



**GEMA**

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# 2018

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**MANAGEMENT REPORT  
WITH TRANSPARENCY REPORT**

## AT A GLANCE

↳ T.01

	2018 in €'000s	2017 in €'000s
Income	1,019,173	1,074,323
Expenses	159,662	160,708
<b>Distributable amount</b>	<b>859,511</b>	<b>913,615</b>
Cost rate	15.7%	15.0%
<b>Income</b>		
<b>Breakdown by collection category</b>		
Regional office collections	388,470	380,539
Reproduction sector collections	81,011	96,119
International collections	70,386	72,588
Broadcasting collections	301,809	294,207
Online collections	105,494	69,988
Remuneration rights	62,234	151,824
Other collection categories	9,769	9,058
<b>Amounts by categories</b>	<b>1,019,173</b>	<b>1,074,323</b>
<b>Expenses</b>		
Staff costs	60,551	72,152
Material costs	99,111	88,556
	<b>159,662</b>	<b>160,708</b>

↳ T.01

Rights category	Type of use	2018 in €'000s	2017 in €'000s
<b>Reproduction and distribution</b>	Sound recordings	44,003	50,131
	Audiovisual recordings	9,742	10,218
	<b>Total</b>	<b>53,745</b>	<b>60,349</b>
<b>Performance</b>	<b>Music events</b>	<b>133,136</b>	<b>123,848</b>
<b>Online</b>	Internet broadcasting	505	572
	Download	8,867	13,795
	Streaming	95,447	57,701
	<b>Total</b>	<b>104,819</b>	<b>72,068</b>
<b>Broadcasting</b>	Radio	52,772	50,403
	TV	176,943	173,622
	Cable retransmission	15,375	14,904
	<b>Total</b>	<b>245,090</b>	<b>238,929</b>
<b>Communication to the public</b>	<b>Mechanical performance</b>	<b>148,242</b>	<b>146,401</b>
<b>Presentation</b>	<b>Presentation</b>	<b>10,086</b>	<b>11,534</b>
<b>Statutory remuneration rights</b>	of which s. 27 (1) UrhG	426	921
	of which s. 27 (2) UrhG	1,189	1,300
	of which s. 52a (4)/60h (1) cl. 1 UrhG	157	207
	of which s. 54 (1) UrhG	60,888	150,317
	<b>Total</b>	<b>62,660</b>	<b>152,745</b>
<b>International income</b>	A AR	47,753	47,208
	A VR	13,319	14,232
	KRA and KFSA	9,315	11,148
	<b>Total</b>	<b>70,387</b>	<b>72,588</b>
<b>Collection mandates</b>	<b>Total</b>	<b>173,968</b>	<b>179,193</b>
<b>Other income</b>		<b>17,039</b>	<b>16,668</b>
<b>Total</b>		<b>1,019,173</b>	<b>1,074,323</b>





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As a part of the music industry, we shape  
and accompany the technological and  
cultural changes in the way music is used.

By way of a dialogue with our partners,  
we provide innovative solutions for the  
exploitation of rights and a strong voice  
when it comes to formulating political  
framework conditions for copyright.

GEMA MISSION STATEMENT

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# A

## INTRODUCTION

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## LETTER TO OUR MEMBERS

*Dear GEMA Members,  
dear Readers,*

Music connects people across social, cultural and geographical borders. In a digitally networked world, it thus plays a special role: Never has music in its diversity been so widespread. Never has music been more easily available. But we must not lose sight of the fact that each piece of music is a valuable artistic performance which deserves more than just applause or “likes”. Creativity, in particular, also needs a solid economic foundation. If we wish to preserve the diversity of music, we must therefore ensure that composers and lyricists participate adequately in the value creation through music.

To represent the interests of music creators in fair remuneration is a task that GEMA has again taken on with determination in the 2018 financial year, in political as well as economic respects. With a total income of EUR 1,019,173, we achieved another extremely positive result. The fact that it is about EUR 55m lower than the previous year’s levels only diminishes the success at first glance. After all, due to a special pay-out for a retroactive five-year-period by the Zentralstelle für private Überspielungsrechte (ZPÜ, Central Organisation for Private Copying Rights), a consolidation of GEMA and other German collective management organisations, an additional EUR 152m were included in the annual financial statements in 2017. If this

one-off effect is subtracted from the reference year, we actually managed to grow our income by 10.3 per cent in 2018.

Regarding our revenue sources, we managed to more than just even out the steady decline in the reproduction sector with a rather dynamic online business for the first time in the 2018 financial year. While the collections from conventional sound recordings continued to decrease further, to approx. EUR 81m, the revenues from internet and streaming services increased from EUR 70m to EUR 105.5m – a plus of more than 50 per cent. While the amounts received from broadcast and regional office sectors as well as those received from abroad remained mainly stable throughout 2018, the unstoppable changes of music use are reflected here: society is leaving the physical medium behind and increasingly consuming music via digital channels.

Musical works thus turn into a commodity which is virtually available at any time. Despite the clear growth, however, authors, still do not participate sufficiently from such technologically driven upheavals. The abyss between their remuneration and the revenues of large platforms continues to be significant. The 2018 financial year was hence entirely characterised by the battle against



**DR. HARALD HEKER**  
CEO AND CHAIRMAN OF THE MANAGING COMMITTEE

this “value gap”. As a representative of its approx. 74,000 members, GEMA has been incessantly campaigning for the urgently required reform of EU copyright for years. After long struggles within the institutions and sometimes rather intensive public discussions, the European Parliament agreed on the final text of a Directive on 26 March 2019 – a cornerstone for a contemporary copyright, which is going to contribute to ensuring that creators receive a fair remuneration for the use of their works on online platforms. Having worked towards the reform is one of the most important successes GEMA – in cooperation with European sister societies and German partner associations – managed to achieve in the last few years. This naturally benefited its members, many of whom personally became very involved in the process. We are now going to consistently accompany the upcoming implementation of the Directive in German law and stand up for a constructive dialogue in this context.

The resource-consuming process related to what is known as “publisher participation” was also brought to a good conclusion in 2018. All recalculations of pay-outs dating back to 2012 had to be done due to a decision by the Higher Regional Court in November 2016. Another intense task for GEMA was the first-time distribution of revenues received from YouTube following protracted disputes. The retroactively paid remuneration for the period from 2009 to 2016 was paid out before one year had lapsed. This was possible not least because of our members of staff. I would like to extend my deep gratitude to them, in the name of all our members, for their service and dedication in an exceptionally eventful financial year.

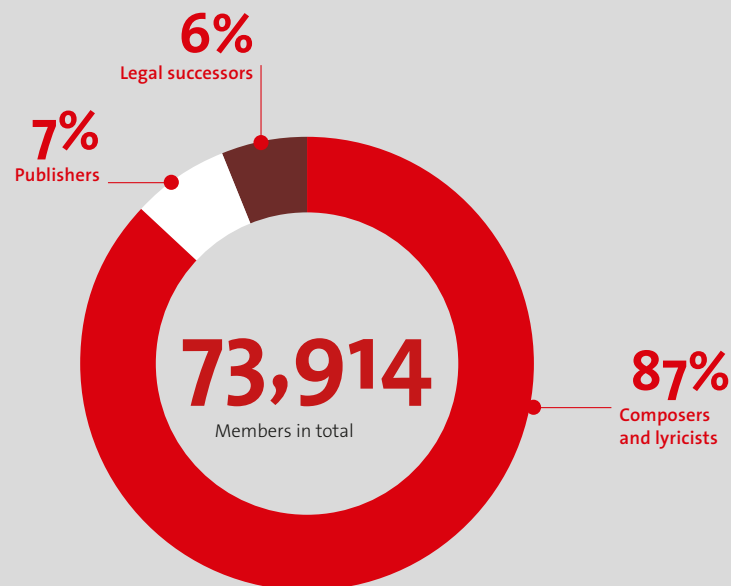
Dr. Harald Heker, CEO and Chairman of the Managing Committee

## MEMBERSHIP NUMBERS

### MEMBERSHIP DEVELOPMENT AND CATEGORISATION

[↔ T.02](#)

	31/12/2018	31/12/2017
<b>Composers and lyricists</b>	<b>64,502</b>	<b>63,018</b>
of which full composer members	3,055	3,008
of which full lyricist members	514	511
of which extraordinary members	5,877	5,834
of which affiliated members	55,056	53,665
<b>Publishers</b>	<b>5,018</b>	<b>5,107</b>
of which full members	567	566
of which extraordinary members	206	207
of which affiliated members	4,245	4,334
<b>Legal successors</b>	<b>4,394</b>	<b>4,393</b>
of which full composer members	17	17
of which full lyricist members	8	8
of which extraordinary members	3	3
of which affiliated members	4,366	4,365
<b>Total</b>	<b>73,914</b>	<b>72,518</b>
of which full members	4,161	4,110
of which extraordinary members	6,086	6,044
of which affiliated members	63,667	62,364



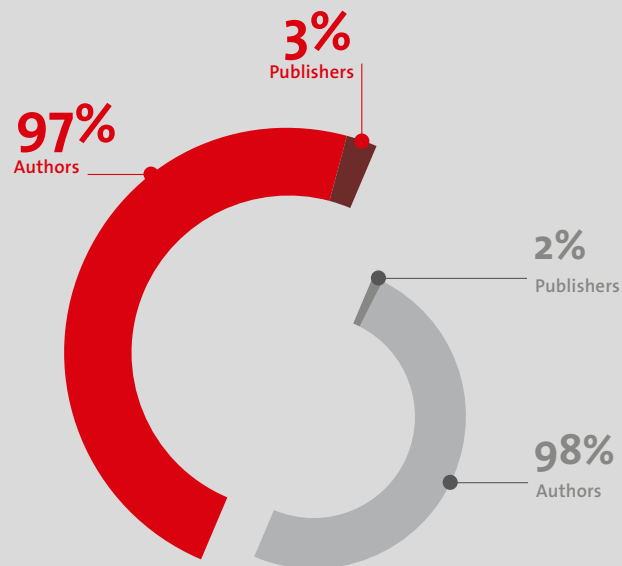
Membership development and categorisation 2018

## ADMISSION OF NEW MEMBERS

→ T.03

	31/12/2018	31/12/2017
Authors (composers and lyricists)	2,994	2,539
Publishers	90	48
<b>Total</b>	<b>3,084</b>	<b>2,587</b>

Membership totals increased by 1,396 altogether, compared to 3,084 new admissions. The difference between the increase and the number of new admissions is a result of membership terminations and members' early withdrawals.



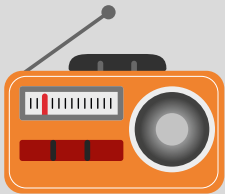
New member admissions  
2018/2017 comparison

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## THERE'S MUSIC INSIDE – LICENSING FIGURES

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### BROADCASTING



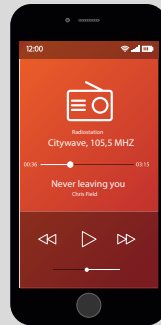
**358**

LICENSED  
RADIO BROADCASTERS



**237**

LICENSED  
TV CHANNELS



**896**

LICENSED  
WEB RADIOS

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### REPRODUCTION



**309,338**

LICENSED MCs



**5,475,839**

LICENSED VINYLs



**81,670,832**

LICENSED CDs

## ONLINE



# 160

DIRECT LICENCES FOR STREAMS/DOWNLOADS FOR MORE THAN 160 COUNTRIES (MUSIC ON DEMAND)



# 12,300,000,000,000

PROCESSED STREAMS AND DOWNLOADS (MUSIC ON DEMAND)

## PERFORMANCES AND COMMUNICATION TO THE PUBLIC



# 194,502

LICENSED CONCERTS WITH ENTERTAINMENT MUSIC



# 9,231

LICENSED GYMS



# 33,181

LICENSED CONCERTS WITH SERIOUS MUSIC



# 1,668

LICENSED DISCOTHEQUES AND CLUBS



# 22,207

LICENSED THEATRE PERFORMANCES WITH MUSIC

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## REPORT OF THE SUPERVISORY BOARD

The Supervisory Board held meetings on 11 days during the 2018 financial year: on 21/22 March, 14 and 17 May, 26 June, 5/6 July, 10/11 October and 12/13 December 2018. Moreover, the committees formed by the Supervisory Board (such as tariff committee, distribution plan committee and programme committees) as well as the rating committees, the assessment committee for arrangers and the works committee held regular meetings. The Managing Committee provided written and oral reports, which formed the basis for discussions of GEMA's overall situation, business performance and business policies during joint meetings with the Supervisory Board.

During the 2018 financial year, the Supervisory Board's finance committee held meetings on 6 March and 27 November. The relevant results were reported to the Supervisory Board. Furthermore, the finance committee dealt with the Managing Committee's annual report for 2018 during its meeting on 19 March 2019 and reported the outcome to the Supervisory Board during its meeting on 1/2 April 2019.

The appointed auditors, KPMG AG, auditing company, Berlin, audited the 2018 annual financial statements prepared by the Managing Committee, including the accounts and the management report, and certified these without reservation. The Supervisory Board discussed the auditors' report in its meeting on 1/2 April 2019 and raised no objections to the result of the examination and the management report. It approved the annual financial statements, which are herewith endorsed.





**DR. RALF WEIGAND**  
CHAIRMAN OF THE SUPERVISORY BOARD

The following individuals were members of the Supervisory Board in the reporting year 2018:

For the professional category of composers Jörg Evers, Matthias Hornschuh (from 17 May), Micki Meuser, Jochen Schmidt-Hambrock, Prof. Dr. Enjott Schneider (from 17 May as deputy), Dr. Charlotte Seither, Dr. Ralf Weigand, as well as Hartmut Westphal (until 17 May) and Alexander Zuckowski as deputies; for the professional category of lyricists Burkhard Brozat, Rudolf Müssig, Frank Ramond, Stefan Waggershhausen, as well as Tobias Künzel and Pe Werner as deputies; for the professional category of publishers Prof. Dr. Rolf Budde († 13 April 2018), Karl-Heinz Klempnow (until 17 May), Hans-Peter Malten, Michael Ohst (from 17 May), Dagmar Sikorski, Patrick Strauch, Dr. Götz von Einem (from 17 May), as well as Jörg Fukking and Winfried Jacobs (until 17 May) and Diana Muñoz (from 17 May) as deputies.

Dr. Ralf Weigand was Chairman; Deputy Chairpersons were Stefan Waggershhausen and Karl-Heinz Klempnow (until 17 May) and Dagmar Sikorski (from 17 May).

