
2019

**MANAGEMENT REPORT
WITH TRANSPARENCY REPORT**

AT A GLANCE

⇨ T.01

	2019 in €'000s	2018 in €'000s
Income	1,069,377	1,019,173
Expenses	163,743	159,662
Distributable amount	905,634	859,511
Cost rate	15.3 %	15.7 %
Operating cost rate	13.4 %	13.4 %
Income		
Breakdown by collection category		
Regional office collections	407,438	388,469
Reproduction sector collections	61,119	81,011
International collections	69,344	70,387
Broadcasting collections	295,180	301,809
Online collections	181,860	105,494
Remuneration rights	44,082	62,234
Other collection categories	10,355	9,769
Amounts by categories	1,069,377	1,019,173
Expenses		
Staff costs	65,025	60,551
Material costs	98,718	99,111
	163,743	159,662

⇨ T.01

Rights category	Type of use	2019 in €'000s	2018 in €'000s
Reproduction and distribution	Sound recordings	38,476	44,003
	Audiovisual recordings	6,536	9,742
	Total	45,012	53,745
Performance	Music events	145,862	133,136
Online	Internet broadcasting	546	505
	Download	8,745	8,867
	Streaming	172,704	95,447
	Total	181,995	104,819
Broadcasting	Radio	52,686	52,772
	TV	170,006	176,943
	Cable retransmission	15,673	15,375
	Total	238,365	245,090
Communication to the public	Mechanical performance	149,558	148,242
Presentation	Presentation	10,903	10,086
Statutory remuneration rights	of which s. 27 (1) UrhG [German Copyright Act]	250	426
	of which s. 27 (2) UrhG	1,178	1,189
	of which s. 60h (1) UrhG	654	157
	of which s. 54 (1) UrhG	42,249	60,888
	Total	44,331	62,660
International income	A AR	46,654	47,753
	A VR	12,404	13,319
	KRA and KFSa	10,286	9,315
	Total	69,344	70,387
Collection mandates	Total	164,552	173,968
Other income		19,455	17,039
Total		1,069,377	1,019,173

The EU Copyright Directive is a real breakthrough – not only for Europe, but for the whole world. Above all, the Directive is a first step towards a new and fairer relationship between creators and the major platforms that use their works.

JEAN-MICHEL JARRE, CISAC PRESIDENT

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LETTER TO OUR MEMBERS

*Dear GEMA members,
dear readers,*

A virus has unleashed an unprecedented global crisis that will be recorded in our history books. Despite all the unpredictability that this pandemic entails for everyone, including GEMA, one thing is certain: enjoying music of all kinds is gaining almost existential importance in a phase of widespread self-isolation. More than ever, music is food for the soul and a source of strength for many people around the world. As it stands, music artists will have to do without live concerts in front of large audiences for quite some time. However, with its highly vibrant, multi-faceted musical landscape, the digital hemisphere can play to its full strength in this time. The internet has become one gigantic stage, connecting millions of people via streaming providers and platforms and helping to overcome difficult times. It is fair to say that rarely before has music as a cultural asset been as valuable to society as it is now.

Against this backdrop, GEMA's very good financial year 2019 is going to become a robust anti-crisis cushion for music creators. Regular pay-outs on 1 April and 1 June 2020 provide important support, if not existential safeguards for many of our members. GEMA has set up its own emergency relief programme of EUR 40m for its members, going hand in hand with the governmental support for artists and performers.

Another aspect proves to be significant, especially from the new crisis perspective: legal certainty has finally arrived for music creators in 2019 regarding the performance of their works

on the internet. For ten years, GEMA has dedicated a lot of effort into reforming EU copyright law, paving the way for its implementation last spring. The Brussels vote represents a historic paradigm shift and, without doubt, the political highlight of our reporting year. In order to allow composers and lyricists to fully participate in the digital value chain, the EU copyright directive must now be implemented into German law swiftly. GEMA will remain committed to accompanying this process.

