in 2020'</b>	<b>19</b>
<b>Reasons for delayed distributions</b>	<b>20</b>
<b>Reasons for Koda's provisions</b>	<b>22</b>
<b>Revenues from foreign collective rights management societies distributed in 2020</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>30</b>
<b>6. Koda's legal structure</b>	<b>31</b>
<b>7. Financial statements for 2020</b>	<b>32</b>

# 1. Activity report

The COVID-19 pandemic was the overarching headline for most of 2020, and Koda was affected along with everyone else. In particular, the shutdown of the market for background music (cafés, restaurants, hotels and retail) and the cancellation of concerts prompted significant losses of revenue. As it turned out, the total turnover for the year ended up better than feared, but this is primarily because part of the COVID-related revenue losses were offset by the receipt of a few major payments related to the past years.

But even though the year ended up fairly satisfactory in purely financial terms, this does not change the fact that 2020 was an unusually hard year for our members and customers alike, a year pervaded by tremendous anxiety and uncertainty about the future. In response, Koda launched a number of initiatives to help keep afloat those who were hit the hardest. For our members, we set up a temporary scheme offering advance payment, and great efforts were made to provide assistance with documentation that would enable individual members to seek compensation from the national emergency support schemes. As regards our customers, all invoicing was brought to a halt during the shutdown period, and discounts were granted to the most sorely affected radio stations.

At the time of publication of the activity report for 2020, great uncertainty about the future still prevails. Denmark remains partially shut down, and we do not yet know to what extent and at what rates the live concert area, which right now poses the biggest challenge for Koda's members, can return to its original levels of activity. In addition, we do not yet know the extent of the losses in revenues from abroad, which will not be reflected in Koda's accounts until 2021.

## Key figures for 2020

- Koda's turnover: EUR 130 million (EUR 136 million in 2019)
- Amount to be distributed after deductions for administration: EUR 115 million (EUR 121 million in 2019)
- Total deduction for administration: EUR 15 million (EUR 15 million in 2019)
- Administrationsprocent: 11.4 per cent (11.1 per cent in 2019)

With a turnover of EUR 130 million, Koda ends up below the DKK one billion mark (EUR 134.4 million) after three years in a row with turnovers in excess of a billion (DKK), but the result is still well above the approximately EUR 116 million seen in both 2015 and 2016. The total result for the year yielded EUR 115 million for distribution among rightsholders, partly in the form of individual distributions, and partly in the form of cultural contributions.

Koda's revenues come from music played in Denmark and from Koda members' music played abroad. Looking specifically at Koda's revenues from music use in Denmark, they dropped by seven percent in 2020 compared to 2019, corresponding to a EUR 9.5 million decline. This means that the total revenues generated by music use in Denmark lands at EUR 118 million, which, after deduction of administration costs, are distributed among members of Koda and

rightsholders who are members of collective rights management societies abroad. On the other hand, Koda's total revenue from abroad increased by EUR 2.7 million compared to the previous year, landing at EUR 11.8 million. That corresponds to a 29 per cent increase.

The administration rate ended around the same level as in 2019. The fact Koda has maintained an almost unchanged administration rate despite the decline in revenues is due to the combination of extraordinary income and a number of cost-cutting measures introduced as a result of the COVID-19 pandemic. Budgeted salary adjustments and new hires were cancelled, internal and external events were not held, and all travel activity was suspended.

As was mentioned at the outset, the loss of revenues due to the COVID-19 pandemic was much higher than is evident from the overall drop in turnover. This is because part of the pandemic-related loss was offset by higher income from abroad and an arrears payment from DR – the Danish broadcasting corporation.

## Other public performances: decline in revenues in all areas

The largest decline in revenues was seen in the overall area 'Other public performances', where larger concerts, cinema and the use of background music all took a sharp dive. Overall, earnings in this area dropped by EUR 9.8 million compared to the previous year, which corresponds to a decrease of 33 per cent.

After several years of growth in the concert area with steadily increasing numbers of events, more festival tickets sold and rising ticket prices, the 2020 pandemic put an abrupt stop to this process of growth. Whereas Koda's revenues from the concert area grew by 23 per cent from 2016 to 2019, they dropped by no less than 53 per cent from 2019 to 2020.

Within the area of cinema, revenues fell by 32 per cent from EUR 2 million in 2019 to EUR 1.4 million in 2020. Revenues for the use of background music were also affected by the closure of shops, cafés, restaurants, hotels and so on. These revenues fell by EUR 0.6 million, corresponding to a 12 per cent decline, landing at EUR 13.1 million.

With 102 bankruptcies, the total number of bankruptcies among Koda's customers in 2020 was only marginally higher in 2019, when 91 businesses had to pull the plug. There is some risk that this figure will increase in 2021.

## Performances on Radio and TV: Arrears payment and new media agreements

Within the media area, Koda has made it through the COVID-19 crisis relatively unscathed. First of all, the revenue from music and video streaming increased. Secondly, in 2020 the the Danish Copyright License Tribunal (Ophavsretslicensnævnet) ruled in favour of Koda in a case against DR (the Danish broadcasting corporation), firmly establishing that DR must pay Koda according to an income-based model, not a so-called lump sum agreement as has previously been the case. The Tribunal also decided that the TV broadcaster's online activities must be included in the payments made by DR. As a result of the Tribunal's ruling, DR has made a substantial arrears payment covering the years 2015 to 2018.

The field of radio faced significant challenges in 2020. Local and regional radios in particular were hit by failing sales of local commercials as a result of the general shutdown of the community. Prior to the pandemic, this field of advertising had seen positive developments. The fact that the radio area's revenues still end up with a 21 per cent increase in 2020 is due to the arrears payment from DR.

### **Online: Growth within streaming of TV, films and series**

In a year when the country was hit hard by strict restrictions on social distancing, affecting how we interact in public spaces, Koda experienced a growth in revenue from music and video streaming services alike.

Over the course of 2020, more Danes subscribed to the video streaming services, causing Koda's revenues in this area to increase by 15 per cent, ending at EUR 10.5 million. At the same time, Koda's revenues from streaming of music increased by 10 per cent, landing at EUR 12.1 million.

Under the auspices of the joint Nordic licensing company, Polaris, agreements were entered into with Spotify, Apple and YouTube. Previously, the international use of Danish music on these services was licensed via Koda's affiliates abroad, but with the joint Nordic agreements, licensing is done directly via the Polaris Hub.

The YouTube agreement was entered into after a turbulent process where YouTube withheld access to Koda's repertoire on the Danish part of the service when Koda rejected Google's demand for a 70 per cent reduction in a temporary extension of an existing agreement. Google's take-down ended up extending over two months and was only lifted when a new Nordic agreement was in place.

### **Record-breaking revenues from abroad**

The total revenues from abroad reached EUR 11.8 million in 2020, the highest income level ever. The total revenues generated abroad comprise EUR 10.8 million for Danish performances abroad, supplemented by revenues from 'Streaming directly licensed abroad', 'TV DK channels abroad' and 'TV DK channels uplinked from the UK'.

The top five collective rights management societies accounted for 67 per cent of Koda's revenues from abroad in 2020, and the Top 20 of foreign societies that distribute funds to Koda account for no less than 94 per cent of all foreign payments to Koda.

The significant growth in revenues in 2020 was primarily driven by rising revenues from three societies: GEMA (Germany), SIAE (Italy) and STIM (Sweden), but it should be noted that a substantial part of these revenues pertain to past periods and were received in 2020 after a delay.

- The increase in revenues from Germany is primarily due to the receipt of EUR 0.8 million in withheld taxes for the period 2015 to 2019, which Koda received in the spring of 2020 after a long battle with the German tax authorities. In addition, the distributions from GEMA grew by more than EUR 0.5 million as a result of a doubling of revenues in the online area.

- From Italy, the increase in revenue is due to the receipt of distributions for both 2020 and 2019. Distributions from SIAE were put on hold in 2019 while SIAE investigated special matters concerning tax in Italy.
- From STIM in Sweden, the distributions received increased by EUR 0.2 million in 2019 to EUR 1.9 million in 2020. The increase is primarily due to the settlement of hitherto undistributed amounts from previous years.