Munich, 1 April 2019

**Dr. Ralf Weigand**  
Chairman of the Supervisory Board

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## HONORARY PRESIDENTS AND HONORARY MEMBERS

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### Honorary Presidents

Prof. Dr. Reinhold Kreile

Prof. Dr. jur. h. c. Erich Schulze †

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### Honorary Members

Prof. Harald Banter

Prof. Christian Bruhn

Klaus Doldinger

Dr. Peter Hanser-Strecker

Karl-Heinz Klempnow

Prof. Dr. Hans Wilfred Sikorski

Prof. Karl Heinz Wahren

Hartmut Westphal

Bruno Balz †

Richard Bars †

Prof. Jürg Baur †

Prof. Werner Egk †

Dr. Hans Gerig †

Prof. Dr. Dr. h. c. Joseph Haas †

Hans Hee †

Kurt Hertha †

Heinz Korn †

Peter Jona Korn †

Eduard Künneke †

Jo Plée †

Dr. Willy Richartz †

Prof. Dr. Georg Schumann †

Günther Schwenn †

Dr. Hans Sikorski †

Dr. Dr. h. c. Ludwig Strecker †

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## INTERNATIONAL ORGANISATIONS

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### CISAC

Confédération Internationale des Sociétés d'Auteurs et Compositeurs, Paris

#### Member of the Board of Directors

Dr. Harald Heker

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#### Member of CIAM

(International Council of Creators of Music)

Jörg Evers

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#### Member of the Legal Committee

Dr. Tobias Holzmüller

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### BIEM

Bureau International des Sociétés gérant les Droits d'Enregistrement et de Reproduction Mécanique, Paris

#### Honorary Presidents

Prof. Dr. Reinhold Kreile

Prof. Dr. Hans Wilfred Sikorski

Prof. Dr. jur. h. c. Erich Schulze †

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#### President of the Management Committee

Georg Oeller

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### GESAC

Groupement Européen des Sociétés d'Auteurs et Compositeurs, Brussels

#### Member of the Board of Directors

Dr. Harald Heker

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### FAST TRACK

The Digital Copyright Network SAS, Paris

#### Member of the Board of Directors

Dr. Harald Heker

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#### Member of the Executive Committee

Thimo Prziklang

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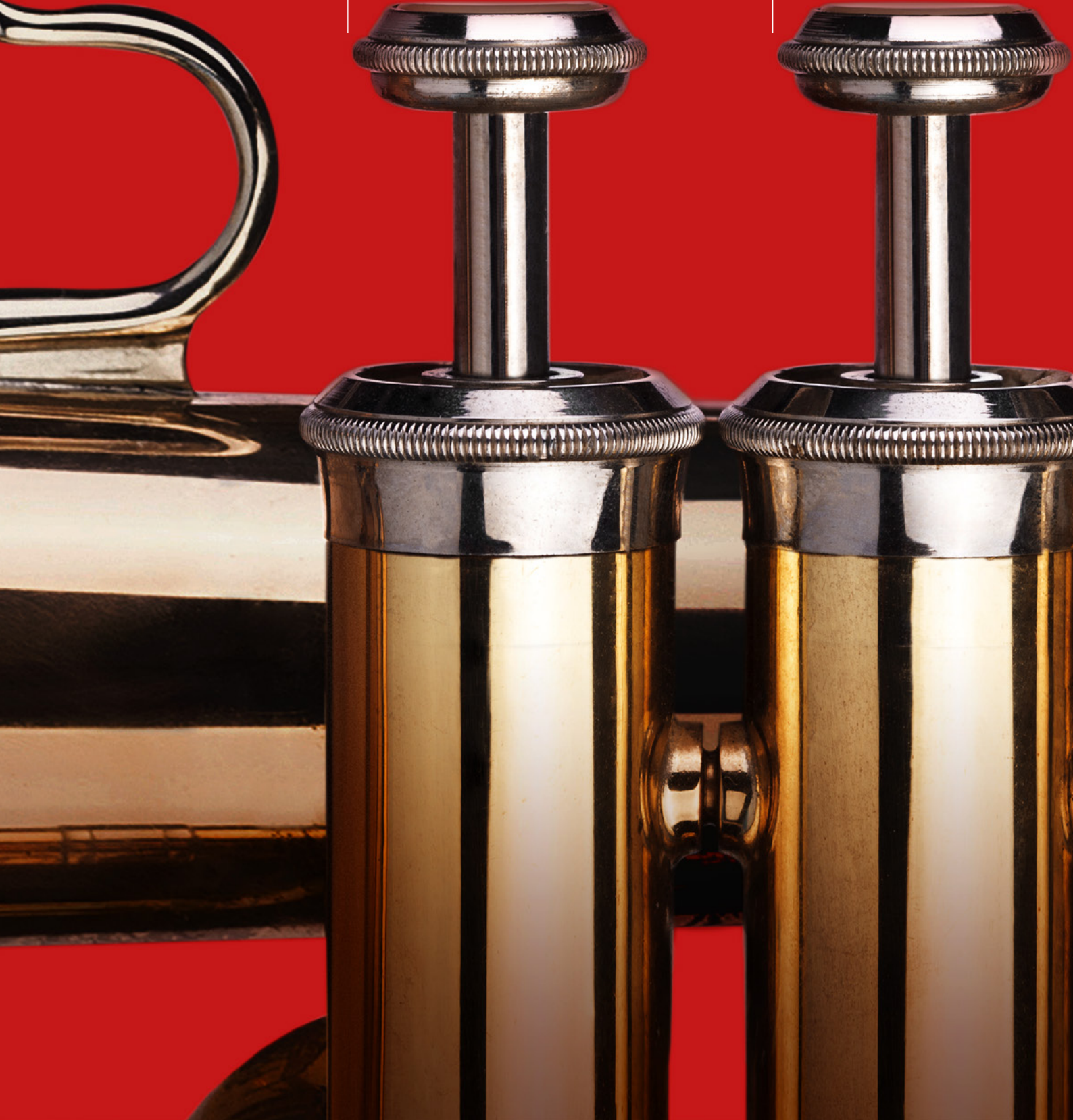
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**GOVERNING BODIES  
OF GEMA PURSUANT  
TO ART. 5 OF THE  
STATUTES ARE**

**ASSEMBLY OF  
FULL MEMBERS**

**SUPERVISORY BOARD**





**MANAGING COMMITTEE  
WITHIN THE MEANING OF THE  
GERMAN CIVIL CODE (BGB)**

# 1

## GOVERNANCE STRUCTURE

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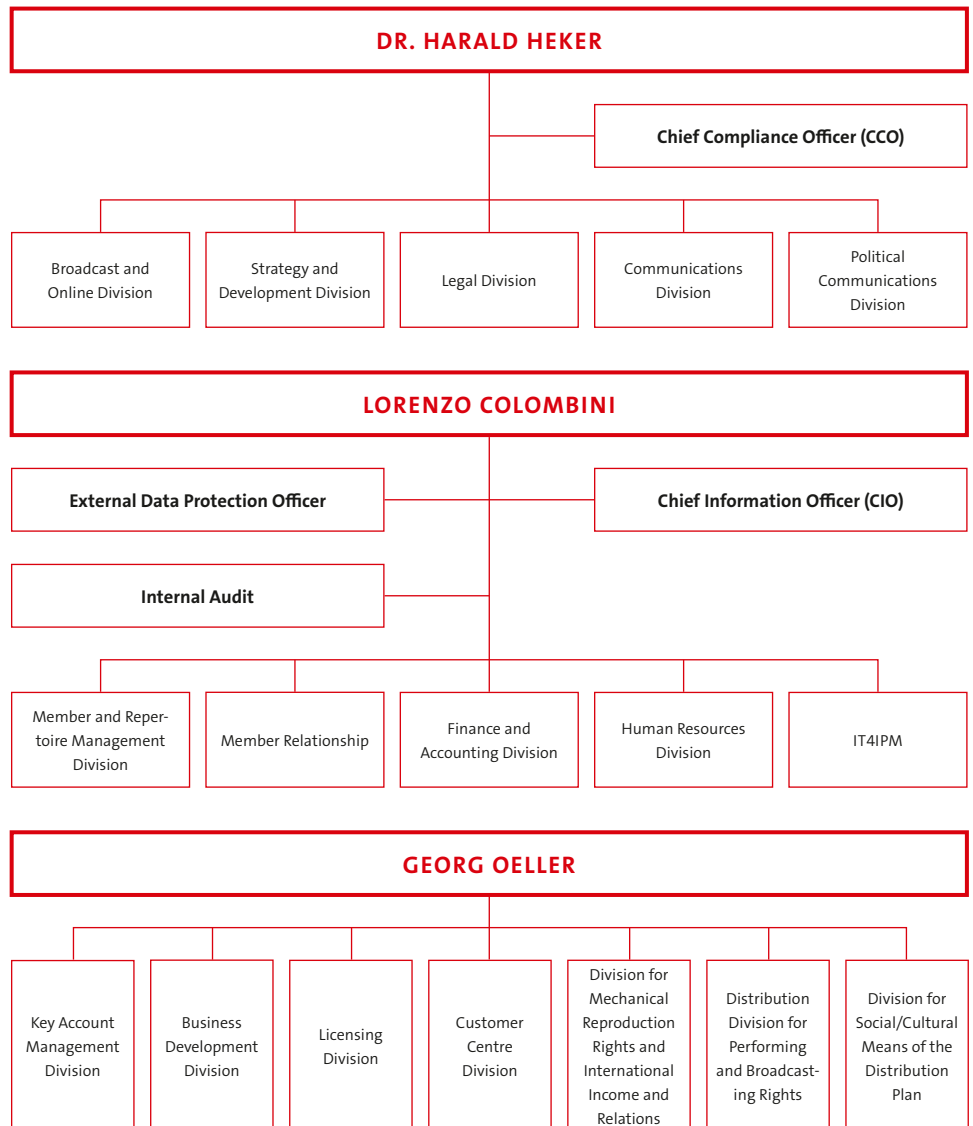
## LEGAL STRUCTURE / ORGANISATIONAL STRUCTURE

Pursuant to Art. 1 of its Statutes, GEMA (society for musical performing and mechanical reproduction rights), Berlin, has the legal form of a commercial association whose legal capacity is granted by charter pursuant to s. 22 German Civil Code (BGB).

Governing bodies of GEMA pursuant to Art. 5 of the Statutes are:

- the assembly of full members,
- the Supervisory Board,
- the Managing Committee within the meaning of the BGB.

GEMA is a collective management organisation within the meaning of s. 2 VGG [CMO Act] and is under institutional supervision by the German Patent and Trade Mark Office, Munich.



## GEMA SOCIAL FUND

The GEMA social fund was established by way of resolution of the members' assembly as of 1 January 1957. It creates legally dependent special funds of GEMA for the purpose of supporting its members and thus conforms to welfare and assistance schemes as designated in s. 32 (2) VGG.

The GEMA social fund has its own Statutes and comprises three independent sections (composers, lyricists and music publishers).

The services to be rendered by the GEMA social fund are regulated by its Statutes.

<b>Composers' section</b>	Ralf Hoyer Christoph Rinnert Rainer Rubbert	Managing director and curator
<b>Lyricists' section</b>	Erich Offierowski Klaus Pelizaeus Jutta Staudenmayer	Managing director and curator
<b>Publishers' section</b>	Andreas Meurer Thomas Tietze Marcus Zander	Managing director and curator

As at 31/12/2018

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## HOLDINGS AND RELATED COMPANIES

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### **ARESA GmbH, Munich**

Purpose: national and multinational licensing of musical works in the online sector

### **Registered number**

HRB 197896

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### **Associate**

GEMA

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### **GEMA Immobilien GmbH, Munich**

Purpose: property management

### **Registered number**

HRB 214398

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### **Associate**

GEMA

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### **GEMA Immobilienverwaltung wirtschaftlicher Verein & Co. KG, Munich**

Purpose: property management

### **Registered number**

HRA 103041

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### **Associate**

GEMA (general partner)  
GEMA Immobilien GmbH (limited partner)

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### **GEMA Unterstützungskasse GmbH, Munich**

Purpose: running of a benevolent fund for pension liabilities

### **Registered number**

HRB 223307

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### **Associate**

GEMA

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<p><b>ICE Operations AB, Stockholm</b> Purpose: holding company of ICE International Copyright Enterprise Germany GmbH</p>	<p><b>Registered number</b> 556723-5907</p> <p><b>Associates</b> PRS for Music Ltd., Föreningen Svenska Tonsättare Internationella Musikbyrå (STIM) u. p. a., GEMA</p>
<p><b>ICE International Copyright Enterprise Germany GmbH, Berlin</b> Purpose: technical and administrative support of International Copyright Enterprise Services Ltd., London</p>	<p><b>Registered number</b> HRB 162426</p> <p><b>Associates</b> ICE Operations AB</p>
<p><b>International Copyright Enterprise Services Ltd., London</b> Purpose: pan-European licensing of musical works in the online sector</p>	<p><b>Registered number</b> 8983089</p> <p><b>Associates</b> PRS for Music Ltd., Föreningen Svenska Tonsättare Internationella Musikbyrå (STIM) u. p. a., GEMA</p>
<p><b>iSYS Software GmbH, Munich</b> Purpose: IT services for companies</p>	<p><b>Registered number</b> HRB 111760</p> <p><b>Associates</b> Prof. Dr. Peter Mandl, Michael Sailer, Hausbank München eG, Bank für Haus- und Grundbesitz, GEMA</p>
<p><b>IT for Intellectual Property Management GmbH, Munich</b> Purpose: IT services for collective management organisations</p>	<p><b>Registered number</b> HRB 211469</p> <p><b>Associates</b> GEMA</p>
<p><b>SOLAR-Music Rights Management GmbH i. L., Munich</b> Purpose: holding co. for SOLAR Music Rights Management Ltd.</p>	<p><b>Registered number</b> HRB 165199</p> <p><b>Associates</b> PRS for Music Ltd., GEMA</p>
<p><b>SOLAR Music Rights Management Ltd., London</b> Purpose: pan-European licensing of musical works in the online sector</p>	<p><b>Registered number</b> 8983482</p> <p><b>Associates</b> SOLAR-Music Rights Management GmbH i. L.</p>

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**Zentralstelle Bibliothekstantieme GbR (ZBT), Munich**

Purpose: assertion of entitlements pursuant to s. 27 (2) and s. 52a (4)/60a (1) cl. 1 UrhG

**Associates**

VG Wort, VG Bild-Kunst, VG Musikedition, GEMA, GVL, VGF, GWFF, VFF

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**Zentralstelle für private Überspielungsrechte GbR (ZPÜ), Munich**

Purpose: assertion of entitlements for remuneration, information and notification for reproductions of audio works and audiovisual works pursuant to s. 53 (1) to (3) German Copyright Act (UrhG)

**Associates**

GEMA, GVL, VG Wort, GÜFA, GWFF, VG Bild-Kunst, VFF, VGF, TWF

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**ZPÜ-Service GmbH, Munich**

Purpose: GEMA service provider as managing associate of the ZPÜ GbR

**Registered number**

HRB 209577

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**Associates**

GEMA

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## MANAGING COMMITTEE



**DR. HARALD HEKER (\* 1958)**

**CEO AND CHAIRMAN OF THE MANAGING COMMITTEE**

Dr. Harald Heker has been GEMA CEO and Chairman of the Managing Committee since 1 January 2007.

He studied law in Munich and completed his doctorate in Freiburg im Breisgau. From 1988 to 1990, he worked as a lawyer and managing director at the Institute for Copyright and Media Law in Munich. From 1990 to 2000, he was legal adviser to the German Publishers and Booksellers Association (Börsenverein des Deutschen Buchhandels) and co-director of its exhibition and trade fair arm (Ausstellungs- und Messe GmbH). From 2001 to 2005, he was managing director of the Börsenverein and since 2003, he has also held the position of speaker for the management committee of the Börsenverein Beteiligungsgesellschaft mbH, an affiliated company to the Börsenverein, under whose umbrella the Börsenverein pools its economic activities such as the organisation of the Frankfurt Book Fair. In 2006, Dr. Harald Heker became a member of the GEMA Managing Committee before becoming CEO and Chairman of the Managing Committee in 2007.



**LORENZO COLOMBINI (\* 1972)**

**MEMBER OF THE MANAGING COMMITTEE**

Lorenzo Colombini was appointed GEMA CFO and member of the Managing Committee on 1 July 2012.

The graduate in business and commerce (University Luigi Bocconi, Milan) has been working as Director for Finance and Accounting since 2009. Since 2002, Colombini, a native of Milan, had been in charge of financial affairs at the publicly listed Constantin Film AG in Munich. Prior to that, he worked for auditing firms KPMG and Ernst & Young.



**GEORG OELLER (\* 1964)**

**MEMBER OF THE MANAGING COMMITTEE**

Georg Oeller was appointed a member of the GEMA Managing Committee on 1 August 2009.

Oeller, a trained bank clerk and lawyer has been working for GEMA since 1995. He was Director of the Distribution II (Abrechnung II) and International Income and Relations (Ausland) departments between 2002 and 2009.

## SUPERVISORY BOARD

The Supervisory Board is the supervisory body of GEMA pursuant to s. 22 VGG (CMO Act). As per the Statutes, it is made up of 15 members, of which six have to be composers, four lyricists and five publishers. Two deputies can be elected for each professional category.

A new Supervisory Board was elected during GEMA's AGM on 16/17 May 2018. The election of the Chairman and two Deputy Chairpersons took place at the Supervisory Board's meeting on 17 May 2018.

As of 31 December 2018, the Supervisory Board was hence made up as follows:

<b>Chairman</b>	Dr. Ralf Weigand
<b>Deputy Chairpersons</b>	Stefan Waggerhausen Dagmar Sikorski
<b>Members of the Supervisory Board</b>	Burkhard Brozat Dr. Götz von Einem Jörg Evers Matthias Hornschuh Hans-Peter Malten Micki Meuser Rudolf Müssig Michael Ohst Frank Ramond Jochen Schmidt-Hambrock Dr. Charlotte Seither Patrick Strauch
<b>Deputies</b>	Jörg Fukking Tobias Künzel Diana Muñoz Prof. Dr. Enjott Schneider Pe Werner Alexander Zuckowski

As at 31/12/2018

The mandate of the Supervisory Board members is valid from the end of the members' assembly during which their election took place

until the third ordinary members' meeting after the election. Re-election is permitted.