In 2019, we have not only achieved a legislative breakthrough in terms of fair royalties for creators. We, once again, have managed GEMA's business responsibly and soundly on behalf of our members. With total revenues amounting to EUR 1.069bn, we exceeded our previous annual result. This is particularly due to the strong growth in online licensing. GEMA's income from digital music use rose by EUR 76.4m to a total of about EUR 182m. While saturation is likely to have been reached at international levels, the shift away from downloads to streaming still holds some growth potential in Germany. As a consequence, the income from online services was in 2019 able to more than compensate for the continued shrinking of sectors such as broadcasting and conventional sound recordings. Revenue from music events also increased during the reporting year. A strong concert and festival season led to an income growth of about EUR 19m. Having worked efficiently once again in 2019, GEMA's cost rate could be pushed below the previous year's level to 15.3 per cent.



DR. HARALD HEKER
CEO AND CHAIRMAN OF THE MANAGING COMMITTEE

Beyond our income sources, digitisation has also affected our own organisation. Thus, GEMA launched in 2019 a digital push for customers and members to align our services consistently with the future of our business. An important step was the introduction of our online portal, through which creators and users of music now have access to a multitude of GEMA services on a variety of devices. Among other things, the portal offers convenient access to a royalty tool for composers and lyricists. Users, in turn, can now determine the cost for public performance of music at a mouse click using the portal's price calculator. The offering will be expanded to include further digital services in the future.

As its long-term strategy, GEMA will be focusing entirely on digitisation. We can look back on more than one hundred years of successful music rights management. However, that alone is no guarantee for the continued existence of our business model in the future. GEMA will therefore make targeted efforts to develop new revenue and growth opportunities – in our core business and in related areas. In order to tap into these new sources, we are keen to be digitally up to date in every respect: our internal processes, the marketing of services as well as our innovation and cooperation activities. The majority

stake taken in the digital marketer Zebralu-tion at the end of 2019 is a prime example. With this acquisition, GEMA has invested in an attractive future market while supporting its members in the digital distribution of musical works.

In view of the challenges heading towards our industry, we believe that we are on the right course. Nobody can predict how the pandemic will affect the current financial year, during which in all probability hardly any live events will take place. What we can say, however, is that GEMA is in the best possible position to weather this crisis – financially, but also operationally with its clear orientation towards digital music markets. GEMA is changing – but remains what it has been to music creators from the very beginning: their strong and reliable partner. On this occasion, we would like to thank all our employees, who have remained enthusiastic, supportive and committed to the necessary changes over the past year.

Dr. Harald Heker

GEMA CEO and Chairman of
the Managing Committee

MEMBERSHIP NUMBERS

MEMBERSHIP DEVELOPMENT AND CATEGORISATION

[↔ T.02](#)

	31/12/2019	31/12/2018
Composers and lyricists	66,969	64,502
of which full composer members	3,151	3,055
of which full lyricist members	506	514
of which associate members	5,715	5,877
of which affiliated members	57,597	55,056
Publishers	5,016	5,018
of which full members	575	567
of which associate members	197	206
of which affiliated members	4,244	4,245
Legal successors	4,504	4,394
of which full composer members	17	17
of which full lyricist members	10	8
of which associate members	1	3
of which affiliated members	4,476	4,366
Total	76,489	73,914
of which full members	4,259	4,161
of which associate members	5,913	6,086
of which affiliated members	66,317	63,667



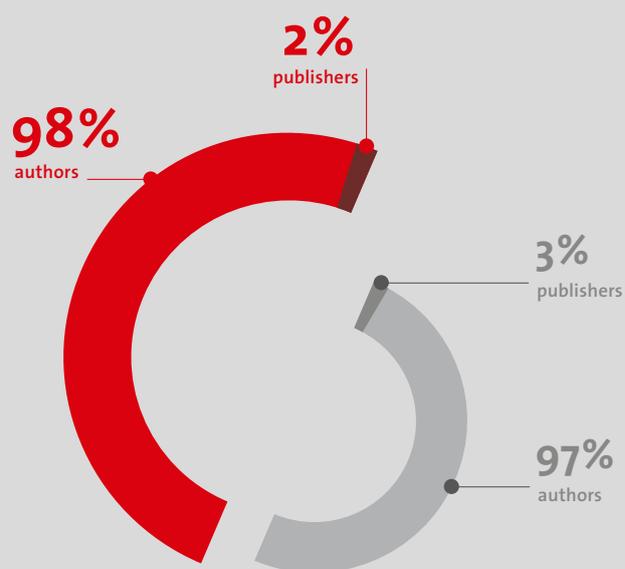
Membership development and categorisation 2019

ADMISSION OF NEW MEMBERS

T.03

	31/12/2019	31/12/2018
Authors (composers and lyricists)	3,615	2,994
Publishers	86	90
Total	3,701	3,084

The membership total increased by 2,575 altogether, compared to 3,701 new admissions. The difference between the increase and the number of new admissions is a result of membership terminations and members' early withdrawals.