The loss of revenues due to the COVID-19 will not impact Koda's revenues from abroad until 2021, and based on Koda's current knowledge of the concert reporting of foreign concerts in 2020, a significant decrease in revenue is expected then. Usually, Koda's members register a total of approximately 3,300 international concerts per year. In 2020, a total of 674 concerts were registered.

The concert area accounts for just over ten percent of the revenues from abroad for forward distribution by Koda.

### **Faster distribution requires faster registration**

Since 2019, distributions have been carried out monthly within the main areas of Radio, TV, Concerts, some Background areas and Abroad. For these areas, the period elapsing between the time a work is played and the time that Koda distributes revenues has, on average, been halved compared to before. But on one particular point, neither monthly distributions nor effective internal reporting is enough to secure our members the income they are entitled to. Because on some streaming services, only fully documented works can be invoiced. This means that if a member has not registered a given work prior to a digital release or a concert, Koda cannot claim payment, which in turn entails a risk of the rightsholders missing out on this income entirely. Accordingly, in 2020 Koda launched a campaign to raise awareness of the need for early and adequate work registration.

### **Highest-earning members behind the increase in revenues**

Looking at Koda's total revenues, we still see that for composers, songwriters and music publishers alike, the vast majority of the earnings made are generated by a few, high-earning members and publishers.

In total, Koda distributed EUR 97.7 million in 2020 – of which EUR 46.3 million to Koda members. Out of this amount, three-quarters went to Koda members who make in excess of DKK 100,000 (EUR 13,442) in Koda distributions a year. They comprise 511 individual rightsholders – of which 66 are publishers. A total of 126 of Koda's members, including publishers, receive distributions of more than DKK 400,000 (EUR 53,738) a year.

Approximately 23,500 of Koda's members, corresponding to 90 percent of the 26,000 rightsholders to whom Koda has made distributions, received less than DKK 10,000 (EUR 1,344) in 2020.



### **Focus on gender imbalances in Danish music**

In 2020, Koda published its first gender statistics survey. The report documents an imbalance between men and women, both measured by gender ratios in general and in terms of earnings. Among other things, the gender statistics survey reveals that female rightsholders account for only 19 percent of Koda's total membership, and that their share of distributions received from Koda is even smaller. In 2019, the use of music by Koda's female members only qualified them for ten per cent of the total distributions made. Gender imbalance continues to be a high-priority focus area in Koda's cultural strategy.

### **New members and an increase in the number of registered works**

Koda welcomed a total of 1,629 new members in 2020, including 1,592 authors and 37 music publishers. All in all, Koda had 47,255 members at the end of 2020. By 2020, the number of works in the ICE works database has increased by 3.5 million to 28,737,923 million worldwide. The number of new works featuring Koda members increased by 79,985, meaning that at this point, a total of 1,488,275 works featuring at least one Koda member as rightsholder has now been registered.

### **CISAC Compliance Review**

Following the adjustment to Koda's practices regarding first performances awards and subsidised concerts adopted at the 2020 General Meeting, CISAC was finally able to complete their very comprehensive evaluation of Koda. The report approves Koda as being fully compliant with CISAC's international rules for good, efficient and transparent governance, ensuring equal treatment of all rightsholders regardless of which rights management society they are associated with.

### **Digital business development**

The ambition of radically modernising Koda's core systems remains the starting point for digital business development in Koda, but unfortunately the uncertainties regarding the economic and financial consequences of the COVID-19 pandemic compelled us to put the development of a new platform created in collaboration with Teosto (Finland) on the back burner while the framework is reconsidered. Work will continue in 2021.

In 2020, Koda entered into a partnership with the Danish tech start-up Trackbit. The collaboration aims to find solutions that will improve Koda's service, incorporating technologies such as artificial intelligence and fingerprinting for sound recognition. Initially, the partnership will focus on ensuring more accurate distributions in the field of commercials, which today is characterised by incomplete data and quite a bit of manual work for Koda members and employees alike. At the same time, members who provide music for commercials will have access to a new digital tool which will, among other things, give them insight into how and where their works are used.

### **Implementation of the EU Copyright Directive**

Following the adoption of the EU Copyright Directive in 2019, in 2020 the EU Commission began drafting the guidelines that will direct the individual member states when implementing the legal text in national law. The Commission's work is expected to be completed in April 2021.

Concurrently with this, in 2020 the Danish Ministry of Culture began preparing proposals for the legal text that will apply in Denmark. Koda closely follows the work being done at a European and Danish level. We will be actively involved in the work of ensuring that the copyright law is updated in ways that ensure the rights of rightsholders in a global digital market – and which also ensures the regulation of tech giants, which is a prerequisite for a sustainable music economy and cultural economy in the future.

### **High satisfaction rates among customers and members**

With a score of 58.7 per cent, this year's customer satisfaction survey yielded the best result since the first survey was undertaken in 2014; back then, the score 42 per cent. A similar service survey among Koda's members also showed record-high satisfaction rates. Here, 80 per cent indicated being either satisfied or very satisfied with the service received from Koda. In addition, an isolated measurement of overall satisfaction with Koda among publisher members showed a score of 4.4 out of 5.

### **Koda Kultur – a common cultural strategy and joint cultural efforts**

At the beginning of 2020, Koda's board adopted Koda's first cultural strategy. The intention was to create a common, overall direction for the use and prioritisation of Koda's cultural contributions.

Setting up a new, common application portal for all members made it clear that cultural contributions can be applied for by all members of Koda, regardless of their affiliation with the four composer associations that assist with the administration of the funds: DPA, DJBFA, DKF and Musikforlæggerne.

In 2020, the cultural contributions amounted to EUR 10.3 million. Of this, EUR 1.3 million was spent on administration, EUR 1.2 million went to activities in the fields of cultural politics and business politics, while EUR 4.8 million was distributed in the form of grants and project subsidies.

The 25 grant schemes under the auspices of Koda Kultur received a total of 8,654 applications, of which 3,603 received a grant. A total of EUR 6.7 million in grants was awarded.

Reflecting Koda's goal of upholding the greatest possible transparency, 2020 saw the first-ever publication of a separate annual report on the year's use of cultural contributions. The report is available on the Koda website.

## 2. Revenues and deductions 2020

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 2020, 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 2020** 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	2019
<b>General Public Performance</b>								
Background - with reporting	5,431		-1,088	-403	-37	0	3,901	3,987
Background - no reporting	6,701		-1,312	-501	-46	0	4,842	5,768
Cinemas and film screenings	1,424		-285	-106	-10	0	1,023	1,474
Concert	6,150		-1,643	-419	-39	0	4,050	8,819
Major Live Concert	429		-24	-38	-3		364	1,536
Subsidised concert	32			-3	350		378	899
<b>General Public Performance Total</b>	<b>20,166</b>		<b>-4,353</b>	<b>-1,469</b>	<b>215</b>	<b>-1</b>	<b>14,558</b>	<b>22,482</b>
<b>Broadcast</b>								
Radio	19,559		-2,815	-1,579	-89	-1	15,074	11,865
TV	19,415		-3,195	-1,537	-103	-1	14,580	11,303
TV Distribution	18,968		-595	-1,707	0	-1	16,665	24,334
TV Distribution - separate distribution basis	3,321		-482	-264	-22	0	2,552	3,135
Danish TV channels abroad	499		-17	0			482	488
Danish TV channels uplinked from the UK	237		-25	0			212	205
<b>Broadcast Total</b>	<b>62,000</b>		<b>-7,130</b>	<b>-5,086</b>	<b>-215</b>	<b>-2</b>	<b>49,567</b>	<b>51,330</b>
<b>Online</b>								
Background music on websites	560		-134	-32		0	395	362
Interactive TV services	13,100		-1,310	-821		0	10,968	11,017
Streaming of TV, film and series	10,463		-740	-606		0	9,117	7,877
Music streaming	12,085		-1,087	-700			10,298	9,251
Streaming - direct licensing abroad	232		-23	0			209	0
<b>Online Total</b>	<b>36,440</b>		<b>-3,293</b>	<b>-2,159</b>		<b>-1</b>	<b>30,987</b>	<b>28,508</b>
<b>Abroad</b>								
Koda works performed abroad	10,805			0			10,805	8,355
<b>Abroad Total</b>	<b>10,805</b>			<b>0</b>			<b>10,805</b>	<b>8,355</b>
<b>Out of category</b>								
KulturPlus - Blank Tape Levy (individual)	302		-8	0			295	277
KulturPlus - Blank Tape Levy (collective)	150			0			150	141
Interests		-4				3		0
<b>Out of category Total</b>	<b>452</b>	<b>-4</b>	<b>-8</b>	<b>0</b>		<b>3</b>	<b>445</b>	<b>418</b>
<b>Grand Total</b>	<b>129,863</b>	<b>-4</b>	<b>-14,784</b>	<b>-8,714</b>	<b>0</b>	<b>0</b>	<b>106,361</b>	<b>111,094</b>