**DR. RALF WEIGAND**  
CHAIRMAN OF THE SUPERVISORY BOARD

**STEFAN WAGGERSHAUSEN**  
DEPUTY CHAIRPERSON



**DAGMAR SIKORSKI**  
DEPUTY CHAIRPERSON

## COMMITTEES AND COMMISSIONS

<b>Admissions Committees</b>	<b>Composers</b> Prof. Georg Katzer Prof. Bernd Wefelmeyer	<b>Deputy</b> Helmut Zapf
	<b>Lyricists</b> Tobias Reitz Peter Zentner	<b>Deputy</b> Klaus Pelizaeus
	<b>Publishers</b> Andreas Meurer Michael Wewiasinski	<b>Deputy</b> Dr. Thomas Sertl
<b>Communications Committee</b>	Dr. Götz von Einem Jörg Evers Tobias Künzel Micki Meuser Diana Muñoz Frank Ramond	<b>Deputies</b> Burkhard Brozat Matthias Hornschuh Michael Ohst
<b>Culture Committee</b>	Burkhard Brozat Jörg Fukking Michael Ohst Frank Ramond Prof. Dr. Enjott Schneider Dr. Charlotte Seither	<b>Deputies</b> Rudolf Müssig Diana Muñoz Jochen Schmidt-Hambrock
<b>Complaints Committee</b>	<b>Chairperson</b> Christel Hengst (presiding judge at the Regional Court Berlin, retired)	<b>Deputy Chairperson</b> Prof. Dr. Jan Dirk Harke (Jena University)
	<b>Representatives of the three professional categories</b>	
	<b>Composers</b> Robert HP Platz	<b>Deputy</b> Prof. Harald Banter
	<b>Lyricists</b> Michael Arends	<b>Deputy</b> Peter Zentner
<b>Publishers</b> Yvonne Sill	<b>Deputy</b> Karina Poche	

<b>Radio Committee</b>	<b>Composers</b> Prof. Bernd Wefelmeyer Dr. Ralf Weigand	<b>Deputy</b> Hans Peter Ströer
	<b>Lyricists</b> Klaus Pelizaeus Stefan Wagnershausen	<b>Deputy</b> Jutta Staudenmayer
	<b>Publishers</b> Jan Rolf Müller Patrick Strauch	<b>Deputy</b> Stefan Conradi
<b>Programme Committee</b>	<b>Sub-committee serious music</b> Michael Ohst Prof. Dr. Enjott Schneider Dr. Charlotte Seither Dagmar Sikorski	<b>Deputies</b> Hans-Peter Malten Jochen Schmidt-Hambrock  <b>Experts</b> Prof. Moritz Eggert Johannes Hildebrandt Winfried Jacobs Thomas Tietze
	<b>Sub-committee entertainment music, radio, TV</b> Burkhard Brozat Dr. Götz von Einem Jörg Evers Jörg Fukking Matthias Hornschuh Stefan Wagnershausen	<b>Deputies</b> Diana Muñoz Frank Ramond Alexander Zuckowski  <b>Expert</b> Prof. Harald Banter
<b>Statutes Committee</b>	Burkhard Brozat Dr. Götz von Einem Jörg Evers	<b>Deputies</b> Rudolf Müssig Jochen Schmidt-Hambrock Patrick Strauch
<b>Attendance Allowance Committee</b>	<b>Chairperson</b> Christel Hengst (retired presiding judge at the Regional Court Berlin)	<b>Deputy Chairperson</b> Prof. Dr. Jan Dirk Harke (Jena University)
	<b>Representatives of the three professional categories</b>	
	<b>Composers</b> Wolfgang Lackerschmid	<b>Deputy</b> Annette Focks
	<b>Lyricists</b> Johann-Christoph Busse	<b>Deputy</b> Edith Jeske
<b>Publishers</b> Eckhard Becker	<b>Deputy</b> Sebastian Mohr	

<b>Tariff Committee</b>	<p>Jörg Evers Hans-Peter Malten Rudolf Müssig Michael Ohst Frank Ramond Dr. Ralf Weigand</p>	<p><b>Deputies</b> Jörg Fukking Micki Meuser Stefan Waggershausen</p> <p><b>Expert</b> Patrick Strauch</p>
<b>Author-Publisher Arbitration Committee</b>	<p><b>Chairperson</b> Prof. Dr. Jan Dirk Harke</p> <p><b>Representatives of the three professional categories</b></p> <p><b>Composers</b> Andreas Weidinger</p> <p><b>Lyricists</b> Gregor Rottschalk</p> <p><b>Publishers</b> Dr. Heinz Stroh</p>	<p><b>Deputy Chairperson</b> Christel Hengst</p> <p><b>Deputy</b> Prof. Karim Sebastian Elias</p> <p><b>Deputy</b> Timothy Touchton</p> <p><b>Deputy</b> Andreas Meurer</p>
<b>Distribution Plan Committee</b>	<p><b>Composers</b> Jörg Evers Dr. Charlotte Seither Dr. Ralf Weigand</p> <p><b>Lyricists</b> Rudolf Müssig Stefan Waggershausen</p> <p><b>Publishers</b> Dagmar Sikorski Patrick Strauch</p>	<p><b>Deputies</b> Jochen Schmidt-Hambrock Alexander Zuckowski</p> <p><b>Deputy</b> Frank Ramond</p> <p><b>Deputies</b> Jörg Fukking Hans-Peter Malten</p> <p><b>Expert</b> Prof. Harald Banter</p>
<b>Works Committee</b>	<p><b>Composers</b> Thomas Rebenburg</p> <p><b>Lyricists</b> Götz von Sydow</p> <p><b>Publishers</b> Thomas Tietze</p>	<p><b>Deputy</b> Prof. Christian Bruhn</p> <p><b>Deputy</b> Peter Schmiedel</p> <p><b>Deputy</b> Dr. Sabine Meier</p>

<b>Works Committee</b>	<b>Composers</b> Prof. Martin Christoph Redel Dieter Reith Hans Peter Ströer Prof. Bernd Wefelmeyer	<b>Deputies</b> Dr. Anselm Kreuzer Alexander von Schlippenbach Tobias P. M. Schneid Iris ter Schiphorst
	<b>Lyricists</b> Klaus Pelizaeus Jutta Staudenmayer	<b>Deputies</b> Peter Freudenthaler Reiner Hömig
	<b>Publishers</b> Jan Rolf Müller	<b>Deputy</b> Stefan Conradi  <b>Supervisory Board delegate</b> Jochen Schmidt-Hambrock  <b>Deputy</b> Dr. Charlotte Seither
<b>Rating Procedures Committee for composers of the serious music category</b>	Prof. Dr. h. c. Robert M. Helmschrott Prof. Martin Christoph Redel Helmut Zapf	<b>Deputies</b> Detlev Glanert Annette Schlünz
	<b>Specialist for choir music</b> Gerhard Rabe	<b>Deputy</b> N.N.
	<b>Delegate of associate and affiliated members</b> Johannes X. Schachtner	<b>Supervisory Board delegate</b> Prof. Dr. Enjott Schneider  <b>Deputy</b> Dr. Charlotte Seither
<b>Rating Procedures Committee for lyricists of the serious music category</b>	Michael Holm Erich Offierowski Klaus Pelizaeus	<b>Deputies</b> Norbert Hammerschmidt Jutta Staudenmayer Thomas Woitkewitsch
	<b>Delegate of associate and affiliated members</b> Timo Peter	<b>Supervisory Board delegate</b> Stefan Waggerhausen  <b>Deputy</b> Burkhard Brozat

<p><b>Rating Procedures Committee for publishers of the serious music category</b></p>	<p>Stefan Conradi Horst Schubert</p>	<p><b>Deputy</b> Dr. Peter Hanser-Strecker</p> <p><b>Supervisory Board delegate</b> Dagmar Sikorski</p> <p><b>Deputy</b> Michael Ohst</p>
<p><b>Rating Committee for the rating procedure in the entertainment and dance music categories</b></p>	<p><b>Composers</b> Thorsten Brötzmann Dr. Rainer Fabich Christoph Rinnert</p> <p><b>Lyricists</b> Michael Holm Tobias Reitz Thomas Woitkewitsch</p> <p><b>Publishers</b> Pamela Georgi-Michel Barbara Krämer Michael Wewiasinski</p>	<p><b>Deputies</b> Martina Eisenreich Christian Neander Michael Reinecke</p> <p><b>Deputies</b> Dr. Manfred Maurenbrecher Klaus Pelizaeus Maya Singh</p> <p><b>Deputies</b> Lars Ingwersen Ute Lingner Jan Rolf Müller</p>
	<p><b>Delegates of associate and affiliated members</b></p>	<p><b>Supervisory Board delegates</b></p>
	<p><b>Composers</b> Andreas Dombert</p>	<p><b>Composers</b> Dr. Ralf Weigand</p> <p><b>Deputy</b> Jörg Evers</p>
	<p><b>Lyricists</b> Timo Peter</p>	<p><b>Lyricists</b> Stefan Wagershausen</p> <p><b>Deputy</b> Burkhard Brozat</p>
	<p><b>Publishers</b> Thomas Ritter</p>	<p><b>Publishers</b> Dagmar Sikorski</p> <p><b>Deputy</b> Jörg Fukking</p>

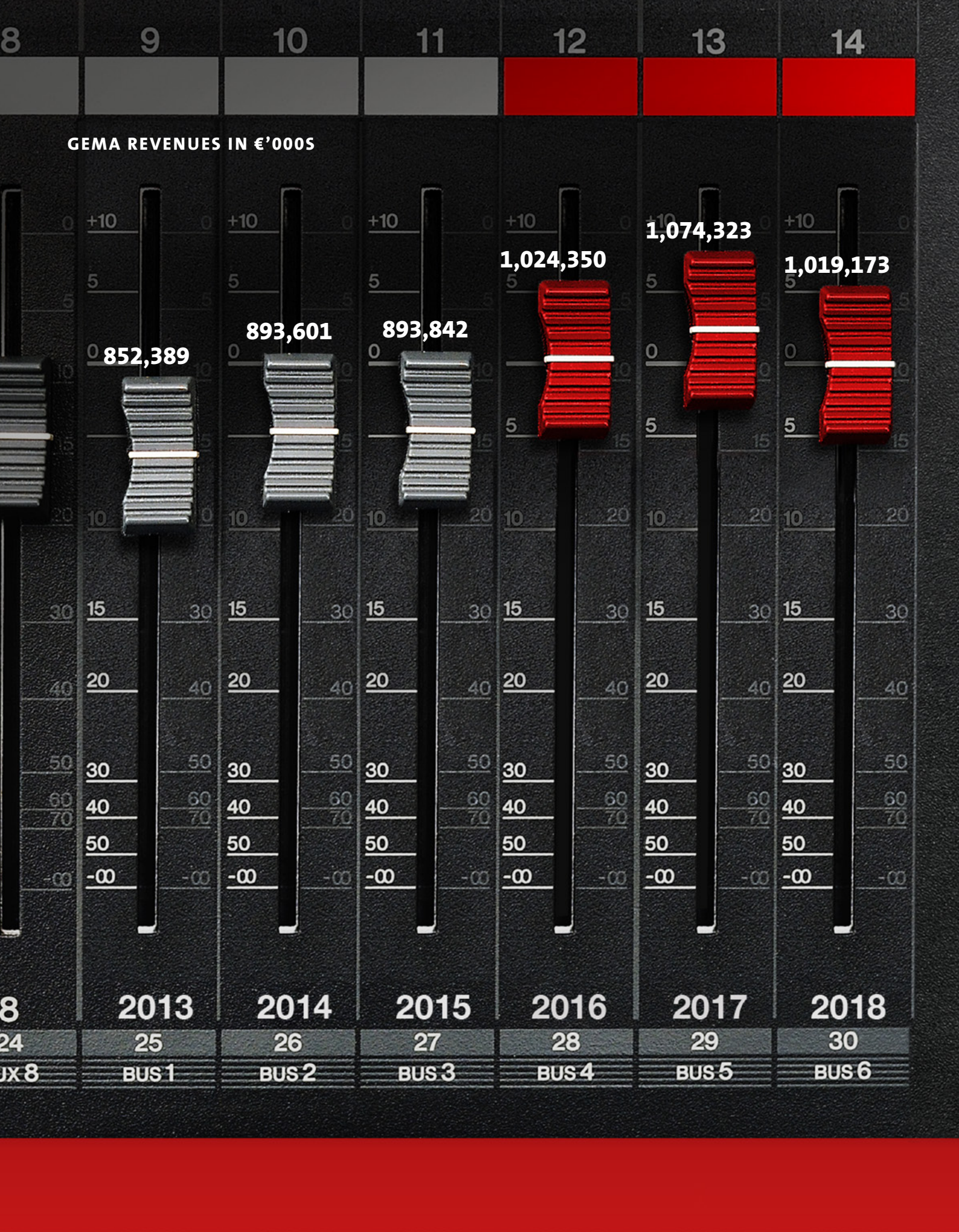
<b>Assessment Committee for arrangers</b>	Raimond Erbe Prof. Wieland Reißmann Joachim Schmeißer Werner Theisen Prof. Bernd Wefelmeyer	<b>Deputies</b> Lenard Schmidthals Wolfgang Vetter-Lohre Alfons Weindorf  <b>Supervisory Board delegate</b> Jörg Evers  <b>Deputy</b> Micki Meuser
<b>Finance Committee</b>	Burkhard Brozat Micki Meuser Diana Muñoz Jochen Schmidt-Hambrock Dagmar Sikorski Stefan Wagershausen	<b>Deputies</b> Frank Ramond Dr. Charlotte Seither Patrick Strauch

As at 31/12/2018

Pursuant to Art. 5a of the Statutes, members of the Supervisory Board, the committees and commissions of GEMA merely receive a reimbursement of their travel and cash expenses as well as flat-rate attendance fees at an adequate level for their voluntary activity. The level of attendance fees is determined by the Members' Assembly pursuant to Art. 10 item 6c of the Statutes at the suggestion of the Attendance Allowance Committee.

In 2018, a total of €2.49 million was paid in the form of compensation and other benefits to members of the bodies pursuant to to s. 18 (1) VGG.







# 2

## FINANCIAL INFORMATION

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## PROFIT AND LOSS STATEMENT

### PROFIT AND LOSS STATEMENT FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER

[↗ T.04](#)

in €'000s	Note no.	2018	2017
1. Income	27	1,007,333	1,062,776
<i>of which</i>			
a) <i>Income from copyright exploitation and royalty claims</i>		1,002,133	1,057,654
<i>of which income from collection mandates</i>		173,576	179,371
b) <i>Other income</i>		5,200	5,122
2. Other operating income		10,149	9,056
3. Expenses for third party services	28	-61,248	-59,084
4. Staff costs	29	-60,551	-72,152
<i>of which</i>			
a) <i>Wages and Salaries</i>		-44,494	-54,973
b) <i>Social benefits and expenses for social security plans and support programmes</i>		-16,057	-17,179
<i>of which pension scheme payments</i>		-7,950	-9,465
5. Amortisation of immaterial assets in fixed assets and tangible assets		-8,067	-6,050
6. Other operating expenses	28	-26,249	-20,665
7. Income from holdings		950	1,545
<i>of which holdings in related companies</i>	30	699	1,453
8. Income from securities and bonds		55	61
9. Other interest income and similar income		686	885
10. Interest paid and similar expenses	31	-1,717	-1,083
11. Tax on income and revenue		-1,661	-1,502
12. Result after tax		<b>859,680</b>	<b>913,787</b>
13. Other taxes		-169	-172
14. Allocations to distribution reserves and accruals	23	-859,511	-913,615
<b>15. Result for the year</b>		<b>0</b>	<b>0</b>

## BALANCE SHEET AS AT 31 DECEMBER 2018 (85TH FINANCIAL YEAR)

### ASSETS

[↔ T.05](#)

in €'000s		Note no.	As at 31/12/2018	As at 31/12/2017
<b>A. Fixed assets</b>	<b>I. Intangible assets</b>	3/16		
	1. Operating licences, industrial property rights, similar rights and values, and licences in such values and rights		36,121	29,541
	2. Prepayments made		23,172	18,305
	<b>II. Tangible assets</b>	4/16		
	1. Properties, leasehold rights and buildings, including buildings on sites not owned by GEMA		22,329	30,703
	2. Other assets, office and business equipment		2,704	2,621
	<b>III. Financial assets</b>	5/16		
	1. Shares in related companies	17	43,245	38,038
	2. Holdings	18	4,677	4,677
	3. Loans to holdings		10,342	9,546
	4. Fixed asset securities	19	287,000	237,000
	5. Other loans		889	1,006
			<b>430,479</b>	<b>371,437</b>
<b>B. Current assets</b>	<b>I. Receivables</b>	6/20		
	1. Membership prepayments		77,118	118,661
	2. Foreign collective management organisations		90,757	60,728
	3. Sound and audiovisual recordings companies		7,782	5,802
	4. Broadcasters		43,314	32,933
	5. Online providers		51,514	32,275
	6. Music promoters		80,142	63,428
	7. Related companies / holdings		192	798
	8. Companies with which investment relations exist		841	547
	9. Others		36,960	15,357
	<b>II. Cash at bank</b>	7/21		
	1. Fixed-term deposits		10,000	15,291
	2. Others		307,867	510,307
	<b>III. Cash in hand</b>	7	19	14
			<b>706,506</b>	<b>856,141</b>
<b>C. Accruals and deferred income</b>		8	<b>109</b>	<b>93</b>
<b>D. Trustee receivables</b>		21	<b>1,587</b>	<b>1,596</b>
			<b>1,138,681</b>	<b>1,229,267</b>