Admissions of new members
2019/2018 comparison

AN IMPORTANT SIGNAL FOR EUROPE'S CREATIVES AND THE CORNERSTONE FOR MODERN COPYRIGHT – THE EU COPYRIGHT REFORM



5

years is how long the reform of EU copyright has been discussed in the EU Parliament – since 2014.



28

EU member states were involved in the vote.



348

MEPs voted in favour of the Copyright Directive, 274 against it. 36 abstained.¹

2

years is how long the German government has to implement the EU Directive into national law. This means until June 2021.

References:

- 1) <https://www.sueddeutsche.de/digital/urheberrecht-copyright-uploadfilter-artikel-13-eu-1.4383450>
- 2) <https://www.brandwatch.com/de/blog/statistiken-youtube/>
- 3) <https://de.statista.com/infografik/17697/daten-und-fakten-zu-urheberrecht-und-upload-filtern/>
- 4) Bundesverband Musikindustrie e. V., Jahrbuch des Bundesverbands Musikindustrie "Musikindustrie 2019 in Zahlen", Berlin, 2020, p.13
- 5) Bundesverband Musikindustrie e. V., Jahrbuch des Bundesverbands Musikindustrie "Musikindustrie 2019 in Zahlen", Berlin, 2020, p.24



66%

of 800 respondents (aged 18 and over) in Germany in 2019 were of the opinion that the EU had not sufficiently ensured that creatives were remunerated when their creative work was shared on internet platforms.³

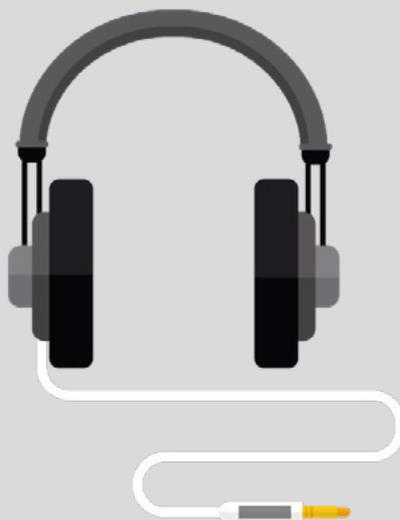
400

hours of video material are uploaded to YouTube every minute.²



107,400,000,000

audio streams were listened to in 2019 – an all-time high to date. In 2013, that figure was 5.9 billion.⁴



36.7%

of all audio on-demand streams are listened to via YouTube.⁵

REPORT OF THE SUPERVISORY BOARD

The Supervisory Board held meetings on ten days in the 2019 financial year: on 1/2 April, 22 and 25 May, 3 July, 25 September, 21/22 October and 11/12 December 2019. Moreover, the committees formed by the Supervisory Board (such as the 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. During joint meetings with the Managing Committee, the Supervisory Board addressed GEMA's overall situation, business performance and business policies on the basis of written and oral reports by the Managing Committee.

During the 2019 financial year, the Financial Committee of the Supervisory Board met on 19 March and on 26 November. The respective results were reported back to the Super-

visory Board. Furthermore, the Finance Committee dealt with the Managing Committee's annual report for 2019 during its meeting on 17 March 2020 and reported the outcome to the Supervisory Board in its meeting on 18/19 March 2020.

The appointed auditors, KPMG AG Wirtschaftsprüfungsgesellschaft [auditing company], Berlin, audited the 2019 annual financial statements prepared by the Managing Committee, including the accounts and the management report, and issued an auditors' report without reservation. The Supervisory Board discussed the auditors' report in its meeting on 18/19 March 2020 and raised no objections to the review result and the management report of the Managing Committee. It approved the annual financial statements, which are thereby endorsed.