\* This deduction is specified in 'Methods and principles behind 'Revenues and deductions 2020'' 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 2020 - 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 2019
<b>General Public Performance</b>								
Background - with reporting	5,431		20.0 %	7.4 %	0.7 %	0	3,901	3,987
Background - no reporting	6,701		19.6 %	7.5 %	0.7 %	0	4,842	5,768
Cinemas and film screenings	1,424		20.0 %	7.4 %	0.7 %	0	1,023	1,474
Concert	6,150		26.7 %	6.8 %	0.6 %	0	4,050	8,819
Major Live Concert	429		5.6 %	8.8 %	0.7 %		364	1,536
Subsidised concert	32			9.3 %			378	899
<b>General Public Performance Total</b>	<b>20,166</b>		<b>21.6 %</b>	<b>7.3 %</b>		<b>-1</b>	<b>14,558</b>	<b>22,482</b>
<b>Broadcast</b>								
Radio	19,559		14.4 %	8.1 %	0.5 %	-1	15,074	11,865
TV	19,415		16.5 %	7.9 %	0.5 %	-1	14,580	11,303
TV Distribution	18,968		3.1 %	9.0 %	0.0 %	-1	16,665	24,334
TV Distribution - separate distribution basis	3,321		14.5 %	7.9 %	0.7 %	0	2,552	3,135
Danish TV channels abroad	499		3.5 %	0.0 %			482	488
Danish TV channels uplinked from the UK	237		10.5 %	0.0 %			212	205
<b>Broadcast Total</b>	<b>62,000</b>		<b>11.5 %</b>	<b>8.2 %</b>		<b>-2</b>	<b>49,567</b>	<b>51,330</b>
<b>Online</b>								
Background music on websites	560		23.9 %	5.7 %		0	395	362
Interactive TV services	13,100		10.0 %	6.3 %		0	10,968	11,017
Streaming of TV, film and series	10,463		7.1 %	5.8 %		0	9,117	7,877
Music streaming	12,085		9.0 %	5.8 %			10,298	9,251
Streaming - direct licensing abroad	232		10.0 %	0.0 %			209	0
<b>Online Total</b>	<b>36,440</b>		<b>9.0 %</b>	<b>5.9 %</b>		<b>-1</b>	<b>30,987</b>	<b>28,508</b>
<b>Abroad</b>								
Koda works performed abroad	10,805			0.0 %			10,805	8,355
<b>Abroad Total</b>	<b>10,805</b>			<b>0.0 %</b>			<b>10,805</b>	<b>8,355</b>
<b>Out of category</b>								
KulturPlus - Blank Tape Levy (individual)	302		2.5 %	0.0 %			295	277
KulturPlus - Blank Tape Levy (collective)	150			0.0 %			150	141
Interests		-4	9.3 %		3	0		0
<b>Out of category Total</b>	<b>452</b>	<b>-4</b>	<b>1.7 %</b>	<b>-0.1 %</b>		<b>3</b>	<b>445</b>	<b>418</b>
<b>Grand Total</b>	<b>129,863</b>	<b>-4</b>	<b>11.4 %</b>	<b>6.7 %</b>		<b>0</b>	<b>106,361</b>	<b>111,094</b>

\* This deduction is specified in 'Methods and principles behind 'Revenues and deductions 2020'' on page 12.

## Methods and principles behind 'Revenues and deductions 2020'

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 the 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 5.8 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.

This year, 'Streaming of music' includes Koda's revenues from music services and social media received via Polaris Hub, which has, on behalf of Koda, TONO and TEOSTO, entered into multi-territorial agreements with these services. The agreements also cover the use of Koda members' works abroad, which were previously licensed through Koda's affiliated societies in

the other countries but are now licensed directly through Polaris Hub. The first directly licensed revenues from abroad were received in December 2020; in the table, these are specified under the area 'Streaming directly licensed abroad'.

Table 3.1 'Distributed, paid and for distribution 2020' on page 18 shows the share of the amount 'For individual distribution' distributed in 2020, as well as the share that was still due for distribution as of 31 December 2020.

## Correlations between Financial Statements and Transparency Report

The grand totals listed in Tables 2.1 and 2.2, 'Revenues and deductions 2020', on pages 10 and 11 have been calculated and reconciled with Koda's Financial Statements for 2020. The correlations are shown in this overview:

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

Financial Statements for 2020 - Note 1	Transparency Report - Revenues and deductions 2020
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))

The adjustment of provision for bad debts stated in the financial statements in Koda's annual report for 2020 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 2020' comprise the categories 'Broadcast', 'General public performance', 'Online', 'Abroad' and finally 'Out of category'.
- The category 'Broadcast' under 'Revenues and deductions 2020' 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 2020' 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 2020' 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 2020' 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 2.4.
- The category 'Out of category' under 'Revenues and deductions 2020' 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	Adjustment of provision for bad debts	Revenue	Rights category from Revenues & deductions	Area of use - Revenues and deductions	Revenue
<b>Primary transmission on radio and TV and retransmission</b>	<b>61,275</b>	<b>-12</b>	<b>61,263</b>			<b>61,263</b>
				Broadcast	Radio	19,559
				Broadcast	TV	19,415
				Broadcast	TV Distribution	18,968
				Broadcast	TV Distribution - separate distribution basis	3,321
<b>KulturPlus</b>	<b>452</b>		<b>452</b>			<b>452</b>
				Out of category	KulturPlus - Blank Tape Levy (individual)	302
				Out of category	KulturPlus - Blank Tape Levy (collective)	150
<b>Internet and On Demand</b>	<b>36,434</b>	<b>6</b>	<b>36,440</b>			<b>36,440</b>
				Online	Background music on websites	560
				Online	Interactive TV services	13,100
				Online	Streaming of TV, film and series	10,463
				Online	Music streaming and download	12,085
				Online	Streaming - direct licensing abroad*	232
<b>Concerts and Background total</b>	<b>20,296</b>	<b>-130</b>	<b>20,166</b>			<b>20,166</b>
Hotels and restaurants	6,037	-112		General Public Performance	Background - with reporting	5,431
Background music	6,400	-16		General Public Performance	Background - no reporting	6,701
Concerts, events, etc	6,639	1		General Public Performance	Concert	6,150
Cinemas and films	1,220	-2		General Public Performance	Major Live Concert	429
				General Public Performance	Subsidised concert	32
				General Public Performance	Cinemas and films	1,424
<b>Abroad</b>	<b>11,541</b>		<b>11,541</b>			<b>11,541</b>
				Broadcast	Danish TV channels uplinked from the UK	499
				Broadcast	Danish TV channels abroad	237
				Abroad	Koda works performed abroad	10,805
<b>Adjustment of provision for bad debts total</b>	<b>-136</b>	<b>136</b>	<b>0</b>			
<b>Total</b>	<b>129,863</b>		<b>129,863</b>			<b>129,863</b>

## Revenues from other collective rights management societies in 2020

The table below displays the part of Koda's total revenue in 2020 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' 2020' on page 12.