## LIABILITIES

→ T.06

in €'000s	Note no.	As at 31/12/2018	As at 31/12/2017
<b>A. Capital and reserves</b>	22	0	0
		<b>0</b>	<b>0</b>
<b>B. Reserves and accruals for the distribution</b>	9/23		
<b>I. From performance, presentation broadcasting and communication to public rights and remuneration rights</b>			
1. Domestic income		594,475	642,700
2. Collection mandates		37,262	26,968
3. International income		10,560	19,082
<b>II. From reproduction rights and remuneration rights</b>			
1. Domestic income		228,905	305,124
2. Collection mandates		3,455	2,409
3. International income		11,531	12,226
		<b>886,188</b>	<b>1,008,509</b>
<b>C. Other reserves and accruals</b>	10/24		
1. Reserves and accruals for pension plans and similar obligations		67,239	61,307
2. Tax accruals		1,705	2,320
3. Other accruals		20,791	26,374
		<b>89,735</b>	<b>90,001</b>
<b>D. Obligations</b>	13/25		
1. From royalties distributed to members		5,914	18,414
To foreign collective management organisations		39,166	7,792
2. From advances paid to music promoters		756	534
3. To related companies / holdings		6,970	5,247
4. To companies with which investment relations exist		57	649
5. Others		63,849	50,997
of which from taxes		810	1,323
		<b>116,712</b>	<b>83,633</b>
<b>E. Accruals and deferred income</b>	14/26	<b>44,459</b>	<b>45,528</b>
<b>F. Trustee obligations</b>	21	<b>1,587</b>	<b>1,596</b>
		<b>1,138,681</b>	<b>1,229,267</b>

## DEVELOPMENT OF FIXED ASSETS IN 2018

### ASSETS: A. FIXED ASSETS

in €'000s	Purchase and production costs				As at 31/12/2018
	As at 01/01/2018	Inflows	Transfers	Outflows	
<b>I. Intangible assets</b>					
1. Operating licences, industrial property rights, similar rights and values, and licences in such values and rights	47,325	346	12,889	-91	60,469
2. Prepayments made	18,304	17,756	-12,889	0	23,171
<b>Total</b>	<b>65,629</b>	<b>18,102</b>	<b>0</b>	<b>-91</b>	<b>83,640</b>
<b>II. Tangible assets</b>					
1. Properties, leasehold rights and buildings, including buildings on sites not owned by GEMA	54,741	0	0	-12,518	42,223
2. Other assets, office and business equipment	3,709	484	0	-2	4,191
3. Low-value assets	207	168	0	-207	168
<b>Total</b>	<b>58,657</b>	<b>652</b>	<b>0</b>	<b>-12,727</b>	<b>46,582</b>
<b>III. Financial assets</b>					
1. Shares in related companies	38,038	5,235	0	-28	43,245
2. Holdings	4,677	0	0	0	4,677
3. Loans to holdings	9,546	2,361	0	-1,565	10,342
4. Fixed asset securities	237,000	50,000	0	0	287,000
5. Other loans	1,006	0	0	-117	889
<b>Total</b>	<b>290,267</b>	<b>57,596</b>	<b>0</b>	<b>-1,710</b>	<b>346,153</b>
<b>Sum total</b>	<b>414,553</b>	<b>76,349</b>	<b>0</b>	<b>-14,528</b>	<b>476,375</b>

 T.07

	Accumulated amortisation and depreciation			Book value		
	As at 01/01/2018	Inflows	Outflows	As at 31/12/2018	As at 31/12/2018	As at 31/12/2017
	17,784	6,596	-33	24,347	36,122	29,541
	0	0	0	0	23,171	18,304
	<b>17,784</b>	<b>6,596</b>	<b>-33</b>	<b>24,347</b>	<b>59,293</b>	<b>47,845</b>
	24,038	903	-5,047	19,894	22,329	30,703
	1,088	400	-1	1,487	2,704	2,621
	207	168	-207	168	0	0
	<b>25,333</b>	<b>1,471</b>	<b>-5,255</b>	<b>21,549</b>	<b>25,033</b>	<b>33,324</b>
	0	0	0	0	43,245	38,038
	0	0	0	0	4,677	4,677
	0	0	0	0	10,342	9,546
	0	0	0	0	287,000	237,000
	0	0	0	0	889	1,006
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>346,153</b>	<b>290,267</b>
	<b>43,117</b>	<b>8,067</b>	<b>-5,288</b>	<b>45,896</b>	<b>430,479</b>	<b>371,436</b>

## RESERVES AND ACCRUALS FOR THE DISTRIBUTION IN 2018

### LIABILITIES: B. RESERVES AND ACCRUALS FOR DISTRIBUTION

[↗ T.08](#)

in €'000s	As at 01/01/2018	Pay-outs 2018 for previous years and advance pay- outs 2018	Allocations 2018	As at 31/12/2018
<b>I. From performance, presentation, broadcasting and communication to public rights and remuneration rights</b>				
1. Domestic income	642,700	525,613	477,388	594,475
2. Collection mandates	26,968	117,562	127,856	37,262
3. International income	19,082	54,222	45,700	10,560
				<b>642,297</b>
<b>II. from reproduction rights and remuneration rights</b>				
1. Domestic income	305,124	239,892	163,673	228,905
2. Collection mandates	2,409	30,678	31,724	3,455
3. International income	12,226	13,865	13,170	11,531
				<b>243,891</b>
<b>Sum total</b>	<b>1,008,509</b>	<b>981,832</b>	<b>859,511</b>	<b>886,188</b>



## NOTES TO THE ACCOUNTS

**For financial year from  
1 January to 31 December 2018**

### GOVERNING STATUTORY PROVISIONS

**1.** The annual financial statements for 2018 were drawn up based on the accounting regulations for collective management organisations pursuant to s. 57 (1) cl. 1 VGG (Verwertungsgesellschaftengesetz - Act on Collective Management Organisations). This led to a comprehensive application of the accounting regulations of the HGB (Handelsgesetzbuch – German Commercial Code) for large incorporated enterprises. The specific characteristics of collective management organisations were accommodated by way of including additional items (s. 265 (5) HGB) and by way of adapting the names of the items (s. 265 (6) HGB). Apart from the annual financial statements, consisting of balance, profit and loss statement, cash flow statement, including the notes to the accounts, a management report was prepared.

### ACCOUNTING AND EVALUATION PRINCIPLES

**2.** The specific characteristics of a collective management organisation are taken into account in the structure of the annual financial statements. Due to the obligation to pay out all collections after deduction of administrative expenses, no equity capital is shown on the balance sheet. Until the pay-out to rightsholders, the income surplus is entered on the liabilities side in the form of a reserve for the distribution.

**3.** Intangible assets were activated at their acquisition costs and a straight-line depreciation method was applied over their ordinary useful lives.

**4.** Tangible assets were evaluated at their acquisition or production costs. The loss in value is captured based on a scheduled straight-line depreciation. The ordinary asset depreciation range is between three and thirteen years. Buildings are depreciated on a straight-line basis at a rate of 1.5%. Low-value assets (up to €800) are written off in full in the year in which they are acquired.

**5.** With respect to the financial assets, shares in related companies, holdings and securities and bonds are usually recognised at their acquisition costs, and loans generally at their nominal value. Regarding the financial assets, cumulative value adjustments for lower year-end rates were waived, provided that a value recovery was expected by the final maturity date (moderate lower of cost or market principle).

**6.** The assessment of receivables was carried out using the nominal amount; possible shortfall risks were taken into consideration by applying an accumulated depreciation. Receivables arising from the reproduction, international income, broadcasting and online collection categories contained cautious estimates for uses that had occurred in the financial year, but had not yet been distributed. These estimates were based on empirical values from the past. The revenues were actualised on the date of the performance delivery or use. All transactions with related companies and holdings have been undertaken at normal market conditions.

**7.** The assessment of cash in hand and cash at bank was performed using the nominal value.

**8.** Active accruals and deferred income were set up for prepaid amounts as long as they constitute expenses for a certain period after the financial statement date.

**9.** The reserves and accruals for the distribution include amounts which are payable to authors and publishers who are rightsholders in the subsequent year (Annex 2 of the notes to the accounts).

**10.** The allocation of the remaining reserves takes into account all identifiable risks and uncertain liabilities, and was performed according to the principles of reasonable commercial evaluation.

**11.** In the reporting year, reserves and accruals for pension plans were calculated based on the actuarial principles pursuant to s. 253 HGB at an actuarial interest rate of 3.21%. The actuarial interest used is the average market interest published by the Deutsche Bundesbank (German Central Bank) for the last 10 financial years, at an assumed residual term of 15 years. Based on the application of an average market interest rate pursuant to the provisions of s. 253 (6) HGB for the past 7 financial years for an assumed residual life of 15 years, the result would be an actuarial interest rate of 2.32% (difference in the debit reserve according to assessment of the 7-year compared to the 10-year average interest: €12,649k). The assessment was based on a fluctuation of

2.0%, a salary trend of 2.0% p.a. and a pension indexation for pension liabilities of 1.6% p.a. (provided that no other contractual arrangement is in place). The 2018 actuarial tables by Heubeck AG, Cologne are used.

Exercising the option for accrual (i.e. whether or not to recognise the amounts in the balance sheet) resulted in pension liabilities from previous commitments of €22,415k (previous year: €15,668k) that were not reported in the balance sheet on the financial statement date. Furthermore, there are indirect pension commitments as at the financial statement date, 31 December 2018, of €18,426k (previous year: €11,104k) (via the GEMA Unterstützungskasse GmbH, Munich).

**12.** The reserves and accruals for staff anniversaries and partial retirement are also determined on the basis of actuarial principles. The assessment of accruals for anniversary bonuses was based on an assumed interest rate of 2.32% and partial retirement accruals on 0.88%.

**13.** Liabilities were set at the level of the settlement amount.

## SHARES IN RELATED COMPANIES

↔ T.09

Name of the organisation	Share quota	EC in €'000s	AS in €'000s
PAECOL GmbH i.L., Munich*	0.0%	0	0
ARESA GmbH, Munich**	100.0%	716	116
ZPÜ-Service GmbH, Munich*	100.0%	767	44
IT4IPM GmbH, Munich*	100.0%	3,163	391
GEMA Immobilien GmbH, Munich	100.0%	24	0
GEMA Immobilienverwaltung wirtschaftlicher Verein & Co. KG, Munich*	100.0%	40,163	244
GEMA Unterstützungskasse GmbH, Munich*	100.0%	25	0

\* Only preliminary annual reports available.

\*\* Figures for the 2017 financial year

EC = equity capital, AS = annual surplus

## SHARES IN HOLDINGS

☞ T.10

Organisation	Share quota	Pro-rata EC in €'000s	Pro-rata AS in €'000s
SOLAR MRM GmbH i.L., Munich*	50%	93	0
iSYS Software GmbH, Munich**	24.90%	822	134
ICE Operations AB, Stockholm, Sweden*	33.33%	812	-205
International Copyright Enterprise Services Ltd., London, UK*	33.33%	-76	928

\* Only preliminary annual reports available.

\*\* Figures for the 2017 financial year

EC = Equity Capital, AS = Annual surplus

**14.** Deferred accruals and income were created for income received before the financial statement date as long as the income in question related to a certain period after the financial statement date.

**15.** Receivables, liabilities and liquid assets in foreign currency were valued using the exchange rate of the settlement day, or using the lower/higher exchange rate on the financial statement date.

## DETAILS ON BALANCE SHEET ITEMS

**16.** The development of individual items relating to fixed assets is reflecting the depreciation during the financial year and is shown in the schedule of movements in fixed assets (Annex 1 of the notes to the accounts).

**17.** Shares in related companies are as follows: see ☞ T.09

**18.** Shares in holdings are as follows: see ☞ T.10

GEMA is an associate of the Zentralstelle für private Überspielungsrechte GbR, Munich (ZPÜ, Central Organisation for Private Copying Rights).

**19.** Fixed assets in securities and bonds amounting to €287,000k (previous year: €237,000k) increased in the 2018 financial year by €50,000k. This increase is a result of a more sustainable spread of financial resources, including longer term bonds and securities in the investment grade sector.

**20.** During October/November 2018, the reversal of payments was carried out based on the decision of the Higher Regional Court Berlin. The receivables from members include the receivables from members (publishers) that have not yet been settled. The potential risk regarding the loss of receivables was met by way of taking cumulative value adjustments into account.

All receivables fall due within one year. Receivables from related companies amounting to €192k (previous year: €798k) mainly consist of receivables from ZPÜ-Service GmbH (€185k; previous year: €200k).

Receivables from companies with whom GEMA entertains investment relations amounting to €841k (previous year: €547k) consist mainly of receivables from SOLAR MRM Ltd. (€715k; previous year: €0k).

Other receivables amounting to €36,960k (previous year: €15,357k) mainly affect receivables from tax authorities amounting to €21,005k (previous year: €112k) as well as receivables from collection mandate grantors amounting to €8,861k (previous year: €7,649k) and receivables from advance payments amounting to €2,840k (previous year: €1,048k).

**21.** The remaining cash at bank amounting to €317,867k (previous year: €525,598k) relates to current giro account, overnight account and fixed-term deposit balances. Trustee receivables, or trustee obligations, amounted to €1,587k (previous year: €1,596k); they include security deposits from the producers of sound recordings and relate to transitory items from the licensing fees that GEMA collects and administers as a trustee until the distribution to the beneficiaries.

**22.** In terms of accounting, GEMA does not have equity capital or reserve funds. All proceeds are distributed to those eligible for remuneration (members, and other beneficiaries and rights owners) after expenses have been defrayed.

**23.** A total of €886,188k (previous year: €1,008,509k) is available for distribution. The amount allocated for 2018 is €859,511k (previous year: €913,615k).

The development of reserves and accruals for the distribution is shown in the accruals and provisions schedule (Annex 2 of the notes of the accounts).

**24.** Other reserves and accruals amounting to €89,735k (previous year: €90,001k) mainly include reserves and accruals for pension payments and similar obligations (€67,239k; previous year: €61,307k). During the reporting year, GEMA has directly re-assumed the pension liabilities for three pensioners of the GEMA pension fund. Above and beyond this, other reserves and accruals exist for the staff sector (€13,099k; previous year: €16,690k), for legal and court costs (€380k; previous year: €513k) as well as for costs related to annual financial statements and tax advice (€242k; previous year: €284k). Reserves and accruals for income adjustments were made for the sectors online (€143k; previous year: €591k), broadcasting (€2,214k; previous year: €1,309k) and sound and audiovisual recordings (€0k; previous year: €1,400k).

**25.** Just like in the previous year, there are no liabilities with a residual maturity in excess of one year. Other liabilities mostly consist of liabilities to the Gesellschaft zur Verwertung von Leistungsschutzrechten mbH, Berlin (GVL), the Verwertungsgesellschaft Wort, Munich (VG WORT), the Gesellschaft zur Verwertung der Urheber- und Leistungsschutzrechte von Medienunternehmen mbH, Berlin (VG Media), the Zentralstelle für Videovermittlung, Munich (ZWF) and the VG Musikedition, Kassel (liabilities from collection mandates €28,907k; previous year: €30,350k).

**26.** Deferred income included accrued membership fees, accrued proceeds in connection with regional offices, and accrued online revenues.