DR. RALF WEIGAND
CHAIRMAN OF THE SUPERVISORY BOARD

The following individuals were members of the Supervisory Board in the 2019 reporting year:

For the professional category of composers Jörg Evers, Matthias Hornschuh, Micki Meuser, Jochen Schmidt-Hambrock, Dr. Charlotte Seither, Dr. Ralf Weigand, as well Prof. Dr. Enjott Schneider and Alexander Zuckowski as deputies; for the professional category of lyricists Burkhard Brozat, Rudolf Müssig, Frank Ramond, Stefan Waggerhausen, as well as Tobias Künzel and Pe Werner as deputies; for the professional category of publishers Jörg Fukking (until 3 July as a deputy), Hans-Peter Malten, Michael Ohst, Dagmar Sikorski (until 13 June), Patrick Strauch, Dr. Götz von Einem as well as Winfried Jacobs (from 3 July) and Diana Muñoz as deputies.

Dr. Ralf Weigand was Chairman; Deputy Chairpersons were Stefan Waggerhausen and Dagmar Sikorski (until 13 June) and Hans-Peter Malten (from 3 July).

Munich, 19 March 2020

Dr. Ralf Weigand
Chairman of the Supervisory Board

HONORARY PRESIDENTS AND HONORARY MEMBERS

Honorary Presidents

Prof. Dr. Reinhold Kreile

Prof. Dr. jur. h. c. Erich Schulze †

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 †

INTERNATIONAL ORGANISATIONS

CISAC

Confédération Internationale des Sociétés
d'Auteurs et Compositeurs, Paris

Member of the Board of Directors

Dr. Harald Heker

Member of CIAM

(International Council of Creators of Music)

Jörg Evers

Member of the Legal Committee

Dr. Tobias Holzmüller

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 †

President of the Management Committee

Georg Oeller

GESAC

Groupement Européen des Sociétés
d'Auteurs et Compositeurs, Brussels

Member of the Board of Directors

Dr. Harald Heker

FAST TRACK

The Digital Copyright Network SAS, Paris

Member of the Board of Directors

Dr. Harald Heker

Member of the Executive Committee

Thimo Prziklang

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TRANSPARENCY REPORT

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EU copyright reform bolsters up Europe's creatives

Probably the most widely observed and controversial topic of the last EU legislative period: the new Directive on Copyright in the Digital Single Market. The reform adopted in spring 2019 adapts copyright law to the requirements of the digital age and strengthens the position of creatives vis-à-vis online platforms.