Table 2.5 **Revenues from other collective rights management societies in 2020**

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	149	-29	-11	-1	107
<b>General Public Performance Total</b>	<b>149</b>	<b>-29</b>	<b>-11</b>	<b>-1</b>	<b>107</b>
<b>Online</b>					
Interactive TV services	1,035	-103	-65		866
Streaming of TV, film and series	212	-21	-13		178
<b>Online Total</b>	<b>1,247</b>	<b>-125</b>	<b>-78</b>		<b>1,044</b>
<b>AVU-medier Total</b>	<b>1,395</b>	<b>-154</b>	<b>-89</b>	<b>-1</b>	<b>1,151</b>
<b>KulturPlus</b>					
<b>Out of category</b>					
KulturPlus - Blank Tape Levy (individual)	280	-7	0		273
KulturPlus - Blank Tape Levy (collective)	139		0		139
<b>Out of category Total</b>	<b>419</b>	<b>-7</b>	<b>0</b>		<b>412</b>
<b>Kultur plus Total</b>	<b>419</b>	<b>-7</b>	<b>0</b>		<b>412</b>
<b>Verdens TV</b>					
<b>Broadcast</b>					
TV	549	-91	-42	-4	411
TV Distribution	22,091	-693	-1,988		19,410
TV Distribution - separate distribution basis	3,321	-482	-264	-22	2,553
<b>Broadcast Total</b>	<b>25,960</b>	<b>-1,267</b>	<b>-2,294</b>	<b>-26</b>	<b>22,373</b>
<b>Online</b>					
Interactive TV services	10,454	-1,045	-656		8,753
<b>Online Total</b>	<b>10,454</b>	<b>-1,045</b>	<b>-656</b>		<b>8,753</b>
<b>Verdens TV Total</b>	<b>36,415</b>	<b>-2,312</b>	<b>-2,950</b>	<b>-26</b>	<b>31,126</b>
<b>COPYDAN Total</b>	<b>38,230</b>	<b>-2,473</b>	<b>-3,039</b>	<b>-27</b>	<b>32,690</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**

In thousand EUR

Received from	Revenue	Deduction for administration	Deduction for cultural contribution	Contribution to subsidised concert	For distribution
<b>Producer Rights Denmark</b>					
<b>Out of category</b>					
KulturPlus - Blank Tape Levy (individual)	22	-1	0		21
KulturPlus - Blank Tape Levy (collective)	11		0		11
<b>Out of category Total</b>	<b>33</b>	<b>-1</b>	<b>0</b>		<b>32</b>
<b>Total</b>	<b>33</b>	<b>-1</b>	<b>0</b>		<b>32</b>
<b>Producer Rights Denmark Total</b>					
<b>33 -1 0 32</b>					
<b>Abroad</b>					
<b>Broadcast</b>					
Danish TV channels abroad	499	-17	0		482
Danish TV channels uplinked from the UK	237	-25	0		212
<b>Broadcast Total</b>	<b>737</b>	<b>-42</b>	<b>0</b>		
<b>Abroad</b>					
Koda works performed abroad	10,805		0		10,805
<b>Abroad Total</b>	<b>10,805</b>		<b>0</b>		<b>10,805</b>
<b>Abroad Total</b>	<b>11,541</b>	<b>-42</b>	<b>0</b>		<b>11,499</b>
<b>Grand total</b>	<b>49,804</b>	<b>-2,516</b>	<b>-3,039</b>	<b>-27</b>	<b>44,221</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 and to music played abroad.

For those Radio and TV areas where distributions are made monthly, a performance is typically distributed within two to three months after the performance has taken place. Revenues for concerts are distributed as they are registered and prepared for distribution in Koda's systems, and it can take up to 14 days from the time a concert is held until it is distributed and paid. However, in order to distribute for a concert, Koda must have received full and adequate reporting, payment, and information on the relevant details, such as 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 the Koda website, lists all of Koda's distribution areas, indicating when distributions are made for specific performance periods for each area. You can find Koda's distribution schedule here: [www.koda.dk/music-creators/payment-and-distribution/distribution-schedule](http://www.koda.dk/music-creators/payment-and-distribution/distribution-schedule).

The distribution frequency per area is also stated in Koda's distribution chart, which can be found here: [www.koda.dk/music-creators/payment-and-distribution/koda-s-distribution-chart](http://www.koda.dk/music-creators/payment-and-distribution/koda-s-distribution-chart). The distribution chart includes detailed overview of how Koda's revenues are distributed within the individual areas of use.

Koda will continue to optimise 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 2020 are described in greater detail and the amounts specified in Table 3.2 on page 21 and Table 3.3 on page 22.

## Distributed, paid and for distribution in 2020

Table 3.1 offers an overview of the amounts distributed by Koda during the year and of the amounts that remain to be distributed by the end of the year.

Replacing tables 3.1–3.7 of the Transparency Reports published in past years, this table essentially covers the same information. The key figures in the table (the totals in the last column) are specified in Note 11 to the Financial Statements. The various items in the table are explained in the text on the following page after the table.

Table 3.1 **Distributed, paid and for distribution 2020** In thousand EUR

Distributed, paid and for distribution	General Public Performance	Broadcast	Online	Out of category	Abroad	Total
<b>For distribution at the beginning of 2020</b>						
For distribution 2018 income and earlier	809	2,629	14,134	-5	1,586	19,152
For distribution 2019 income	14,326	27,092	23,224	646	1,790	67,078
Allocation of interests	90	204	73	-368		0
Distributed - not paid out	2,060	3,990	6,410			12,460
<b>For distribution at the beginning of 2020 Total</b>	<b>17,285</b>	<b>33,914</b>	<b>43,841</b>	<b>273</b>	<b>3,376</b>	<b>98,690</b>
<b>Distribution to rights holders for the year</b>						
<b>Distribution to rights holders for the year</b>	<b>14,558</b>	<b>49,567</b>	<b>30,987</b>	<b>295</b>	<b>10,805</b>	<b>106,211</b>
<b>Paid in 2020</b>						
<i>Distributed in 2020 of 2019 income and earlier</i>	-13,969	-27,197	-19,153	-278	-2,041	-62,638
<i>Distributed in 2020 of 2020 income</i>	-1,204	-20,833	-6,197	0	-8,749	-36,983
<b>Distributed total</b>	<b>-14,951</b>	<b>-48,248</b>	<b>-25,355</b>	<b>-278</b>	<b>-10,790</b>	<b>-99,622</b>
Undistributable amounts 2019	166	392	160	3		721
Adjustment of amounts distributed - not paid out	0	92	1,042			1,134
Returned amounts			32		42	74
<b>Paid in 2020 Total</b>	<b>-15,007</b>	<b>-47,546</b>	<b>-24,116</b>	<b>-275</b>	<b>-10,748</b>	<b>-97,692</b>
<b>For distribution at the end of 2020</b>						
For distribution 2019 income and earlier	1,422	3,119	18,469	-1	1,377	24,387
For distribution 2020 income	13,354	28,734	24,790	295	2,056	69,228
Undistributable amounts 2020	350	726	351	2		1,429
Distributed - not paid out	1,709	3,356	7,101	-2		12,165
<b>For distribution at the end of 2020 Total</b>	<b>16,836</b>	<b>35,935</b>	<b>50,712</b>	<b>294</b>	<b>3,433</b>	<b>107,209</b>

## Methods and principles behind 'Distributed, paid and for distribution in 2020'

The items in the four main parts of Table 3.1 on the previous page are explained below.

### For distribution at the beginning of 2020

'For distribution at the beginning of 2020' denotes the amounts, covering music use in 2019 and earlier, that were ready for distribution at the beginning of 2020. The amount is divided into provisions for performances in 2018 and before, and provisions for performances in 2019. At the beginning of 2020, parts of the reporting to be submitted to Koda for music used in 2019 would not yet have been received, so this item is, quite naturally, substantial.

A subset of 'For distribution at the beginning of 2020' comprises amounts that have been processed through Koda's distribution system, but where it has not been possible to carry out the actual payment. These amounts are for the most part associated with the use of music works or rightsholders where there is not sufficient information available to carry out the distribution. This is to say that these amounts are associated with specific performances that are registered and processed in Koda's distribution systems, but await further handling in order to be paid out to rightsholders.

### Distribution to rights holders for the year

'Distribution to rights holders for the year' covers the revenues that Koda has received in 2020 for music used primarily in 2020 (but also in previous years) less the costs incurred and the funds set aside for cultural contributions. The result is calculated in Koda's Financial Statements (note 2 – Provision for distribution for 2020) and is further itemised by areas of use in Table 2.1 of the Transparency Report. Table 2.1 also includes the amount pertaining to 'KulturPlus – Blank Tape Levy (collective)'. As this income is distributed as collective funds in response to applications, the amount is not included in 'Distribution to rights holders for the year'.