## DETAILS ON PROFIT AND LOSS STATEMENT ITEMS

↪ T.11

Rights category	Type of use	2018 in €'000s	2017 in €'000s	Difference in €'000s
<b>Reproduction and distribution</b>	Sound recordings	44,003	50,131	-6,128
	Audiovisual recordings	9,742	10,218	-476
	Total	53,745	60,349	-6,604
<b>Performance</b>	Music events	133,136	123,848	9,288
<b>Online</b>	Internet broadcasting	505	572	-67
	Download	8,867	13,795	-4,928
	Streaming	95,447	57,701	37,746
	Total	104,819	72,068	32,751
<b>Broadcasting</b>	Radio	52,772	50,403	2,369
	TV	176,943	173,622	3,321
	Streaming	15,375	14,904	471
	Total	245,090	238,929	6,161
<b>Communication to the public</b>	Mechanical performance	148,242	146,401	1,841
<b>Presentation</b>	Presentation	10,086	11,534	-1,448
<b>Statutory remuneration rights</b>	of which s. 27 (1) UrhG	426	921	-495
	of which s. 27 (2) UrhG	1,189	1,300	-111
	of which s. 52a (4)/60h (1) cl. 1 UrhG	157	207	-50
	of which s. 54 (1) UrhG	60,888	150,317	-89,429
	Total	62,660	152,745	-90,085
<b>International income</b>	Performance	47,753	47,208	545
	Reproduction	13,319	14,232	-913
	Cable retransmission	9,315	11,148	-1,833
	Total	70,387	72,588	-2,201
<b>Collection mandates</b>	Performance	139,433	137,313	2,120
	Reproduction	34,535	41,880	-7,345
	Total	173,968	179,193	-5,225
<b>Sum total</b>		<b>1,002,133</b>	<b>1,057,654</b>	-55,521

## DETAILS ON ITEMS OF THE PROFIT AND LOSS STATEMENT

**27.** Income from copyright exploitation and remuneration rights amounted to €1,002,133k in the financial year, and €1,057,654k in the previous year. Their composition is as follows: see ↪ T.11

Income from the reproduction and distribution sector followed a continued downward trend due to the general market developments in the sound recording sector. The rise in revenues in the music events sector can be traced back to a general tariff increase, but in particular to a strong concert year 2018 (partly due to the general surge in ticket prices). The strong growth in the online sector (streaming) is the result of an increasing

**OTHER OPERATING EXPENSES**

↔ T.12

in €'000s	2018	2017
<b>Expenses for third party services</b>		
IT services	32,143	28,824
Ancillary costs from collection activities	11,478	12,457
Communication expenses and marketing measures	9,586	9,913
Other services	8,041	7,890
	<b>61,248</b>	<b>59,084</b>
<b>Other operating expenses</b>		
Other administration costs	5,975	5,818
Fees for consultancy and expert opinions	8,638	7,351
Buildings and room charges	4,294	4,178
Miscellaneous	7,342	3,318
	<b>26,249</b>	<b>20,665</b>
<b>Interest payable</b>	<b>1,717</b>	<b>1,083</b>
	<b>89,214</b>	<b>80,832</b>

market demand and conclusions of contracts with YouTube, Facebook, Spotify, Amazon and Netflix. Higher payments on account and additional final invoices for previous years triggered the rise of the revenues in the broadcasting sector, in particular in the radio and TV categories. The decrease of revenues in the statutory remuneration rights sector can be largely explained by way of the high income in the previous year at the Zentralstelle für private Überspielungsrechte (ZPÜ, Central Organisation for Private Copying Rights) from collections for smartphones, tablets and PCs in the years between 2012 and 2016. The negative deviation in the collection mandate sector is due to the market decline in other European countries for the licensing of the reproduction of sound recordings and audiovisual recordings in the course of central licensing.

As part of managing collection mandates, GEMA realised income on behalf of other collective management organisations (such as GVL, VG WORT) and forwarded such revenues after deducting a commission to the aforementioned organisations.

**28.** Expenses for third party services, other operating expenses and other interest and similar expenses are made up as follows: see ↔ T.12

The majority of IT services is provided by the subsidiary company IT4IPM GmbH. Ancillary costs from collection activities consisted of costs for monitoring of licence registrations of €7,908k (previous year: €8,266k) as well as legal costs of €3,570k (previous year: €4,191k).

**29.** Staff costs amounted to €60,551k (previous year: €72,152k). The expenses contained therein for pension scheme payments come to €7,950k (previous year: €9,465k).

The average headcount during the financial year was 849 staff (previous year: 808 staff). The number of staff consisted of the following groups as at 31/12/2018: 626 full-time staff, 155 part-time staff, 32 apprentices and 36 semi-retired staff.

**30.** The revenues from related companies amounting to €699k (previous year: €1,453k) mainly relate to the profit realisation for the period from the shares in the GEMA Immobilienverwaltung wirtschaftlicher Verein & Co. KG, Munich, of €235k (previous year: €658k) as well as the pay-out of ARESA GmbH of €116k (previous year: €114k) and the IT4IPM GmbH of €97k (previous year: €490k).

**31.** The interest expenses pertains mainly to the compounding of the pension reserves and accruals amounting to €1,682k (previous year: €1,054k)

#### **DETAILS ON THE CASH FLOW STATEMENT**

**32.** Cash and cash equivalents in the financial year compared to the previous year decreased by €207,726k to €317,886k. The substantial changes resulted from a significant decline in the cash flow from ongoing business of €342,013k. Reasons for this are in particular the special pay-outs for YouTube and the pay-out for the collected ZPÜ monies (for the products smartphones, tablets and PCs). It was not possible to compensate for this effect from the low cash outflow arising from investment activities of €61,822k. For details, we refer to the attached cash flow statement (Annex 1.3): see [➔ T.13](#)

#### **REPORT ON EVENTS AFTER THE REPORTING PERIOD**

**33.** Events that would have been of specific significance for the assessment of GEMA's asset, finance and revenue situation have not occurred between the closure of the financial year and the Board meeting where the annual financial statements were prepared.

#### **SUPPLEMENTARY INFORMATION**

**34.** Contingencies as defined by s. 251 HGB vis-à-vis third parties no longer exist due to the repayment of members' loans during the reporting year (previous year: €291k). There are, however, miscellaneous financial liabilities arising from payment obligations from long-term rental contracts amounting to €12,009k. Of those, €7,754k relate to payment obligations vis-à-vis related companies. Premature demands in this regard are not anticipated.

**35.** The total fee for the audit services of the independent auditing firm in the 2018 financial year came to €171k.

**36.** Current earnings in 2018 amounted to €666k for Dr. Harald Heker; €358k for Lorenzo Colombini and €453k for Georg Oeller. Social benefits for all members of the Managing Committee amounted to €704k. Earnings of previous Managing Committee members amounted to €351k. The reserves and accruals for pension plans created for this group of persons stood at €3,041k as at the reporting date.

**37.** The Supervisory Board consists of 15 members in accordance with Art. 13(1) of GEMA's Statutes. Two representatives can be elected for every professional category in accordance with Art. 13(1) cl. 2 of the Statutes.

Following the elections during the General Assembly 2018, the Supervisory Board is made up as follows:

<b>Composers</b>	Dr. Ralf Weigand	Chairperson
	Jörg Evers	
	Matthias Hornschuh	Deputy
	Micki Meuser	
	Jochen Schmidt-Hambrock	
	Dr. Charlotte Seither	
	Prof. Dr. Enjott Schneider	
Alexander Zuckowski		
<b>Lyricists</b>	Stefan Waggershausen	Deputy Chairperson
	Burkhard Brozat	
	Rudolf Müssig	Deputy
	Frank Ramond	
	Tobias Künzel	
	Pe Werner	
<b>Publishers</b>	Dagmar Sikorski	Deputy Chairperson
	Dr. Götz von Einem	
	Hans-Peter Malten	Deputy
	Michael Ohst	
	Patrick Strauch	
	Jörg Fukking	
	Diana Muñoz	

The members of the Supervisory Board receive expense allowances only. During the 2018 financial year, this amounted to a total of €309k (previous year: €356k).

Munich, 12 March 2019



Dr. Harald Heker



Lorenzo Colombini



Georg Oeller

**The Managing Committee**



## CASH FLOW STATEMENT

### CASH FLOW STATEMENT

[↗ T.13](#)

in €'000s	<b>2018</b>	2017
Allocations to distribution reserves and accruals	859,511	913,615
Amortisations on fixed asset items	8,067	6,050
Increase/decrease of reserves and accruals	– 266	17,718
Pay-outs to members	– 981,832	– 741,218
Profit from outflows of fixed asset items	– 5,287	0
Increase/decrease of stock, claims from deliveries and services as well as other assets which are not allocable to investment or financial activities	– 57,985	12,118
Increase/decrease of liabilities from deliveries and services as well as other liabilities which are not allocable to investment or financial activities	31,888	– 12,174
<b>Cash flow from current business activities</b>	<b>– 145,904</b>	<b>196,109</b>
Receipts from outflows of tangible asset items/immaterial assets	12,818	0
Payments for investments for tangible assets/immaterial assets	– 18,754	– 19,309
Receipts from outflows of financial asset items	1,710	5,902
Payments for investments into the financial assets	– 57,596	– 109,327
<b>Cash flow from investment activities</b>	<b>– 61,822</b>	<b>– 122,734</b>
<b>Cash flow from finance activities</b>	<b>0</b>	<b>0</b>
Cash changes of the financial resources	– 207,726	73,375
Financial resources at the beginning of the period	525,612	452,237
<b>Financial resources at the end of the period</b>	<b>317,886</b>	<b>525,612</b>

## A. GENERAL CONDITIONS AND BUSINESS

### 1. ECONOMIC ENVIRONMENT

Global economy continues to grow but also exhibits a gradual deceleration of the expansion rate. The decline of global growth is carried by nearly all world regions, with international trade, in particular, losing pace. According to the falling Economic Sentiment indicator of the European Commission, economic perspectives in the Eurozone have become overcast. The German Federal Government expects a global GDP growth of 3.5% in 2019 (2018: 3.7%). In light of stable commodity prices, the economic situation in some large emerging countries is likely to continue its acceleration. Risks related to the growth in the Eurozone continue to be the consequences of Brexit as well as the partially less sustainable fiscal policies.

According to the 2019 annual economic report by the German Federal Ministry of Economics and Technology, the German economy continues its course of growth. Last year's growth of the German economy was 1.5% and represented a growth rate similar to the average during the period from 2012 onwards, but significantly slower than in the fast-growing years 2016 and 2017 with a rate of 2.2% each. Domestic economic starting conditions for 2019 are therefore still good. Economic perspectives for the world economy have, however, deteriorated compared to the previous year, and will see growth at a slower pace. Against this background, the German Federal Government expects an increase of the adjusted gross domestic product of 1.0% for 2019. Economic growth is thus weaker than in the previous year.

Throughout 2018, the labour market in Germany continued to follow a positive trend. On an annual average, around 44.8m persons were employed at workplaces in Germany (previous year: 44.3m). Unemployment rates stood at 5.2% (previous year: 5.7%).

Across 2018 overall, the price climate was at its highest level since 2012. The inflation rate averaged at 1.9% (previous year: 1.8%), and was thus in the target value range of the ECB (European Central Bank). The mounting price dynamics were mainly due to the continued rise of oil prices.

The recovery of credit development in the Eurozone continues. The ECB (European Central Bank) continues to follow an expansionist monetary policy. The interest rate for main refinancing business has been at 0.0% since March 2016. Another value that remained unchanged since March 2016 was the short-term deposit interest rate, which continues to stay negative at – 0.40%.

### 2. MUSIC INDUSTRY DEVELOPMENTS

As a collective management organisation for musical works, GEMA depends on the overall trends and developments within the music industry.

According to the information provided by the Bundesverband der Musikindustrie (German Federal Association of the Music Industry), collections from music sales dropped by 2.0% in the first semester of 2018 compared to the same period in the previous year. The audio streaming sector overtook the CD and now makes up the biggest sales segment with a market share of 47.8%. Compared to the first semester of 2017, sales in the CD sector dropped by 24.5%, which constitutes a market share of 34.4%. The download and vinyl sectors also exhibited losses. The only growth segment apart from audio streaming was video streaming, which gained 27.2% and now makes up 2.2% of the total sales. The level of music use on radio and TV remains high. To retain the appeal of modern TV and radio programmes, it is essential that

music continues to be used commercially. Finally, music use in the live music sector also continued its development at a very stable pace.

### 3. LEGAL CONDITIONS

At the European level, the Committee proposal for a Directive on Copyright in the Digital Single Market continued to be debated throughout 2018. After the Member States had already managed to agree on a joint position in the Council at the end of May 2018, the EU Parliament also adopted its position regarding the Directive proposal in a second attempt in mid-September 2018. During the ensuing trilogue negotiations between the Council, the Parliament and the Commission, no agreement regarding a joint Directive text could be reached by the end of the year. Negotiations therefore resumed in 2019.

The focus of the discussions continues to be in particular the regulations in s. 13 of the Directive proposal regarding the liability of internet platforms which exploit contents protected by copyright that have been uploaded by their users. In addition to the issue of a suggested exception for small and microenterprises, the issue of the type and scope of the originally proposed measures to attenuate the liability of platforms was in dispute. From GEMA's perspective, it is indispensable for a compromise in this respect that the key issue of s. 13 – the promotion of licensing agreements between platforms and rightsholders – should be preserved and clear incentives for licence solutions should be created. The legislative process is to be concluded in the first quarter 2019. Following that, the Directive would have to be implemented in national legislation.

Regarding the legislative process for the previous regulation supplementing the Cable and Satellite Directive (so-called SatCab Directive), the Council, the Parliament and the Commission were able to agree on a political compromise in December 2018. What came as a surprise was that after multi-year engagement with this issue, the planned reg-

ulation was turned into a Directive in order to enable the Member States to have more leeway regarding implementation. The law governs the management of copyright and neighbouring rights with respect to certain online transmissions of broadcasters (referred to as “ancillary online services”) and the transfer of the governance mechanisms of the Cable and Satellite Directive to the re-transmission of TV and radio programmes via other transmission techniques. The implementation of provisions for a technology-neutral configuration of the re-transmission and the direct feed of programmes into cable networks by the broadcasters (known as “direct injection”) represented major items from the rightsholders’ and collective management organisations’ perspectives. In terms of the issue which remained in dispute until the last minute, namely “country-of-origin principle” for “ancillary online services” of the broadcasters, a reduced scope of application was finally agreed in December 2018. It can be assumed that the legislative process will be concluded in the first quarter 2019. Following that, the Directive will have to be implemented into national legislation.

#### 3.1 GERMAN FEDERAL COURT OF JUSTICE (BGH)

##### a) Radio broadcasts in hospitals

With its judgement dated 11 January 2018 the German Federal Court of Justice (file no. I ZR 85/17) decided that a hospital operator equipping patient rooms with radio sets, via which patients can receive radio broadcasts via a hospital-owned cable system, makes the radio broadcasts publicly available in the sense of s. 15 (3) UrhG, also taking into consideration more recent ECJ judgements. Without consent from collective management organisations he therefore infringes on the rights of authors, performing artists and broadcasters regarding the communication to the public of their works or performances.

##### b) Liability of an internet platform for copyright infringements – YouTube

With its judgement dated 13 September 2018, the German Federal Court of Justice (legal case I ZR 140/15) presented the Euro-

pean Court of Justice with the question for preliminary decision whether an internet platform such as YouTube where users upload works protected by copyright, carries out an act of communicating to the public and is liable for copyright infringements. The German Federal Court of Justice assumed that such a platform would not be liable but found itself not in a position to decide on this matter itself since European Law was authoritative in this respect.

### **c) Liability of a sharehosting provider for contents infringing copyright – Uploaded**

With its judgement dated 20 September 2018, the German Federal Court of Justice (legal case I ZR 53/17) presented the European Court of Justice with the question for preliminary decision whether a sharehosting service via which users make files available that contain contents protected by copyright, carries out an act of communicating to the public itself and is liable for copyright infringements. Plaintiffs included, among others, GEMA. The German Federal Court of Justice assumed that such a sharehosting service would be liable for damages, but found itself not in a position to decide on this matter itself since European Law was authoritative in this respect

## **3.2 HIGHER REGIONAL COURT – PUBLISHER PARTICIPATION**

The judgement of the Higher Regional Court dated 14 November 2016 (file no. 24 U 96/14) continued to have effect in 2018. Following the legal action filed by two authors, the court had decided that GEMA was not entitled to let publishers participate on a blanket basis from their pay-outs for exploitation rights and statutory remuneration rights. The court did not allow an appeal. The German Federal Court of Justice rejected the appeal against refusal of leave to appeal by GEMA so that the judgement became legally binding.

Pursuant to the decision of the Higher Regional Court, the legal committee of the German Bundestag decreed a proposal for regulating the copyright contract law and the publisher participation on 13 December 2016; the proposal entered into force following a fast-track procedure on 24 December 2016. Pursuant to s. 27 (2) VGG [CMO Act] (revised version), GEMA may let authors and publishers participate jointly in the pay-outs for exploitation rights again, once the law has entered into force, irrespective of the question who assigned the rights to GEMA. Pursuant to s. 27a VGG (revised version), the publisher participation in statutory remuneration rights is, however, subject to the authorisation of the author. As a consequence, publishers only participated in statutory remuneration rights in 2018 if the respective authorisation from the author had been given.