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GOVERNANCE STRUCTURE

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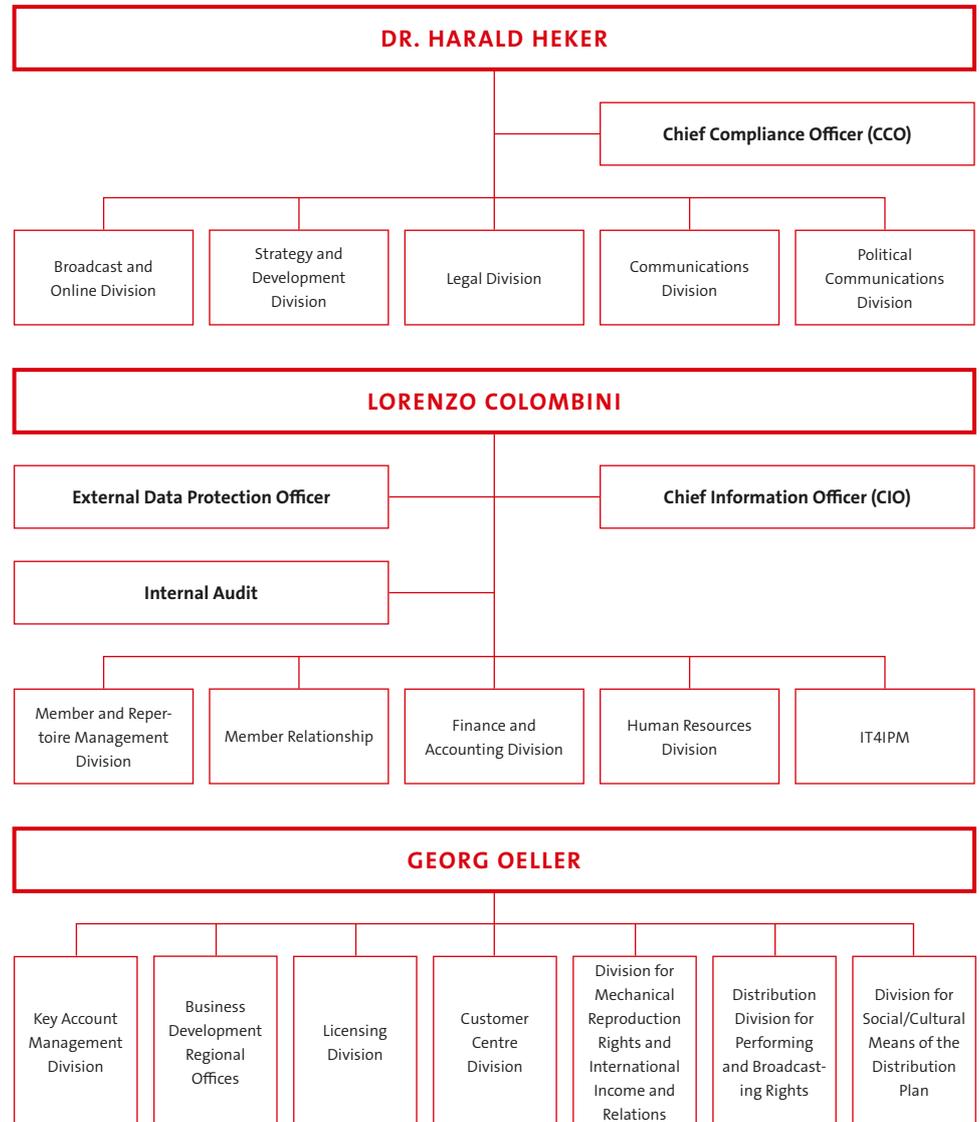
LEGAL STRUCTURE / ORGANISATIONAL STRUCTURE

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.

Composers' section	Ralf Hoyer Christoph Rinnert Rainer Rubbert	Managing director and curator
Lyricists' section	Klaus Pelizaeus Tobias Reitz Jutta Staudenmayer	Managing director and curator
Publishers' section	Andreas Meurer Thomas Tietze Marcus Zander	Managing director and curator

As at 31/12/2019

HOLDINGS AND AFFILIATED COMPANIES

ARESA GmbH, Munich

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

Registered number

HRB 197896

Associate

GEMA

GEMA Immobilien GmbH, Munich

Purpose: property management

Registered number

HRB 214398

Associate

GEMA

GEMA Immobilienverwaltung wirtschaftlicher Verein & Co. KG, Munich

Purpose: property management

Registered number

HRA 103041

Associates

GEMA (general partner)

GEMA Immobilien GmbH (limited partner)

GEMA Unterstützungskasse GmbH, Munich

Purpose: running of a benevolent fund for pension liabilities

Registered number

HRB 223307

Associate

GEMA

GEMA ZB GmbH, Munich

Purpose: acquisition, retention, management and sale of shareholdings, especially in companies active in the music industry

Registered number

HRB 252099

Associate

GEMA

ICE Operations AB, Stockholm

Purpose: holding company of ICE International Copyright Enterprise Germany GmbH

Registered number

556723-5907

Associates

PRS for Music Ltd., Föreningen Svenska Tonsättares Internationella Musikbyrå (STIM) u. p. a., GEMA

ICE International Copyright Enterprise Germany GmbH, Berlin

Purpose: provision of services within the framework of the documentation of works with a musical component, evaluation of usage reports and usage allocation as well as operation and maintenance of the systems and processes required for this purpose

Registered number

HRB 162426

Associate

ICE Operations AB

International Copyright Enterprise Services Ltd., London

Purpose: pan-European licensing of musical works in the online sector

Registered number

8983089

Associates

PRS for Music Ltd., Föreningen Svenska Tonsättares Internationella Musikbyrå (STIM) u. p. a., GEMA

iSYS Software GmbH, Munich

Purpose: IT services for companies

Registered number

HRB 111760

Associates

Prof. Dr. Peter Mandl, Michael Sailer, Hausbank Munich eG, Bank für Haus- und Grundbesitz, GEMA

IT for Intellectual Property Management GmbH, Munich

Purpose: IT services for collective management organisations

Registered number

HRB 211469

Associate

GEMA

SOLAR-Music Rights Management GmbH i. L., Munich

Purpose: holding company for SOLAR Music Rights Management Ltd.