### Paid in 2020

'Paid in 2020' covers the amounts distributed for music use that has been processed through Koda's reporting and distribution system during 2020. The distributed amounts distinguish between distributed revenues for music used in 2019 and earlier and for music used in 2020. A smaller part of the distributed amounts could not be paid out immediately due to incomplete information about works or rightsholders. These amounts are listed as 'Distributed – not paid out' in Table 3.1 and are further specified in Table 3.3.

At the start of the year, some 'Distributed – not paid out' amounts will remain in Koda's systems from previous years. During the course of year, some of these amounts are distributed as Koda obtains the missing information about works and rightsholders. At the same time, each distribution will give rise to new amounts being set aside because they cannot be paid out due to a lack of information about works and rightsholders. The difference between the new and the resolved provisions is calculated as 'Adjustment of amounts distributed – not paid out'.

When it has proven impossible to distribute amounts designated as 'Distributed – not paid out' for three full years, these are classified in Koda's accounts as 'Undistributable'. The undistributable funds will be portioned out among the following year's distribution areas, meaning that they are included in the ongoing distributions made for each area. The amount for 2019 appears as a set-off in the amounts distributed in 2020.

### For distribution at the end of 2020

'For distribution at the end of 2020' denotes the amounts, covering music use in 2020 and earlier, that were ready for distribution at the end of 2020. The amount distinguishes between provisions for performances in 2019 and earlier, and provisions for performances in 2020. At the end of 2020, parts of the reporting to be submitted to Koda for music used in 2020 would not yet have been received, so this item is, quite naturally, substantial.

A subset of 'For distribution at the end of 2020' comprises amounts that have been processed through Koda's distribution system, but where it has not been possible to carry out the actual payment. These amounts are for the most part associated with the use of music works or rightsholders where there is insufficient information available to carry out the distribution. This is to say that these amounts are associated with specific performances that are registered and processed in Koda's distribution systems, but await further processing in order to be paid out to rightsholders.

When it has proven impossible to distribute amounts designated as 'Distributed - not paid out' for three full years, these are classified in Koda's accounts as 'Undistributable' and are separated out in Table 3.1.

### Reasons for delayed distributions

Table 3.1 on page 18 displays the revenues which as per 31 December 2020 was not yet distributed. The majority of these are 2020 revenues, which follows Koda's ordinary payment terms and will therefore be distributed in 2020 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 2019 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 3.2 on page 21. 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 2020 are also defined as delayed according to law.

Table 3.2 For distribution as of 31 December 2020

In thousand EUR

Reason for delayed distribution	2019 and before	2018 and before (from Koda Transparency Report 2019)
<b>Denmark</b>		
<b>Interim amount that cannot be distributed:</b>		
▪ Awaiting contractual clarification with music user		
▪ Delayed due to negotiations between Copydan's member organisations and Koda	12,743	9,961
<b>Koda has yet to receive the data necessary for distribution, wholly or in part</b>		
▪ Music user reporting is delayed for technical/practical reasons		
▪ Music user reporting is incomplete; Koda awaits supplementary reporting	2,976	2,683
<b>Other undistributed amounts</b>		
▪ Remaining amount transferred, in accordance with established practice, to the next year's pool within the same distribution area - including amounts awaiting final settlement and distribution	2,279	- *
<b>Amounts not yet distributed from retransmission of TV and radio channels with uplinks abroad</b>		
▪ Cannot be sent on because the affiliated society in the relevant uplink country does not license or process reporting for primary transmissions	1,151	1,467
<b>From distribution areas managed by NMP/NCB</b>		
▪ Funds where NMP awaits information on the distribution basis, wholly or in part		
▪ Amounts accumulated from tracks of very low value that have not been processed	2,000	1,331
▪ Reported tracks that cannot be matched to an ICE work or which await payment from music user	1,861	2,052
<b>Total</b>	<b>23,010</b>	<b>17,495</b>
<b>Abroad</b>		
<b>Reason for delayed distribution</b>		
▪ Awaiting processing of reporting		
▪ Awaiting work documentation	1,377**	1,579
<b>Total</b>	<b>1,377</b>	<b>1,579</b>
<b>Grand Total</b>	<b>24,387</b>	<b>19,075</b>

\* in Koda's 2019 Transparency report, this amount was posted under 'Koda has yet to receive the data necessary for distribution, wholly or in part'

\*\* In addition to this revenue from 2019 and before, revenue received from abroad before 30 June 2020 is also delayed compared to the deadline stipulated in the Act on Collective Rights Management. This figure amounts to 423 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 missing documentation involved.

Table 3.3 Provisions as of 31 December 2020

In thousand EUR

Reason for provision	Provisions, Koda	Provisions, NMP/NCB	Undistributable funds - included in the proposal for use presented at the 2021 general assembly	Total	Total 2019
<b>Incomplete work information</b>					
▪ The work has not been clearly and correctly notified with Koda	2,726	984	653	4,363	4,075
<b>Incomplete rightsholder information</b>					
▪ The rightsholder cannot be identified or located, or Koda does not have their account information	2,543	1,210	776	4,530	3,939
<b>Reserved due to dispute between rightsholders</b>					
▪ Reserved indefinitely until the dispute is resolved	2,257	182		2,439	2,376
<b>Various corrections and blocked accounts</b>					
▪ E.g. regarding distribution to and from societies abroad	308			308	327
<b>Returned shares</b>					
▪ Funds distributed to affiliated societies, but returned to Koda due to differences in work documentation	621			621	428
▪ Mechanical amounts processed by Koda on behalf of NCB					
<b>Awaiting final processing</b>					
▪ This includes amounts that has not been matched to repertoire represented by Koda		1,333		1,333	1,263
<b>Total</b>	<b>8,455</b>	<b>3,709</b>	<b>1,429</b>	<b>13,594</b>	<b>12,409</b>

## Revenues from foreign collective rights management societies distributed in 2020

The table below displays the revenues for 2020 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 3.4 Revenues from foreign collective rights management societies distributed in 2020

In thousand EUR

Country	Society	General public performance	Broadcast	Online	Unknown category	Total	2019
Argentina	SADAIC	0	13	2	4	19	16
Australia	APRA	4	46	74	20	144	181
Austria	AKM	14	48	6	17	85	155
Barbados	COSCAP		0			0	0
Belarus	NCIP				1	1	1
Belgium	SABAM	41	76	30	39	186	139
Bosnia and Herzegovina	AMUS		0			0	
Brazil	UBC	7	25	22	11	66	59
Bulgaria	MUSICAUTOR	0	0	0		0	4
Canada	SOCAN	14	63	54	2	133	109
Chile	SCD	0	3	0	1	4	24
China	MCSC		2		10	12	37
Colombia	SAYCO		10	1	1	13	2
Costa Rica	ACAM		0		0	0	0
Croatia	HDS-ZAMP		2		4	6	6
Czech Republic	OSA	1	4	1	21	29	31
Ecuador	SAYCE			1	1	1	0
Estonia	EAU	4	15		4	24	18
Finland	TEOSTO	48	828	71	138	1,084	997
France	SACEM	19	189	62	94	363	396
Georgia	GCA	0	0		1	1	1
Germany	GEMA	421	1,454	453	396	2,724	1,032
Greece	AEPI	0				0	0
Hong Kong	CASH	0	3	4	5	12	13
Hungary	ARTISJUS	3	8	0	13	24	26
India	IPRS		1		2	3	0
Indonesia	WAMI		0		0	0	1
Ireland	IMRO	4	11	10	3	27	38
Israel	ACUM	1	12	2	6	22	22
Italy	SIAE	1	0	0	1	2	69
Jamaica	JACAP	0	0		0	1	0
Japan	JASRAC	43	116	100	9	268	324
Kazakhstan	KAZAK		0		0	0	0
Korea, Republic Of	KOMCA	7	26	73	4	111	130
Latvia	AKKA-LAA	8	4	0	4	16	20
Lithuania	LATGA	3	23		6	32	73
Macedonia, The Former Yugoslav Republic Of	ZAMP Macedonia		1			1	1
Malaysia	MACP	0	0	3	5	8	8