In order to process the legal consequences of the judgement of the Higher Regional Court, GEMA implemented an electronic confirmation process in 2017 and 2018. By way of this process, publishers were able to prove their legal relationships with their authors vis-à-vis GEMA. In October/November 2018, the reversal took place based on the results of the electronic confirmation process. Provided that publishers could not prove their entitlement, their account was debited with the respective amounts, which were in turn credited to the authors. The potential risk regarding the loss of receivables was met by way of taking cumulative value adjustments into account.

In order to prevent a statute of limitation situation of potential claims for a payment clawback against publishers for pay-outs from 2015, GEMA has obtained declarations for the waiver of claims under the statute of limitation for pay-outs in 2015 from its publisher members. In cases where no declarations for the waiver of claims under the statute of limitation were provided, GEMA took measures to delay the statute of limitations, i.e. initiated judicial reminders before the turn of the year.

## B. REVENUES, ASSETS AND FINANCIAL SITUATION

### 1. BUSINESS PERFORMANCE OF GEMA

The following explanation provides an overview of the development during the past financial year. Total income, total expenses and cost rate are significant financial performance indicators for internal control.

According to the opinion of the Managing Committee, GEMA had a successful overall performance in the 2018 financial year in terms of the income, assets and financial situation. Total income at €1,019,173k was above expected revenues, but €55,150k below the previous year due to the one-off financial items in the previous year (€1,074,323k). The decrease is mainly a result of the statutory remuneration rights sector. This can be largely explained by way of the high extraordinary revenues in the previous year at the Zentralstelle für private Überspielungsrechte (ZPÜ, Central Organisation for Private Copying Rights) from collections for smartphones, tablets and PCs in the years between 2012 and 2016.

Operating expenses (without strategic measures for bolstering the sustainability of GEMA's long-term competitiveness) were €596k above the previous year's level of €136,281k. The operative cost rate of 13.4% is slightly above the operative cost rate of the previous year of 12.7%. Total expenses including strategic measures were reduced by €1,046k compared to the previous year and amounted to €159,662k in the financial year. The cost rate including all expenses reached 15.7% (previous year: 15.0%).

### 2. STAFF

During the financial year, GEMA employed an average of 849 persons (previous year: 808 persons).

### 3. DETAILS ON THE CASH FLOW STATEMENT

Cash and cash equivalents in the financial year compared to the previous year decreased by €207,726k to €317,886k. The substantial changes resulted from a significant decrease of the cash flow from ongoing business of €342,013k. Reasons for this are in particular the special pay-outs for YouTube and the pay-out for the collected ZPÜ monies (smartphones, tablets and PCs). It was not possible to compensate for this effect from the low cash outflow arising from investment activities of €61,822k. For details, we refer to the attached cash flow statement (Annex 1.3): see [➔ T.13](#)

GEMA's financial position is characterised by reserves for the distribution of €886,188k (previous year: €1,008,509k). Liquidity planning as a major part of GEMA's entire financial planning is based on liquidity streams which are mainly made up of expected licensing income, expenses on staff and material costs as well as pay-outs to members and sister societies. GEMA's proactive financial controls guarantee that surplus liquidity is invested at prevailing market rates and conditions and that short-term liquidity needs can be satisfied by GEMA's own resources.

#### 4. REVENUE SITUATION

Total income, split into the relevant income and collection categories, was as follows: see [T.14](#)

On the one hand, the change is a result of the remuneration rights sector which was characterised by a special pay-out by ZPÜ in the previous year for smartphones, tablets and PCs for the years 2012 to 2016 (–€89,590k). This decrease was partially offset by an increase of the online revenues (€35,506k). A significant market decline is becoming evident in the reproduction sector. Revenues in the international income sector are slightly below the levels of the previous year. In con-

trast, there was a strong growth in the online sector which was propelled by the conclusion of contracts for MoD and VoD. The positive results in the regional offices sector is based on the general tariff adjustments as well as higher collections in the entertainment music sector due to a strong concert year in 2018. Revenues from other sectors have increased slightly compared to the previous year. They mainly include service revenues as well as profit disbursements of subsidiary companies.

Total income was also slightly higher than scheduled amounts for 2018, which particularly affects the online, broadcasting and remuneration rights sectors.

#### TOTAL INCOME BY COLLECTION CATEGORIES

[T.14](#)

in €'000s	2018			Total difference
	Income*	Other income	Total	
Regional offices	381,926	6,544	388,470	7,930
Reproduction	80,971	40	81,011	– 15,108
International income	70,386	0	70,386	– 2,201
Broadcasting	301,809	0	301,809	7,602
Online	104,807	687	105,494	35,506
Remuneration rights	62,234	0	62,234	– 89,590
Other collection categories	0	9,769	9,769	711
<b>Amounts by categories</b>	<b>1,002,133</b>	<b>17,039</b>	<b>1,019,173</b>	<b>– 55,150</b>

\* Income from copyright exploitation and remuneration rights

in €'000s	2017		
	Income*	Other income	Total
Regional offices	373,029	7,510	380,539
Reproduction	96,105	14	96,119
International income	72,588	0	72,588
Broadcasting	294,191	16	294,207
Online	69,917	70	69,988
Remuneration rights	151,824	0	151,824
Other collection categories	0	9,058	9,058
<b>Amounts by categories</b>	<b>1,057,654</b>	<b>16,668</b>	<b>1,074,323</b>

\* Income from copyright exploitation and remuneration rights

GEMA's total expenses and cost rates amounted to €159,662k in the 2018 financial year and thus almost met scheduled levels: see [↔ T.15](#)

In order to increase long-term competitiveness, GEMA has been implementing strategic measures. These amounted to €22,785k (previous year: €24,428k) in the 2018 financial year and involve, among others, measures for the reorganisation of the IT infrastructure (€4,762k), strategic measures linked to international cooperation initiatives with other collective management organisations (€2,352k) and costs for the implementation of the BGH [German Federal Court of Justice] judgement on publisher participation (€5,130k).

In the past two years, staff and material costs (any P&L items excluding staff costs) including the strategic measures were as follows: see [↔ T.16](#)

Staff costs 2018 contain expenses from allocations to reserves and accruals for pension plans amounting to €6,915k (previous year: €8,466k) as well as expenses for restructuring measures of €338k (previous year: €11,713k).

Material costs mainly include IT services of €32,143k (previous year: €28,824k), ancillary costs from collection activities of €11,478k (previous year: €12,457k) as well as amortisations of €8,067k (previous year: €6,050k).

## 5. FINANCIAL SITUATION

The assets of the society mainly consists of current assets amounting to €706,506k or 62% (previous year: €856,141k or 70%); the majority relates to liquid assets (€317,886k; previous year: €525,612k).

Fixed assets in the reporting year amounted to €430,479k (previous year: €371,437k). The increase is a result of a more sustainable spread of financial resources, including longer term bonds and securities.

Intangible fixed assets (€59,293k; previous year: €47,846k) reflect software development activities in the software sector for GEMA. The most important software activations relate to SAP and Trinity (distribution system).

Financial assets (€346,153k; previous year: €290,267k) mainly concern long-term financial assets of GEMA in the form of a special fund (€272,000k; previous year: €222,000k), shares in GEMA Immobilienverwaltung wirtschaftlicher Verein & Co. KG, Munich, amounting to €40,194k as well as holdings in ICE Operations AB of €3,000k. Furthermore, loans amounting to €10,342k were granted to the two ICE joint enterprises (ICE Operations AB and International Copyright Enterprise Services Ltd.).

### TOTAL EXPENDITURE AND COST RATES

[↔ T.15](#)

	Income in €'000s	Expenses in €'000s	Cost rate in %
Without strategic measures	1,019,173	136,877	13.4
With strategic measures	1,019,173	159,662	15.7

### STAFF AND MATERIAL COSTS

[↔ T.16](#)

in €'000s	2018	2017	Difference
Staff costs	60,551	72,152	- 11,601
Material costs	99,111	88,556	10,555
<b>Total expenses</b>	<b>159,662</b>	<b>160,708</b>	<b>- 1,046</b>

Members benefit from simplified yet more efficient rights management and online data processing via a central European database. To this end, GEMA is cooperating with PRS for Music and STIM as part of ICE. GEMA continues to face dynamic market developments as well as ensuing changes in music use behaviour.

The level of receivables increased compared to the previous year: (€388,620k; previous year: €330,529k). The difference is predominantly a result of the increase of receivables in the international societies, online providers and music event organisers' sectors as well as a decrease in receivables in the membership sector due to the publisher participation process.

Other reserves mostly consist of reserves and accruals for pension plans of €67,239k (previous year: €61,307k) and other accruals amounting to €20,791k (previous year: €26,374k).

At the balance sheet date of 31 December 2018, there was a liability from previous commitments amounting to €22,415k that had not been included in the balance before, and there were also indirect pension liabilities of €18,426k.

Liabilities rose by €33,079k compared to the previous year to €116,712k. The increase mainly results from royalty pay-outs to affiliated foreign collective management organisations that have not been finalised yet.



## C. COMPLIANCE AND DATA PROTECTION

For GEMA, compliance means, above all, to adhere to laws, regulations and directives and to its self-imposed internal rules. Against this background, the aim of compliance management is particularly to create structures and processes which safeguard a behaviour of governing body members and staff members in their daily work that is compliant with laws and regulations. One point of emphasis of the activity is the recognition and avoidance of conflicts of interest and corruption prevention. That way, reputational or financial damage that can be the result of a breach of rules shall be averted from GEMA.

Compliance at GEMA does, however, extend beyond legal issues. Acting responsibly, having moral and ethical integrity, being fair and transparent when dealing with members, licensees and business partners are also ingredients of GEMA's compliance programme. Taking into account societal principles and moral concepts for entrepreneurial actions and taking on corporate social responsibility is self-evident to GEMA. As a consequence, one focus area of the compliance programme in 2018 was communication and education with regard to compliance topics.

In terms of data protection, the EU General Data Protection Regulation (EU GDPR) came into force on 25 May 2018, as well as the new national laws corresponding to the EU GDPR (Bundesdatenschutzgesetz BDSG [German Federal Data Protection Act] and Landesdatenschutzgesetz LDSG [German Federal State Data Protection Act]). From now on, more stringent requirements are in place when it comes to the set-up of a documented and effective data protection management, particularly with a view to accountability obligations and liability and penalty risks. Penalties of up to €20m or up to 4% of the annual turnover of the group of companies apply in case of a breach of data protection regulations.

With this in mind, the emphasis with respect to data protection was the timely implementation of the statutory data protection requirements within GEMA as well as its subsidiaries. To this end, the internal data protection concepts and the data protection management were adapted in collaboration with the external data protection officer, Dr. Sebastian Kraska, specifically by creating a data protection handbook and appointing data protection managers in individual specialist departments as contact persons for questions relating to data protection issues. Furthermore, staff also underwent training with regard to the new data protection requirements.

## D. OPPORTUNITIES AND RISK REPORT

### 1. RISK MANAGEMENT

The primary objective of GEMA's risk management is not to avoid all risks, but to manage risks in a controlled and effective manner in the company's day-to-day business. To this end, significant risks are identified bi-annually and summarised in a report for the Managing Committee. A direct report featuring all risks is also provided to the Supervisory Board each year. There were no existential risks in the financial year.

Another objective of risk management is to raise risk awareness among all of GEMA's employees and to thus ensure long-term success for the company.

### 2. RISK REPORT

Essential opportunities and risks which might have a considerable impact on GEMA's assets, finances and revenue situation are shown in the following risk report. It comprises four risk areas: finances, business processes, industry sectors and the legal environment.

#### 2.1 FINANCES

Changes in interest rates constitute both opportunities and risks for GEMA. Opportunities present themselves when interest rates rise and lead to a higher interest revenue in the future. Risks emerge from sinking interest rates resulting in a lower interest revenue in the future. In the case of rising interest rates, the market value of the fixed interest investment portfolio decreases. Due to a longer-term investment strategy, medium risk is mitigated.

Another medium risk for GEMA in the financial area originates from a potential shortfall

in issuers of bonds and securities. By way of a conservative investment strategy and the use of professional investment managers, GEMA tries to keep the risk as low as possible. Due to the high level of market uncertainty resulting from the ongoing European debt crisis and political developments within the European Union, as well as the ensuing general risks for the European common currency, the euro, and the general banking sector, this continues to remain a medium risk for GEMA.

Furthermore, there is a medium risk for the non-payment of receivables should customers no longer be able to meet their financial obligations when they are due. In order to effectively control risks involved with open receivables, GEMA has introduced a monitoring process. Apart from an intensive debt collection process, larger financial items are continuously monitored. The risk is also taken into account in the form of cumulative value adjustments.

Loans to related companies and holdings are characterised by a low risk. Specifically, in relation to the loans granted to these enterprises, there is an exchange rate risk to some extent, which could lead to a depreciation of the loans in the event of a deteriorating exchange rate.

#### 2.2 BUSINESS PROCESSES

GEMA considers the optimisation and control of business processes to be a central and ongoing task. General business risks generated by an incorrect realisation of business transactions are provided for by internal controls (e.g. dual control) as well as by a set approval procedure.

In addition, the internal control system of the respective business processes is tested by an independent internal audit on a regular basis.

GEMA's business processes are, just like every modern service company, influenced and supported to a great extent by information technology. Even though there are resulting gains in efficiency, risks do arise. Apart from the risk of a systems failure and any associated adverse effects on business processes, risks arise from unauthorised access, loss or deletion/manipulation of company information. Using modern hardware and software technologies ensures uninterrupted data availability and protection from unauthorised access. Regular data backups also decrease the risk of a major data loss. The potential threat from the internet to operational systems security is counteracted by way of security measures and regular IT audits. In order to secure its long-term competitiveness, GEMA is increasing its investments into a redesign of the existing IT infrastructure.

### 2.3 INDUSTRY SECTORS

As a collective management organisation, GEMA depends on the overall trends and developments within the music sector. In addition to the developments in the sound recording and online markets, these include the developments of live music used for commercial purposes. A medium risk also arises in the long term from a further slow-down in the sound recordings market and the lack of a sustainable offset by the online market. This expected development has been appropriately taken into account in the planning process. GEMA may, however, also see opportunities arise by pushing back online piracy and a subsequent permanent increase of the income resulting thereof. Furthermore, there are opportunities and risks for GEMA as a result of the changes of the market due to technical innovation and digitisation as well as the ensuing relationships among the market players.

The market entry of new participants from the technology sector in particular could constitute a medium risk for GEMA.

Opportunities and risks for GEMA can result from new publishing repertoires being trans-

ferred or existing publishing repertoires being withdrawn. Especially a loss of the GEMA-Vermutung [GEMA assumption] could present a medium risk for the organisation. Being one of Europe's large collective management organisations and taking its economic strength into consideration, GEMA regards the above scenario fundamentally as an opportunity to acquire a new and interesting repertoire.

Furthermore, GEMA entered into a joint venture (ICE) with the British PRS for Music and the Swedish STIM in 2015. The international joint venture is intended to provide a simpler and more efficient framework for music rights management by the three participating collective management organisations in the online sector in order to facilitate the licensing of musical works and to ensure rightsholders receive a faster and more precise distribution of their royalties. The joint venture permits a pooled licensing of a previously fragmented rights management and thus reduces the bureaucratic obstacles and entry barriers into the market for online uses. In case that the cooperation cannot be maintained in the long term, this could entail a medium risk for the organisation.

### 2.4 LEGAL ENVIRONMENT

The legal environment poses a medium risk and creates potential opportunities at the same time. Apart from changes to the law passed by legislature, risks emerge from groundbreaking court decisions. GEMA actively monitors any relevant developments and is constantly in touch with the responsible governmental offices in order to guarantee that its interests are taken into consideration in the best possible way. The most important proceedings at European courts, the German Federal Court of Justice and the Higher Regional Courts, and the planned legislative changes are shown under 3. Legal conditions – item 3.1.