Registered numbers

HRB 165199

Associates

PRS for Music Ltd., GEMA

SOLAR Music Rights Management Ltd., London

Purpose: pan-European licensing of musical works in the online sector

Registered number

8983482

Associate

SOLAR-Music Rights Management GmbH i. L.

Zentralstelle Bibliothekstantieme GbR (ZBT), Munich

Purpose: assertion of entitlements pursuant to s. 27 (2) and s. 60h (1) UrhG

Associates

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

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 (2) UrhG

Associates

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

ZPÜ-Service GmbH, Munich

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

Registered number

HRB 209577

Associate

GEMA

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 Börsenverein des Deutschen Buchhandels [German Publishers and Booksellers Association] and co-director of Ausstellungs- und Messe GmbH [the exhibition and trade fair arm of said Association]. 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 was working for GEMA since 1995. He had been 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. 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 and, again, at the Supervisory Board's meeting on 25 May 2019.

At the Supervisory Board's meeting on 3 July 2019, a new Deputy Chairman for the professional category of publishers as well as a substitute member and a substitute member as a deputy were elected by the professional category of publishers.

As of 31 December 2019, the Supervisory Board was hence made up as follows:

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

As at 31/12/2019

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 CHAIRMAN



HANS-PETER MALTEN
DEPUTY CHAIRMAN

COMMITTEES AND COMMISSIONS

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

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

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

Works Committee**Composers**

Prof. Martin Christoph Redel
Dieter Reith
Hans Peter Ströer
Prof. Bernd Wefelmeyer

Deputies

Dr. Anselm Kreuzer
Alexander von Schlippenbach
Tobias P. M. Schneid
Iris ter Schiphorst

Lyricists

Klaus Pelizaeus
Jutta Staudenmayer

Deputies

Peter Freudenthaler
Reiner Hömig

Publishers

Jan Rolf Müller

Deputy

Stefan Conradi

Supervisory Board delegate

Jochen Schmidt-Hambrock

Deputy

Dr. Charlotte Seither

**Rating Procedures
Committee for composers
and lyricists of the serious
music category (E)**

Prof. Martin Christoph Redel
Annette Schlünz
Helmut Zapf

Deputies

Detlev Glanert
Babette Koblenz

Expert for choir music

Gerhard Rabe

Deputy

Peter Michael Hamel

**Delegate of associate
and affiliated members**

Kathrin Denner

Supervisory Board delegate

Prof. Dr. Enjott Schneider

Deputy

Dr. Charlotte Seither

**Rating Procedures
Committee for publishers
of the serious music
category (E)**

Stefan Conradi
Horst Schubert

Deputy

Dr. Peter Hanser-Strecker

Supervisory Board delegate

Michael Ohst

Deputy

Winfried Jacobs

**Rating Committee for
entertainment and
dance music (U)**
Composers

Thorsten Brötzmann
Dr. Rainer Fabich
Christoph Rinnert

Deputies

Martina Eisenreich
Christian Neander
Michael Reinecke

Lyricists

Michael Holm
Tobias Reitz
Thomas Woitkewitsch

Deputies

Dr. Manfred Maurenbrecher
Klaus Pelizaeus
Maya Singh

Publishers

Pamela Georgi-Michel
Barbara Krämer
Michael Wewiasinski

Deputies

Lars Ingwersen
Ute Lingner
Jan Rolf Müller

**Delegates of associate and
affiliated members**
Supervisory Board delegates**Composers**

Andreas Dombert

Composers

Dr. Ralf Weigand

Deputy

Jörg Evers

Lyricists

Timo Peter

Lyricists

Stefan Waggershausen

Deputy

Burkhard Brozat

Publishers

Thomas Ritter

Publishers

Jörg Fukking

Deputy

Hans-Peter Maltén

**Assessment Committee
for arrangers**

Prof. Wieland Reißmann
Joachim Schmeißer
Lenard Schmidthals
Werner Theisen
Prof. Bernd Wefelmeyer

Deputies

Wolfgang Vetter-Lohre
Alfons Weindorf
N.N.