Table 3.4 **Continued**

In thousand EUR

Country	Society	General public performance	Broadcast	Online	Unknown category	Total	2019
Mexico	SACM	3	17	14	1	35	45
Montenegro	PAM CG		0			0	0
Netherlands	BUMA	54	111	123	95	382	544
Netherlands	STEMRA		0		0	0	0
Norway	TONO	281	580	270	23	1,153	1,003
Paraguay	APA	0	0			0	
Peru	APDAYC	0	0	0	0	0	2
Philippines	FILSCAP	1	8		1	9	9
Poland	ZAIS	12	31	3	48	94	90
Portugal	SPA	3	7	0	20	31	28
Romania	UCMR-ADA	3	16	1	30	50	31
Russian Federation	RAO	0	1		0	1	18
Saint Lucia	ECCO		0		0	0	0
Serbia	SOKOJ	0	8	0	0	9	5
Singapore	COMPASS	2	12	0	13	28	20
Slovakia	SOZA	3	11	0	0	13	7
Slovenia	SAZAS	1	3	0	2	6	7
South Africa	SAMRO	0	17	1	0	18	11
Spain	SGAE	13	48	18	25	104	136
Sweden	STIM	83	466	857	80	1,487	1,675
Switzerland	SUISA	41	225	36	48	351	342
Thailand	MCT	4	1	0	1	6	5
Trinidad And Tobago	COTT		0			0	1
Turkey	MESAM	0	1	0	9	10	8
Ukraine	NGO-UACRR		0		0	0	0
United Kingdom	PRS	43	347	329	127	847	1,029
United States	ASCAP	43	233	132	6	413	354
United States	BMI	1	162	54	100	316	322
United States	SESAC		1	2	0	3	8
Uruguay	AGADU		1	0	0	2	0
Viet Nam	VCPMC	0	0	1	1	2	2
<b>Total</b>		<b>1,233</b>	<b>5,290</b>	<b>2,813</b>	<b>1,454</b>	<b>10,790</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 2020 for use of their members' music in Denmark. Amounts are listed by society and classified by rights category.

Table 3.5 **Distribution to foreign collective rights management societies**

In thousand EUR

Country	Society	General public performance	Broadcast	Online	Out of category	Distributed on behalf of Koda	Total	2019
Albania	ALBAUTOR	0	0	0			0	0
Algeria	ONDA	0	0	0			0	0
Argentina	SADAIC	3	4	16	0		22	23
Armenia	ARMAUTHOR NGO	0	0	0			0	0
Australia	AMCOS			35	0		35	15
Australia	APRA	108	822	185			1,115	1,147
Austria	AKM	32	153	28	1		214	284
Austria	AUME			6	0		6	8
Barbados	COSCAP	0	0	0			0	0
Belarus	NCIP		0	0			0	0
Belgium	SABAM	28	37	16	0	2	83	83
Benin	BUBEDRA	0	0	0			0	0
Bolivia	SOBODAYCOM	0	0	0			0	0
Bosnia And Herzegovina	AMUS	0	0	0		0	0	0
Bosnia And Herzegovina	SQN	0	0	0			0	0
Brazil	ABRAMUS	4	1	0			5	4
Brazil	ADDAF			0			0	0
Brazil	AMAR SOMBRÁS	1	1	0	0		1	2
Brazil	ASSIM	0	0	0			0	0
Brazil	SADEMBRA	0	0	0			0	1
Brazil	SBACEM	1	1	0	0		1	1
Brazil	SICAM	0	0	0	0		0	0
Brazil	SOCINPRO	0	0	0			0	1
Brazil	UBC	5	5	1			11	10
Bulgaria	MUSICAUTOR	0	0	0	0		0	1
Burkina Faso	BBDA	0	0				0	0
Canada	SOCAN	116	527	222	3	2	869	997
Canada	SODRAC			5	0		5	8
Chile	SCD	0	0	1	0		1	2
China	MCSC	0	0	0	0		1	1
Colombia	SAYCO	0	0	1			2	2
Congo	BCDA		0				0	1
Costa Rica	ACAM	0	0	0			0	0
Cote D'Ivoire	BURIDA	0	0	0			0	0
Croatia	HDS-ZAMP	1	1	1	0		3	2
Cuba	ACDAM	0	0	0			1	0
Czech Republic	OSA	3	3	1	0		7	11



Table 3.5 Continued

In thousand EUR

Country	Society	General public performance	Broadcast	Online	Out of category	Distributed on behalf of Koda	Total	2019
Democratic Republic Of The Congo	SONECA (SACEM)	0	0	0			0	0
Dominican Republic	SGACEDOM		0	0			0	0
Ecuador	SAYCE	0	0	0			0	0
Estonia	EAU	1	1	2	0		5	5
Finland	TEOSTO	33	31	38	0		103	112
France	SACEM	178	992	464	7	273	1,914	1,760
Georgia	GCA	0	0	0			0	0
Germany	GEMA	164	548	253	3	1,221	2,190	2,750
Ghana	COSGA	0	0	0	0		0	0
Greece	AEPI	1	1	1	0		3	2
Greece	AUTODIA	0	0	0	0		0	0
Guatemala	AEI-GUATEMALA	0	0	0			0	0
Guatemala	AGAYC	0		0			0	0
Guinea	BGDA	0	0	0			0	0
Honduras	AACIMH	0	0	0			0	0
Hong Kong	CASH	0	2	1			3	7
Hungary	ARTISJUS	1	1	1	0		4	4
Iceland	STEF	15	23	20	0		58	54
India	IPRS	0	1	1			2	1
Indonesia	KCI	0	0	0			0	0
Indonesia	WAMI	0	0	0			0	0
Ireland	IMRO	39	97	34	1		170	215
Israel	ACUM	6	12	11	0		28	20
Italy	SIAE	46	149	58	1	2	256	321
Jamaica	JACAP	0	0	0			0	0
Japan	JASRAC	4	18	28	0		51	54
Kazakhstan	KAZAK	0	0	0			0	0
Kenya	MCSK	0	0	0			0	0
Korea, Republic Of	KOMCA	3	4	2	0		8	9
Latvia	AKKA-LAA	1	2	1	0		3	2
Lithuania	LATGA	0	0	1	0		2	3
Macedonia, The Former Yugoslav Republic Of	ZAMP Macedonia	0	0	0	0		0	0
Madagascar	OMDA			0			0	0
Malawi	COSOMA	0					0	0
Malaysia	MACP	0	3	1			4	0
Mali	BUMDA	0	0	0			1	1
Mauritius	MASA	0					0	0
Mexico	SACM	10	2	1			13	7
Montenegro	PAM CG	0	1	0			1	0
Nepal	MRCSN		0	0			0	0
Netherlands	BUMA	49	131	51	1		232	287
Netherlands	STEMRA			20	0		20	19
Nigeria	COSON	0	0	0			0	1
Nigeria	MCSN	0	0	0			0	0