## E. OUTLOOK FOR THE 2019 FINANCIAL YEAR – FORECAST REPORT

### 1. FORECAST FOR THE OVERALL ECONOMIC DEVELOPMENT

For 2019, the German Federal Government expects an annual average increase in the gross domestic product at a real rate of 1.0% (previous year: 2.2%). Subject to the working day effect being adjusted, the GDP shall also increase by 1.0% in the coming year. Economic growth is thus weaker than in the previous year. Nevertheless, labour demand remains high. The constant increase in employment since 2005 is therefore also going to continue this year, even if at a lower rate than in the previous years. Additional workplaces are going to be created in nearly all sectors, but, just like in the previous years, mainly in the service industry sectors. The increase in employment to the extent forecast is also facilitated by the immigration from other EU States as well as non-member countries. The participation of the native population in the labour market in Germany is already rather high compared to international levels, so that a further activation and exhaustion of hidden reserves is expected to slow down in perspective. The robust condition of the labour market also enables an integration of refugees, which gathered momentum in 2018.

Growth in the Eurozone slowed down last year. All larger States registered a slower expansion rate than in the previous year. Economic momentum is probably also going to slightly slow down again in the current year. Current indicators also suggest this development.

### 2. FORECAST FOR THE MUSIC INDUSTRY

The prognosis for the music industry is that the trends of the past few years continue, including a further decline in the sales and turnover figures for sound recordings, and a positive outlook for live music. It is also expected that the online sector, in particular streaming, continues to grow further, although the scope of said music exploitation still does not allow music authors to receive an adequate share of the respective economic results.

Through a multitude of negotiations, arbitration proceedings and court cases, GEMA strives to enforce its members' rights to receive adequate remuneration in this sector.

### 3. FORECAST FOR THE BUSINESS DEVELOPMENT OF GEMA

Compared to the reporting year, GEMA expects a slight increase in the revenue as well as in the expenses categories for the 2019 financial year. As for the cost rate including all strategic measures, GEMA also expects a slight increase.

Munich, 12 March 2019,

Dr. Harald Heker  
Lorenzo Colombini  
Georg Oeller

**The Managing Committee**

## AUDITORS' REPORT

### NOTE OF CONFIRMATION BY THE INDEPENDENT AUDITORS

To GEMA – Gesellschaft für musikalische Aufführungs- und mechanische Vervielfältigungsrechte, Berlin

#### Audit opinions

We have audited the annual financial statements of GEMA – Gesellschaft für musikalische Aufführungs- und mechanische Vervielfältigungsrechte, Berlin – comprising the balance sheet as at 31 December 2018, the profit and loss statement and the cash flow statement for the financial year from 1 January 2018 to 31 December 2018, as well as the notes, including the presentation of the accounting and evaluation principles and policies. Furthermore, we have audited the management report of GEMA – Gesellschaft für musikalische Aufführungs- und mechanische Vervielfältigungsrechte for the financial year from 1 January 2018 to 31 December 2018. In our opinion, on the basis of the knowledge obtained during the audit,

- the accompanying annual financial statements comply, in all material aspects, with the provisions of German commercial law applicable to companies with limited liability as well as supplementary provisions of the Act on the Administration of Copyright and Related Rights by collective management organisations (Verwertungsgesellschaftengesetz, VGG - CMO Act) and, in compliance with the German principles of adequate accounting, give a true and fair view of the assets and financial position of the company as at 31 December 2018, and its revenue situation for the financial year from 1 January 2018 to 31 December 2018, and
- the accompanying management report conveys an appropriate view of the company's position. In all material aspects, this management report is consistent with the annual financial statements, complies with

German legal requirements and appropriately presents opportunities and risks of future development.

Pursuant to s. 322 (3) clause 1 HGB [German Commercial Code], we declare that our audit has not led to any reservations with regard to the legal compliance of the annual financial accounts and the management report.

#### Basis for the audit opinions

We conducted our audit of the annual financial statements and the management report in accordance with the provisions of s. 317 HGB [German Commercial Code] and in compliance with the German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the section entitled "Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report" of our auditor's report. We are independent of the company in accordance with the provisions of German commercial and professional law, and have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the annual financial statements and on the management report.

#### Responsibility of the management and the Supervisory Board for the annual financial report and the management report

The company's legal representatives are responsible for the preparation of the annual financial statements that comply, in all material respects, with the provisions of German commercial law applicable to companies with limited liability as well as supplementary provisions of the Act on the Administration

of Copyright and Related Rights by collective management organisations (Verwertungsgesellschaftengesetz, VGG – CMO Act) and for the annual financial statements providing a true and fair view of the assets, financial position and income situation of the company in compliance with the German principles of adequate accounting. In addition, management is responsible for such internal controls they determined to be necessary in compliance with the German principles of adequate accounting in order to enable the creation of the annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, management is responsible for assessing the company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. Furthermore, they are responsible for financial reporting based on the going concern basis of accounting unless actual or legal circumstances to the contrary exist.

In addition, management is responsible for the preparation of the management report that, as a whole, provides an appropriate view of the company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements, and appropriately presents opportunities and risks of future development. Moreover, management is responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the statements in the management report.

The Supervisory Board is responsible for the supervision of the accounting procedure of the company for the preparation of the annual financial statements and the management report.

### **Auditor's responsibilities for the audit of the annual financial statements and of the management report**

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement – whether due to fraud or error – and whether the management report as a whole provides an appropriate view of the company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with German legal requirements and appropriately presents opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the annual financial statements and on the management report.

Reasonable assurance is a high level of assurance, but not a guarantee that an audit conducted in accordance with s. 317 HGB and in compliance with the German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or collectively, they could reasonably be expected to influence the economic decisions of addressees taken on the basis of these annual financial statements and this management report.

We exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the annual financial statements and of the management report – 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 audit opinions. 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 systems relevant to the audit of the annual financial statements and of arrangements and measures relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems of the company.
- evaluate the appropriateness of accounting policies used by management and the reasonableness of value estimates made by management and related disclosures.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. Future events or circumstances may, however, cause the company to cease to be able to continue as a going concern.
- evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner to the extent that the annual financial statements give a true and fair view of the assets, financial position and income situation of the company in compliance with German principles of adequate accounting.
- evaluate the consistency of the management report with the annual financial statements, its conformity with [German] law, and the view of the company's position it provides.
- perform audit procedures on the prospective information presented by management in the management report. On the basis of sufficient appropriate audit evi-

dence we evaluate, in particular, the significant assumptions used by management as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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 of the internal control system that we identify during our audit.”

Munich, 19 March 2019

**KPMG AG**

Certified Auditing Company

**sgd. Kaltenegger**  
Auditor

**sgd. Greiner**  
Auditor

## INCOME FROM RIGHTS AND DEDUCTIONS

FINANCIAL INFORMATION ACC. TO ITEM 2 OF THE ANNEX TO S. 58 (2) VGG

↗ T.17

Rights category	Type of use	Income from rights in €'000s	Income deductions
Reproduction and distribution	Sound recordings	44,003	Deduction of a commission of up to 25% pursuant to Art. 29 para. 4 distribution plan for cost coverage
	Audiovisual recordings	9,742	
		<b>53,745</b>	
Performance	Performance	<b>133,136</b>	Deduction of a uniform cost rate pursuant to Art. 29 para. 8 distribution plan for cost coverage, commission of up to 15% in the case of Art. 29 para. 6 distribution plan for cost coverage, plus a deduction of 10% for social and cultural purposes pursuant to Art. 30 para. 1 distribution plan
Online	Internet broadcasting	505	Deduction of a commission of up to 15% pursuant to Art. 29 para. 5 distribution plan for cost coverage, in the categories of making available to the public and broadcasting plus a deduction of 10% for social and cultural purposes pursuant to Art. 30 para. 1 distribution plan
	Download	8,867	
	Streaming	95,447	
		<b>104,819</b>	
Broadcasting	Radio	52,772	Category R: Deduction of a uniform cost rate pursuant to Art. 29 para. 8 distribution plan for cost coverage, plus a deduction of 10% for social and cultural purposes pursuant to Art. 30 para. 1 distribution plan; Category R VR: Deduction of a commission of up to 25% for cost coverage pursuant to Art. 29 para. 4 distribution plan
	TV	176,942	Categories FS/TFS: Deduction of a uniform cost rate pursuant to Art. 29 para. 8 distribution plan for cost coverage, plus a deduction of 10% for social and cultural purposes pursuant to Art. 30 para. 1 distribution plan; Category FS VR/T FS VR: Deduction of a commission of up to 25% for cost coverage pursuant to Art. 29 para. 4 distribution plan
	Cable retransmission	15,375	Deduction of a uniform cost rate pursuant to Art. 29 para. 8 distribution plan for cost coverage, plus a deduction of 10% for social and cultural purposes pursuant to Art. 30 para. 1 distribution plan
		<b>245,090</b>	



## FINANCIAL INFORMATION ACC. TO ITEM 2 OF THE ANNEX TO S. 58 (2) VGG

→ T.17

Rights category	Type of use	Income from rights in €'000s	Income deductions
Communication to the public	Communication to the public	148,242	Deduction of a uniform cost rate pursuant to Art. 29 para. 8 distribution plan for cost coverage, plus a deduction of 10% for social and cultural purposes pursuant to Art. 30 para. 1 distribution plan
Presentation	Presentation	10,087	Deduction of a uniform cost rate pursuant to Art. 29 para. 8 distribution plan for cost coverage, plus a deduction of 10% for social and cultural purposes pursuant to Art. 30 para. 1 distribution plan
Statutory remuneration rights			
	of which s. 27 (1) UrhG	426	Deduction of a commission of up to 25% pursuant to Art. 29 para. 4 distribution plan for cost coverage
	of which s. 27 (2) UrhG	1,189	Deduction of a commission of up to 25% pursuant to Art. 29 para. 4 distribution plan for cost coverage
	of which s. 52a (4)/60h (1) cl. 1 UrhG	157	Deduction of a uniform cost rate of up to 15% pursuant to Art. 29 para. 5 distribution plan for cost coverage, in the categories making available to the public plus a deduction of 10% for social and cultural purposes pursuant to Art. 30 para. 1 distribution plan
	of which s. 54 (1) UrhG	60,888	Categories R/FS/T FS: Deduction of a uniform cost rate pursuant to Art. 29 para. 7 distribution plan for cost coverage, plus a deduction of 10% for social and cultural purposes pursuant to Art. 30 para. 1 distribution plan; Categories R VR / Phono VR / BT VR / FS VR / T FS VR: Deduction of a commission of up to 25% pursuant to Art. 29 para. 4 distribution plan for cost coverage
		<b>62,660</b>	
Interest, securities and bonds		741	
<b>Income from rights overall</b>		<b>758,519</b>	

After the deductions for administrative expenses and, where applicable, for social and cultural purposes have been made, the collections are made available in full to the rights-

holders of GEMA and other collective management organisations that are bound to GEMA by way of representation agreements.

## COSTS OF RIGHTS MANAGEMENT AND COSTS OF OTHER SERVICES

### EXPENDITURE

↳ T.18

	Expenses according to usage category in €'000s	Cost in %
<b>Costs of rights management</b>		
Reproduction and distribution	10,595	19.71
Performance	28,348	21.29
Online	17,197	16.41
Broadcasting	30,401	12.40
Communication to the public	30,571	20.62
Presentation	2,362	23.42
Statutory remuneration rights	6,305	10.06
<b>Costs that are not associated with rights management, including such costs for social and cultural purposes</b>		
Other collection categories	33,883	–
<b>All operating and financial costs</b>	<b>159,662</b>	<b>15.67</b>

All costs were covered by income arising from the collection of rights and other revenues.

All directly attributable costs were directly allocated to the relevant rights categories. In cases where the costs are not directly attributable, they are allocated to the rights categories on a pro rata basis according to the collected income.

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## **INFORMATION ON REJECTED USER QUERIES**

GEMA has not rejected any user queries in the 2018 financial year.

**TOTAL SUM OF THE AMOUNTS ALLOCATED  
TO RIGHTSHOLDERS IN THE FINANCIAL YEAR IN €'000S**



# 3

## INFORMATION ON AVAILABLE FUNDS FOR RIGHTSHOLDERS

Information on funds for rightsholders	74
Pay-out dates	76

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**BROADCASTING 369,054**

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**PERFORMANCE 92,434**

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**REPRODUCTION AND  
DISTRIBUTION 92,210**

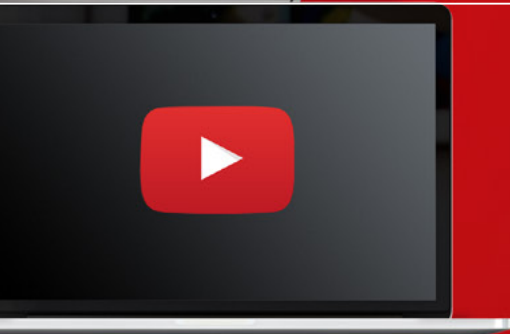
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**COMMUNICATION TO  
THE PUBLIC 35,001**

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**ONLINE 57,148**

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## INFORMATION ON FUNDS FOR RIGHTSHOLDERS

### OVERVIEW OF AVAILABLE FUNDS FOR RIGHTSHOLDERS

Once the funds have been attributed to the categories pursuant to the GEMA distribution plan, they are allocated as follows: see [☞ T. 19](#)

## AVAILABLE FUNDS FOR RIGHTSHOLDERS €'000S

T.19

Rights category	Type of use	Total sum of amounts in FY 2018 which have not yet been attributed to rightsholders	Total sum of the amounts attributed to rightsholders* in the FY	Total sum of the amounts paid out to rightsholders* in the FY	Total sum of amounts allocated but not yet paid out to rightsholders*
Reproduction and distribution	Sound recordings	55,141	82,726	78,823	3,903
	Audiovisual recordings	9,166	9,484	9,036	448
		<b>64,307</b>	<b>92,210</b>	<b>87,859</b>	<b>4,351</b>
Performance	Performance	<b>94,774</b>	<b>92,434</b>	<b>88,074</b>	<b>4,360</b>
Online	Download	7,109	7,148	6,811	337
	Streaming	89,633	50,000	47,641	2,359
		<b>96,742</b>	<b>57,148</b>	<b>54,452</b>	<b>2,696</b>
Broadcasting	Radio	70,705	223,781	213,225	10,556
	TV	142,230	170,596	162,549	8,047
	Cable retransmission	10,882	1,677	1,597	80
		<b>223,817</b>	<b>396,054</b>	<b>377,371</b>	<b>18,683</b>
Communication to the public	Communication to the public	<b>105,084</b>	<b>35,001</b>	<b>33,351</b>	<b>1,650</b>
Presentation	Presentation	<b>7,187</b>	<b>8,097</b>	<b>7,715</b>	<b>382</b>
International income	Category A	45,700	42,586	40,578	2,008
	Category A VR	13,170	12,979	12,368	611
		<b>58,870</b>	<b>55,565</b>	<b>52,945</b>	<b>2,620</b>
<b>Total</b>		<b>650,781</b>	<b>736,509</b>	<b>701,766</b>	<b>34,743</b>

\* Including rightsholders of foreign collective management organisations

GEMA generally distributes the revenues arising from rights management no later than 9 months after the financial year during which they were collected has lapsed. Collections from such rights which GEMA has yielded for uses of its repertoire on the basis of representation agreements with other collective management organisations for music copyrights, are distributed to the members no later than 6 months after they have been received. These deadlines do not apply should GEMA be prevented from carrying out a timely distribution due to objective reasons. Such objective reasons could be that usable usage reports are not yet available, that reserves have to be created due to ongoing legal disputes or that the basis for a supplementary allocation of the collections (e.g. from statutory remuneration rights) has not been established in time.

## PAY-OUT DATES

### FINANCIAL YEAR 2018

[↪ T.20](#)

Pay-out date	Category	Distribution period
<b>1 January 2019</b> <sup>2)</sup>		
Reproduction and distribution	BT VR, PHONO VR	1 <sup>st</sup> semester 2018
Online	KMOD, KMOD VR	1 <sup>st</sup> semester 2018
International income	A, A VR	<sup>1)</sup>
<b>1 April 2019</b> <sup>2)</sup>		
Reproduction and Distribution	PHONO VR	Carryover 1 <sup>st</sup> semester 2018
Online	MOD D, MOD D VR, MOD S, MOD S VR, VOD D, VOD D VR, VOD S, VOD S VR GOP, GOP VR	1 <sup>st</sup> semester 2018
	WEB, WEB VR	2018
International income	A, A VR	<sup>1)</sup>
<b>1 June 2019</b>		
Performance	BM, E, ED, KI, U, UD	2018
Communication to the public	DK, DK VR, EM, M	2018
<b>1 July 2019</b> <sup>2)</sup>		
Broadcasting	FS, FS VR, R, R VR, T FS, T FS VR	2018
Presentation	T, TD, TD VR	2018
Reproduction and distribution	BT VR, PHONO VR	2 <sup>nd</sup> semester 2018
Online	KMOD, KMOD VR	2 <sup>nd</sup> semester 2018
International income	A, A VR	<sup>1)</sup>



**FINANCIAL YEAR 2018****↳ T.20**

<b>Pay-out date</b>	<b>Category</b>	<b>Distribution period</b>
<b>1 October 2019</b> <sup>2)</sup>		
Reproduction and distribution	PHONO VR	Carryover 2 <sup>nd</sup> semester 2018
Online	MOD D, MOD D VR, MOD S, MOD S VR, VOD D, VOD D VR, VOD S, VOD S VR	2 <sup>nd</sup> semester 2018
International income	A, A VR	<sup>1)</sup>
Pension plans	AS	2018
Assessment procedure	BS	2018
Rating procedure E	WTE	2018
Rating procedure U	WTU	2018

- 1) International income (both rights) is paid out on an ongoing basis upon receipt on the first day of each quarter.  
Pay-out details including country specifications are available on the GEMA homepage [www.gema.de/auslandsabrechnunge](http://www.gema.de/auslandsabrechnunge) and in virtuos (GEMA magazine).
- 2) Without supplements for statutory remuneration rights; these are paid out separately as of 1 December 2019.