Table 3.5 Continued

In thousand EUR

Country	Society	General public performance	Broadcast	Online	Out of category	Distributed on behalf of Koda	Total	2019
Norway	TONO	139	214	242	1	766	1,361	765
Panama	SPAC	0	0	0			0	0
Paraguay	APA	0		0			0	0
Peru	APDAYC	0	1	0	0		1	1
Philippines	FILSCAP	0	0	0			0	0
Poland	ZAIKS	2	4	6	0		11	12
Portugal	SPA	2	2	1	0		5	13
Puerto Rico	SPACEM (SACEM)	0	0	0			0	0
Romania	UCMR-ADA	0	0	2	0		2	3
Russian Federation	RAO	3	2	0	0		5	6
Saint Lucia	ECCO		0	0			0	0
Senegal	SODAV	0	0	0	0		1	1
Serbia	SOKOJ	0	1	1	0		2	1
Singapore	COMPASS	0	3	2			5	2
Slovakia	SOZA	0	0	0	0		0	1
Slovenia	SAZAS	0	1	1	0		2	1
South Africa	SAMRO	1	6	2			10	19
South Africa	SARRAL			0	0		0	0
Spain	SGAE	23	101	67	0		190	176
Sweden	STIM	2,619	8,959	6,130	58	880	18,645	24,416
Switzerland	SUISA	17	34	15	0	34	100	63
Taiwan, Chinese Taipei	MÜST	0	0	0			1	0
Tanzania, United Republic Of	COSOTA	0	0	0			0	35
Thailand	MCT	0	0	0			0	0
Trinidad And Tobago	COTT	0	0	0			1	1
Turkey	MESAM	0	1	1	0	0	2	2
Turkey	MSG	2	1	6	0		8	5
Uganda	UPRS			0			0	0
Ukraine	NGO-UACRR	0	0	0			0	0
United Kingdom	MCPS		1	156	0	291	449	139
United Kingdom	PRS	1,086	6,162	1,922	46	3,173	12,389	16,671
United States	AMRA	21	59	23	0		104	183
United States	ASCAP	962	3,334	1,652	18	67	6,033	7,347
United States	BMI	905	3,197	1,821	18		5,941	7,567
United States	Harry Fox Agency			0			0	0
United States	SESAC	67	198	151	1		416	517
Uruguay	AGADU	0	0	0	0		0	0
Venezuela	SACVEN	0	0	0	0		0	0
Viet Nam	VCPMC	0	0	0			0	0
Zambia	ZAMCOPS	0	0	0			0	0
Zimbabwe	ZIMURA	0	0	0			0	0
<b>Total</b>		<b>6,703</b>	<b>25,859</b>	<b>13,709</b>	<b>159</b>	<b>6,712</b>	<b>53,141</b>	<b>66,148</b>

## 4. Koda's cultural contributions

Koda's cultural contributions constitute the rightsholders' collective contribution to the upkeep and development of a strong music scene. In addition to an administration fee, Koda members contribute up to 10 per cent of their Koda revenues to Koda's cultural contributions. This is to say that Koda's cultural efforts are funded by the collective body of composers, songwriters and music publishers whose rights are managed by Koda.

In 2020, the cultural contributions to be allocated amounted to EUR 10.3 million. The funds were generated in 2019. In addition, cultural contributions totalling EUR 2.8 million have been transferred from previous years, some of which are grants that have been granted in previous years but not yet paid out. Out of the funds to be allocated in 2020, each of the four associations DJBFA, DPA, DKF and Musikforlæggerne managed EUR 1.7 million. Koda had EUR 2.7 million at its disposal.

At the end of 2020, the non-distributed funds amount to EUR 5.8 million. Most of the transferred funds of EUR 5.8 million have already been granted to applicants but are not expected to be paid out until 2021. At last year's General Meeting, it was decided to allocate a substantial part of the amount, EUR 1.2 million, to subsidised concerts and first performance awards in the years 2022-24. This will happen when these schemes are, from 2022 onwards, no longer form part of Koda's distribution plan, but will instead be handled under the auspices of Koda's cultural contributions. The remaining part of the funds that have not yet been allocated to applicants will be transferred for allocation in 2021.

In accordance with a decision made at Koda's general meeting, each of the four associations will manage an equal share, totalling 71.2 per cent of the total cultural contributions, while Koda will administer 28.8 per cent.

Furthermore, the general policy for deductions in rights revenues decrees that Koda and each of the four associations may spend up to 15 per cent on administration of the funds and up to 17 per cent for cultural policy purposes. At least 68 per cent must be allocated to grants awarded upon application; these should support a strong music scene with a particular focus on quality, diversity and growth. This part of the funds is distributed in the form of working grants, study grants and travel grants, production cost grants, recording/release grants, PR activities, as well as support for concert activities and projects. The associations' and Koda's expenditure on administration, cultural and business policy efforts, and allocated grants are shown in the table below. Accordingly, the table shows the expenditure and distributions made in 2020.

Table 4.1 **How the cultural contributions were spent**

In thousand EUR

Association	For use in 2020	Spent on: Administration	Spent on: Cultural and business policy efforts	Spent on: Grants and support	Spent Total in 2020	Transferred as of 1 January 2020 and internal reallocations	Total transferred to 1 January 2021
DJBFA*	1,712	277 (16%)	291 (17%)	1,111 (65%)	1,679	224	257
DPA	1,712	248 (14%)	240 (14%)	877 (51%)	1,365	5	352
Dansk Komponistforening	1,712	262 (15%)	318 (19%)	653 (38%)	1,234	22	500
Musikforlæggerne	1,712	138 (8%)	148 (9%)	783 (46%)	1,070	716	1,358
<b>Total - Managed by the associations</b>	<b>6,847</b>	<b>925 (14%)</b>	<b>997 (15%)</b>	<b>3,425 (50%)</b>	<b>5,347</b>	<b>967</b>	<b>2,467</b>
Koda	2,667	346 (13%)	211 (8%)	1,258 (48%)	1,816	1,213	2,063
UR/SUB	689	-	-	-	-	540	1,229
Greenland	39	2 (6%)	1 (1%)	35 (89%)	38	42	43
Faroe Islands	64	2 (2%)	17 (20%)	65 (78%)	84	20	-
<b>Total - Managed by Koda</b>	<b>3,458</b>	<b>350 (10%)</b>	<b>229 (7%)</b>	<b>1,359 (39%)</b>	<b>1,937</b>	<b>1,815</b>	<b>3,335</b>
<b>Total</b>	<b>10,305</b>	<b>1,276 (12%)</b>	<b>1,226 (12%)</b>	<b>4,783 (46%)</b>	<b>7,285</b>	<b>2,782</b>	<b>5,802</b>

Figures in parentheses indicates the relative share of the 'For use in 2020' in the specific row.

\* In 2020, DJBFA has, alongside DPA and the Dansk Komponistforening, provided legal assistance to Koda's members. DJBFA's share of the costs amounts to EUR 25.7 thousand, and these costs have been reported under the item 'Cultural and business policy efforts'. After the presentation of the accounts, it has been established that the item should instead have been included under 'Support and grants'. In the event of a correction in the 2020 accounts, DJBFA's application of 'Culture and business policymaking activities' would have been changed to EUR 265.2 thousand (16%), and the grants distributed would amount to EURK 1,136.6 thousand (66%). The total use does not change, as the issue concerns only a change in the interpretation of the categories 'Culture and business policymaking activities' and 'Support and grants'. The same correction would also apply in the charts on pages 22 and 23.

For the first time ever, Koda is now publishing an independent report on this year's use of cultural contributions. In addition to delving into the individual associations' activities and distribution of cultural funds, the report contains overviews of support and grants awarded in terms of geography, gender and age. Furthermore, the report describes the contents of Koda's cultural strategy and the particular focus areas for 2020.

'Annual report: Koda's Cultural Contributions 2020' can be found at [www.koda.dk/about-us/annual-reports-transparency-report-and-analyses](http://www.koda.dk/about-us/annual-reports-transparency-report-and-analyses)

## 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 2020 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 Verdens TV (observer)
- MXD
- Rettighedsalliancen
- Spil Dansk



---

# *Koda*

## Financial Statements for 2020

---

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 743.93, has been used for both income statement and balance sheet items.

## 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

---

PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab, CVR No 33 77 12 31  
Strandvejen 44, DK-2900 Hellerup  
T: +45 3945 3945, F: +45 3945 3987, pwc.dk



## 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 2020.

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 2020 of the Society and of the results of the Society operations for 2020.

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

Copenhagen, 24 March 2021

### Executive Board

Gorm Arildsen

### Board of Directors

Niels Rønsholdt  
(Chairman)

Ole Dreyer Wogensen  
(Deputy Chairman)

Anna Lidell  
(Deputy Chairman)

Bent Sørensen

Jesper Hansen

Niels Mosumgaard

Loui Törnqvist

Søren Winding

Pernille Bévort

Jens Visby  
(Employee Representative)

The Financial Statements were presented at the Annual General Meeting of the Society, / 2021

### 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 2020, and of the results of the Society's operations for the financial year 1 January - 31 December 2020 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 2020, 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, 24 March 2021

**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 2020 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 2020 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	2020 EUR 'ooo	2019 EUR 'ooo
Performing rights		111.156	120.658
Mechanical rights		7.165	6.930
Music revenue, abroad		11.541	9.127
<b>Total music revenue</b>	1	<b>129.862</b>	<b>136.715</b>
Distribution to rights holders for the year	2	-115.074	-121.871
<b>Profit before expenses etc</b>		<b>14.788</b>	<b>14.844</b>
Administrative expenses	3	-13.731	-14.331
<b>Profit before depreciation, amortisation and other items</b>		<b>1.057</b>	<b>513</b>
Depreciation, amortisation and impairment losses		-1.053	-921
<b>Profit before interest</b>		<b>4</b>	<b>-408</b>
Net financial income and expenses	4	-4	408
<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	2020 EUR 'ooo	2019 EUR 'ooo
Investment in associates		24	24
Deposits		521	510
<b>Fixed asset investments</b>		<b>545</b>	<b>534</b>
Works database and K-lean	5	0	299
Fixtures and fittings, operating equipment and leasehold improvements	6	1.447	1.912
<b>Property, plant, equipment and intangible assets</b>		<b>1.447</b>	<b>2.211</b>
Receivables		10.072	1.267
Advances for members		504	0
Prepayments		175	124
Other receivables		14.948	12.890
Cash at bank and in hand		50.306	54.362
Securities	7	49.423	44.743
<b>Current assets</b>		<b>125.428</b>	<b>113.386</b>
<b>Assets</b>		<b>127.420</b>	<b>116.131</b>
<b>Capital and liabilities</b>			
Funds for cultural contributions	8	14.901	12.120
Collective blank media funds	9	531	535
Other payables and debt	10	3.391	3.146
Reserves special purpose (technology)		1.389	1.637
Provision for distribution	11	107.208	98.693
<b>Gæld i alt</b>		<b>127.420</b>	<b>116.131</b>
<b>Capital and liabilities</b>		<b>127.420</b>	<b>116.131</b>
Contingent liabilities	12		



## Cash Flow Statement

	2020	2019
	EUR '000	EUR '000
<b>Music revenue received, Denmark</b>		
Music revenue for the year (performing rights and mechanical rights)	118.321	127.588
Change in trade receivables	-8.805	932
Change in other receivables	-1.655	-640
	<b>107.861</b>	<b>127.880</b>
<b>Music revenue received, abroad</b>		
Music revenue for the year, abroad	11.541	9.127
	<b>11.541</b>	<b>9.127</b>
<b>Operating expenses</b>		
Administrative expenses for the year	-13.731	-14.331
Change in payables	-406	-1.182
Change in associates	0	-2
Change in prepayments	-53	92
	<b>-14.190</b>	<b>-15.423</b>
<b>Financial expenses</b>		
Interest expenses for the year	-4	408
Change in deposits	-10	-10
	<b>-14</b>	<b>398</b>
<b>Investments</b>		
Development projects and operating equipment	-291	-655
	<b>-291</b>	<b>-655</b>
<b>Funds for cultural contributions and collective blank media funds</b>		
Funds for cultural contributions and collective blank media funds for the year	-8.866	-10.465
Change in funds for cultural contributions and collective blank media funds	2.777	572
	<b>-6.089</b>	<b>-9.893</b>
<b>Individual contributions</b>		
Individual contributions for the year	-106.211	-111.406
Change in individual contributions	8.519	-7.037
	<b>-97.692</b>	<b>-118.443</b>
<b>Advances for members</b>		
Change in advance for members	-503	0
	<b>-503</b>	<b>0</b>
<b>Change in cash and cash equivalents for the year</b>	<b>623</b>	<b>-7.009</b>
Securities and cash and cash equivalents, beginning of year	99.106	106.114
<b>Securities and cash and cash equivalents, end of year</b>	<b>99.729</b>	<b>99.105</b>

## Notes to the Financial Statements

	2020	2019
	EUR '000	EUR '000
<b>1 Music revenue</b>		
Primary transmission on radio and TV and retransmission	61.252	63.338
KulturPlus	452	427
Internet and On Demand	36.446	33.738
Cinemas and films	1.216	2.094
Hotels and restaurants	5.812	7.297
Background music	6.367	7.001
Concerts, events, etc	6.640	13.590
Adjustment of provision for bad debts	136	102
Abroad	11.541	9.127
	<b>129.862</b>	<b>136.714</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*	8.713	10.323
Collective blank media funds	150	142
Provision for distribution for the year	106.211	111.406
<b>Distribution to rights holders</b>	<b>115.074</b>	<b>121.871</b>

\* We refer to the transparency report for 2020, where cultural contributions has been specified.



## Notes to the Financial Statements

	2020	2019
	EUR '000	EUR '000
<b>3 Administrative expenses</b>		
Staff expenses	-10.483	-10.993
Refunded administrative expenses	1.423	1.231
Fees and comission	-2.155	-2.043
Marketing and PR	-271	-766
Travelling, meetings and entertainment	-151	-328
Rental income	90	140
Rental expenses	-952	-1.283
Property expenses	-264	-360
Office supplies	-462	-494
IT expenses	-1.588	-1.603
Membership fees etc	188	203
Refund of administrative expenses	894	1.965
	<b>-13.731</b>	<b>-14.331</b>
Remuneration to the Executive Board and the Board of Directors	512	952

Remuneration to the Excecutive Board and Board of Directores for 2019 also incluces salaries, ect. to resigned CEO.

### 4 Net financial income

Return on portfolio	288	465
Bank and giro accounts	-343	-223
Receivables etc	51	166
	<b>-4</b>	<b>408</b>

## Notes to the Financial Statements

	2020	2019
	EUR '000	EUR '000
<b>5 Works database and K-lean</b>		
Cost at 1 January	2.968	2.968
Additions	0	0
Cost at 31 December	2.968	2.968
Amortisation and impairment losses at 1 January	-2.669	-2.229
Amortisation for the year	-299	-440
Amortisation and impairment losses at 31 December	-2.968	-2.669
<b>Carrying amount at 31 December</b>	<b>0</b>	<b>299</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	534	1.749	1.863	1.363	5.509
Additions for the year	0	215	75	0	290
Disposals for the year	0	0	0	0	0
Cost at 31 December	534	1.964	1.938	1.363	5.799
Depreciation, amortisation and impairment at 1 January	-533	-1.701	-592	-771	-3.597
Impairment losses for the year	0	0	0	0	0
Depreciation and amortisation for the year	-1	-52	-561	-141	-755
Depreciation, amortisation and impairment at 31 December	-534	-1.753	-1.153	-912	-4.352
<b>Carrying amount at 31 December</b>	<b>0</b>	<b>211</b>	<b>785</b>	<b>451</b>	<b>1.447</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

	2020	2019
	EUR '000	EUR '000
<b>8 Funds for cultural contributions</b>		
Funds for cultural contributions for the year	8.714	10.323
Funds for cultural contributions, transferred from previous years	6.187	1.797
	<b>14.901</b>	<b>12.120</b>
<b>9 Collective blank media funds</b>		
Collective blank media funds for the year	150	142
Collective blank media funds, transferred from previous years	381	393
	<b>531</b>	<b>535</b>
<b>10 Payables and other debt</b>		
Polaris Nordic A/S	0	81
Accrued expenses	1.940	1.646
Accrued holiday pay	1.408	1.376
Collective blank media funds	14	14
Prepayments	29	29
	<b>3.391</b>	<b>3.146</b>
<b>11 Provision for distribution</b>		
For distribution, beginning of year	98.689	105.730
Provision for distribution for the year	106.211	111.406
Distribution for the year	-97.692	-118.443
	<b>107.208</b>	<b>98.693</b>
Music revenue to the Executive Board and the Board of Directors of Koda	46	45

## 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 2026. The obligation amounts to EUR 5,722k at 31 December 2020 and part of the lease has been sub-leased on non-cancellable leases totalling EUR 354k.

#### *Lease obligation:*

At 31 December 2020, the obligation amounts to EUR 17k.

#### *DXC:*

Koda has entered into a contractual obligation with DXC which is non-cancellable until 1 July 2020. The obligation amounts to EUR 358k at 31 December 2020.

#### *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 non-cancellable operating agreement to the end of 2020, afterwards a notice period of 12 months. At 31 December 2020, the future estimated expense for Koda in the contract period amounts to EUR 235k.



**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)