Supplementary distributions (e.g. due to claims pursuant to Art. 59 para. 1 and 2 of the distribution plan) shall be made each year as of 1 November in the categories BM, E, ED, EM, M,U, UD.

**USE OF THE FUNDS FOR SOCIAL AND CULTURAL PURPOSES IN € '000s**



**26,404**  
RATING  
PROCEDURE U  
(ENTERTAINMENT  
MUSIC)




**7,600**  
GEMA  
SOCIAL FUND

**3,105**  
PENSION  
PLANS

# 4

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## FUNDS FOR SOCIAL AND CULTURAL PURPOSES



**13,533**  
RATING  
PROCEDURE E  
(SERIOUS MUSIC)

**1,962**  
ASSESSMENT  
PROCEDURE OF  
ARRANGERS

## FUNDS FOR SOCIAL AND CULTURAL PURPOSES

### 1. AMOUNTS FOR SOCIAL AND CULTURAL PURPOSES DEDUCTED FROM COLLECTIONS FROM RIGHTS

⇒ T.21

Rights category	Type of use	Amounts from the 10 per cent deduction in €'000s
Performance	Music events	10,521
Online	Internet broadcasting	29
	Download	279
	Streaming	1,698
		<b>2,006</b>
Broadcasting	Radio	4,827
	TV	10,703
	Cable retransmission	1,209
		<b>16,739</b>
Communication to the public	Mechanical performance	11,544
Presentation	Presentation	794
<b>Total</b>		<b>41,604</b>
		<b>Other funds</b>
Interest income		741
Admission fees, membership fees, contractual penalties and other undistributable amounts		10,789
<b>Available funds (total)</b>		<b>53,134</b>

\* The 10 per cent deduction is made from collections in the categories of communication to the public rights pursuant to Art. 30 para. 1 of the distribution plan. In the course of the deductions being made, no distinction is made initially with regard to the subsequent intended purpose.

## 2. USE OF THE FUNDS FOR SOCIAL AND CULTURAL PURPOSES

The amounts were put to the following use:

[↪ T.22](#)

<b>in €'000s</b>	
Cost deduction	530
<b>Amounts used for social and cultural purposes, of which:</b>	<b>52,604</b>
Rating procedure E (serious music)	13,533
Rating procedure U (entertainment music)	26,404
Assessment procedure of arrangers	1,962
Pension plans	3,105
GEMA social fund	7,600
<b>Total</b>	<b>53,134</b>



# COOPERATION INITIATIVES WITH INTERNATIONAL SISTER ORGANISATIONS





# 5

## COOPERATION INITIATIVES

Dependent collecting institutions	85
Cooperation initiatives with other collective management organisations	86





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## DEPENDENT COLLECTING INSTITUTIONS

GEMA has a subsidiary and holdings in two further companies which qualify as dependent collecting institutions as defined by s.3 VGG: ARESA GmbH as well as ZPÜ (Zentralstelle für private Überspielungsrechte GbR, [Central Organisation for Private Copying Rights]) and the ZBT (Zentralstelle Bibliothekstantieme GbR [Central Organisation for Public Lending Rights]). ARESA GmbH and ZPÜ create their own transparency reports to which reference is made at this point. Regarding the ZBT, reference is made to the statements in the transparency report of the managing associate, VG Wort.

Apart from that, GEMA has holdings in two joint ventures with foreign collective management organisations: The International Copyright Enterprise Services Ltd. is a joint venture of GEMA, PRS for Music Ltd. and Föreningen Svenska Tonsättares Internationella Musikbyrå (STIM) u.p.a. SOLAR Music Rights Management Ltd. is a joint venture of GEMA and PRS for Music Ltd. Details on both societies are published in the respective transparency report of the British holding company, PRS for Music Ltd.

## COOPERATION INITIATIVES WITH OTHER COLLECTIVE MANAGEMENT ORGANISATIONS

Due to its contractual structure of its network integration, GEMA does not distribute any amounts directly to rightsholders represented by other collective management organisations.

### AMOUNTS RECEIVED FROM REPRESENTATION AGREEMENTS WITH DOMESTIC COLLECTIVE MANAGEMENT ORGANISATIONS

→ T.23

Organisation	Type of use	in €'000s	Deductions
VG Musikedition	Communication to the public	86	Deduction of a uniform cost rate pursuant to Art. 29 para. 8 distribution plan for cost coverage, plus a deduction of 10% for social and cultural purposes pursuant to Art. 30 para. 1 distribution plan

### AMOUNTS RECEIVED FROM DOMESTIC REPRESENTATION AGREEMENTS

→ T.24

Organisation	Type of use	Commission	Distribution amount
AGICOA	Cable retransmission pursuant to s. 20b UrhG	334	17,605
ARGE	Cable retransmission pursuant to s. 20b UrhG	41	2,181
GÜFA	Cable retransmission pursuant to s. 20b UrhG, remuneration right pursuant to s. 27 (1) UrhG	13	56
GVL	Cable retransmission pursuant to s. 20b UrhG, remuneration right pursuant to s. 27 (1) UrhG, remuneration right pursuant to ss. 78 (2) no. 2, 86 UrhG, remuneration right pursuant to ss. 78 (2) no. 3, 86, UrhG, remuneration right pursuant to ss. 78 (4) no. 2, 85 (1) UrhG, remuneration right pursuant to ss. 77, 85 (1) UrhG and remuneration right pursuant to ss. 78 (2) no. 2, 86 UrhG (Theatre)	6,020	39,603
GWFF	Remuneration right pursuant to s. 54 UrhG and remuneration right pursuant to s. 27 (1) UrhG	13	1,641
TWF	Cable retransmission pursuant to s. 20b UrhG	16	839
VFF	Cable retransmission pursuant to s. 20b UrhG, Remuneration right pursuant to s. 56 UrhG	323	17,060
VG Bildkunst	Cable retransmission pursuant to s. 20b UrhG, Remuneration right pursuant to s. 27 (1) UrhG	74	2,172
VG Musikedition	Remuneration right pursuant to s. 27 (1) UrhG remuneration right pursuant to s. 54 (1) UrhG, remuneration right pursuant to ss. 16, 70, 71 UrhG	247	2,128
VG Wort	Remuneration right pursuant to s. 27 (1) UrhG, cable retransmission pursuant to s. 20b UrhG, right of retransmission pursuant to ss. 20, 15 (2) and (3) UrhG, remuneration right pursuant to s. 56 UrhG, literary works set to music, reproduction rights pursuant to s. 16 UrhG, communication to the public right pursuant to s. 22 UrhG	2,462	12,963
VGF	Cable retransmission pursuant to s. 20b UrhG	59	3,108
VG Media	Right to make broadcasts available to the public pursuant to s. 87 (1) no. 3 UrhG, right of retransmission pursuant to s. 87 (1) no. 1 UrhG	1,842	13,511
ZWF	Cable retransmission and communication to the public of broadcasts pursuant to ss. 20b, 22 UrhG	1,076	7,535
<b>Overall result</b>		<b>12,521</b>	<b>120,403</b>

## AMOUNTS RECEIVED FROM ABROAD IN € '000s

→ T.25

Name	Country	Category A	Category A VR	International cable income	Total
ACUM	Israel	199	30	0	228
AKM	Austria	8,411	0	3,956	12,367
APRA	Australia	737	0	0	737
ARTISJUS	Hungary	553	118	41	712
ASCAP	USA	3,670	0	0	3,670
AUSTRO MECHANA	Austria	0	3,944	0	3,944
BMI	USA	949	0	0	949
BUMA	Netherlands	1,947	0	1,696	3,643
HARRY FOX AGENCY - VR	USA	0	284	0	284
JASRAC	Japan	1,899	390	0	2,288
KODA	Denmark	1,106	58	1,739	2,903
KOMCA	South Korea	253	74	0	327
OSA	Czech Rep.	461	267	2	731
PRS	UK	3,604	0	0	3,604
PRS for MUSIC (MCPS)	UK	0	1,563	0	1,563
RAO	Russia	273	5	0	278
SABAM	Belgium	1,170	485	147	1,802
SACEM	France	3,690	1,745	41	5,476
SGAE	Spain	1,027	141	0	1,168
SIAE	Italy	4,776	684	23	5,482
SOCAN	Canada	582	0	0	582
SODRAC - VR	Canada	0	232	0	232
SPA	Portugal	181	36	0	217
STEMRA	Netherlands	0	724	0	724
STIM	Sweden	772	105	0	877
SUISA	Switzerland	6,495	1,710	1,237	9,442
TEOSTO	Finland	662	30	47	739
TONO	Norway	374	1	21	396
UBC	Brazil	445	6	43	494
UCMR-ADA	Romania	838	78	0	916
ZAIKS	Poland	900	143	139	1,181
Other societies with amounts < €200k		1,783	463	183	2,429
<b>Sum total</b>		<b>47,753</b>	<b>13,316</b>	<b>9,315</b>	<b>70,384</b>

A commission pursuant to Art. 29 para. 7 distribution plan of up to 5% is deducted for all international income.

## AMOUNTS PAID TO FOREIGN COLLECTIVE MANAGEMENT ORGANISATIONS IN €'000s

Organisation	Sum total	Reproduction and distribution		Performance	Online	
		Sound recording	AV recording	Performance	Download	Streaming
AGAYC	664	–	–	–	–	–
AKM	7,919	–	–	2,030	48	174
AMCOS	259	88	42	–	8	27
AMRA	873	29	2	79	10	118
APRA	3,644	–	–	401	42	425
ASCAP	31,533	–	–	4,209	184	1,763
AUME	4,719	1,263	235	–	107	102
BMI	32,069	–	–	3,570	202	2,093
BUMA	3,118	–	–	683	21	262
IMRO	909	–	–	240	–	1
JASRAC	881	505	124	39	2	4
KODA	1,422	–	–	212	17	118
MCPS	15,538	1,112	149	–	140	214
NCB	4,446	1,548	207	–	70	100
OSA	1,198	97	50	406	3	5
PRS	42,008	–	–	8,569	48	127
RAO	299	19	12	59	–	2
SABAM	2,283	271	26	211	16	65
SACEM	17,414	1,243	348	1,776	43	51
SADAIC	313	76	9	66	4	12
SDRM	7,877	2	1	–	–	–
SESAC	3,146	64	–4	635	52	394
SGAE	1,934	239	61	192	6	18
SIAE	6,416	537	173	572	19	19
SOCAN	3,797	–	–	549	30	305
STEMRA	3,029	713	72	–	76	153
STIM	5,544	–	–	789	9	68
SUISA	5,499	653	108	575	46	132
TEOSTO	955	–	–	218	10	46
TONO	1,227	–	–	189	15	98
ZAIS	1,407	1,151	53	35	3	13
Others**	2,718	272	54	329	25	90
	<b>215,062</b>	<b>9,882</b>	<b>1,720</b>	<b>26,632</b>	<b>1,256</b>	<b>6,999</b>

\* This relates to central licensing as well as collection activities on behalf for SACEM, AKM and AUME

\*\* "Others" refers to foreign collective management organisations with a revenue of less than €200k.

– signifies that the rights of the respective collective management organisation are not represented.

With regards to pay-outs to foreign collective management organisations, the same deductions for costs as well as for social and cultural purposes are taken as for pay-outs to rightsholders of GEMA.

For the cost deduction in the course of the central licensing process, international agreements apply (Cannes Agreement).

GEMA does not carry out pay-outs to rightsholders of other collective management organisations.

[↗ T.26](#)

Broadcasting			Communication to the public	Presentation	International income		International representation agreements*
Radio	TV	Cable retransmission	Communication to the public	Presentation	Category A	Category A VR	Central licensing and international agreements
–	–	–	–	–	–	–	664
792	2,719	207	86	804	26	–	1,033
30	64	–	–	–	–	–	–
493	91	–	26	21	3	–	–
1,518	985	–	142	131	1	–	–
13,845	8,525	43	1,525	1,386	53	–	–
1,329	1,176	–	–	–	–	9	499
13,140	9,754	43	1,950	1,283	34	–	–
1,216	516	82	88	231	20	–	–
372	195	–	11	89	1	–	–
52	112	28	5	4	8	–	–
553	411	5	32	63	11	–	–
271	363	–	–	1	–	9	13,278
704	336	–	–	–	–	3	1,478
186	248	–	1	198	5	–	–
20,118	9,591	539	868	2,081	68	–	–
126	35	34	1	6	4	1	–
595	165	5	65	76	4	1	784
7,070	4,524	418	279	925	48	26	664
79	36	–	1	27	1	–	–
1	1	–	–	–	–	–	7,873
976	720	3	128	177	–	–	–
923	398	–8	39	58	8	–	–
2,147	965	3	83	199	18	6	1,677
1,493	1,172	–	77	166	3	–	–
442	136	–	–	–	–	3	1,434
3,223	1,075	–	154	217	8	–	–
966	714	85	33	195	53	2	1,937
562	78	–	9	29	4	–	–
580	270	–	17	52	6	–	–
75	63	1	2	8	3	–	–
1,115	496	188	38	86	22	–28	30
<b>74,990</b>	<b>45,935</b>	<b>1,677</b>	<b>5,662</b>	<b>8,513</b>	<b>413</b>	<b>34</b>	<b>31,351</b>

VGG [CMO ACT] AUDITORS' CERTIFICATION





# 6

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## **VGG [CMO ACT] AUDITORS' CERTIFICATION**

Auditors' certification of the GEMA transparency report 92



## AUDITORS' CERTIFICATION OF THE GEMA TRANSPARENCY REPORT

### CERTIFICATION AFTER THE AUDIT REVIEW

Pursuant to s. 58 (3) VGG, we have audited the financial information contained in the annual transparency report of GEMA in accordance with no. 1 g of the Annex to s. 58 (2) VGG as well as the information in accordance with no. 1 h of the Annex to s. 58 (2) VGG for the period from 1 January to 31 December 2018. The preparation of the annual transparency report pursuant to s. 58 VGG is the responsibility of the legal representatives of the organisation. It is our duty to issue a certification regarding the financial information contained in the annual transparency report in accordance with no. 1 g of the Annex to s. 58 (2) VGG as well as the information in accordance with no. 1 h of the Annex to s. 58 (2) VGG.

We conducted our audit review of the financial information contained in the annual transparency report in accordance with no. 1 g of the Annex to s. 58 (2) VGG as well as the information in accordance with no. 1 h of the Annex to s. 58 (2) VGG, and in compliance with the German Generally Accepted Standards for Audit Reviews of Financial Statements promulgated by the Institut der Wirtschaftsprüfer (IDW). According to these standards, the audit review must be planned and carried out in such a way that, having conducted a critical evaluation, we can rule out with reasonable

certainty that the financial information contained in the annual transparency report in accordance with no. 1 g of the Annex to s. 58 (2) VGG as well as the information in accordance with no. 1 h of the Annex to s. 58 (2) VGG do, in material aspects, not comply with the requirements contained in the Annex to s. 58 (2) VGG. An audit review is primarily limited to interviews with employees of the organisation and analytical evaluations and therefore does not provide the assurance attainable in an audit.

On the basis of our audit review, we have not obtained knowledge of any circumstances that give us reason to believe that the financial information contained in the annual transparency report in accordance with no. 1 g of the Annex to s. 58 (2) VGG as well as information in accordance with no. 1 h of the Annex to s. 58 (2) VGG do not comply with the requirements of the Annex to s. 58 (2) VGG.

Munich, 10 April 2019

**KPMG AG**  
Certified Auditing Company

**sgd. Kaltenegger**  
Auditor

**sgd. Greiner**  
Auditor





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