Supervisory Board delegate

Jörg Evers

Deputy

Micki Meuser

Finance Committee

Burkhard Brozat
Micki Meuser
Diana Muñoz
Michael Ohst
Jochen Schmidt-Hambrock
Stefan Waggershausen

Deputies

Frank Ramond
Dr. Charlotte Seither
Patrick Strauch

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 2019, a total of €2,457million was paid in the form of compensation and other benefits to members of the bodies pursuant to s. 18 (1) VGG.

report voss-0245

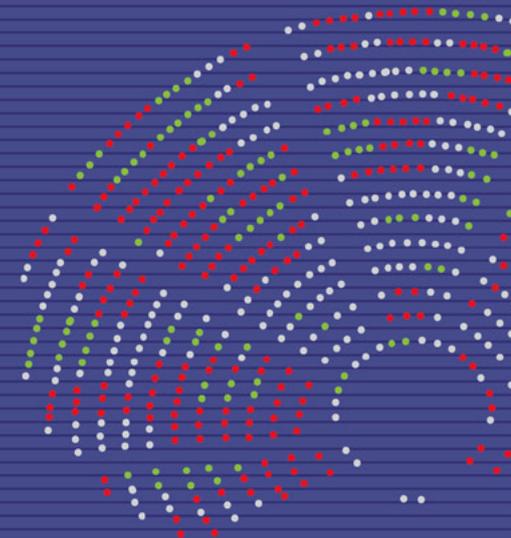
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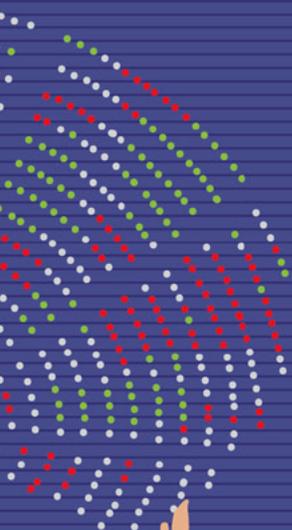


Debate on EU copyright law – every vote counts

In spring 2019, the most important copyright reform in almost 20 years was adopted at EU level. In the run-up to the vote in the European Parliament, which was fiercely contested right up to the end, creatives from all over Europe joined forces to support the reform. In the end, the majority was relatively clear: 348 MEPs voted for the new Directive, 274 against.

5/2018

proposal



2

FINANCIAL INFORMATION

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Rounding differences to mathematically exact values (monetary units, percentage units, etc.) are possible.

PROFIT AND LOSS STATEMENT

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

[↗ T.04](#)

in €'000s	Note no.	2019	2018
1. Income	27	1,055,444	1,007,333
<i>of which</i>			
<i>a) Income from copyright exploitation and remuneration rights</i>		1,049,922	1,002,133
<i>of which income from collection mandates</i>		164,653	173,576
<i>b) Other income</i>		5,523	5,200
2. Other operating income		10,361	10,149
3. Expenses for third-party services	28	-64,300	-61,248
4. Staff costs	29	-65,025	-60,551
<i>of which</i>			
<i>a) Wages and salaries</i>		-44,314	-44,494
<i>b) Social benefits and expenses for social security plans and support programmes</i>		-20,712	-16,057
<i>of which pension scheme payments</i>		-12,295	-7,950
5. Amortisation of intangible assets in fixed assets and tangible assets		-9,900	-8,067
6. Other operating expenses	28	-23,384	-26,249
7. Income from holdings		785	950
<i>of which holdings in affiliated companies</i>	30	752	699
8. Income from securities and bonds		2,055	55
9. Other interest and similar income		732	686
10. Interest paid and similar expenditure	31	-872	-1,717
11. Tax on income and revenue		-127	-1,661
12. Result after tax		905,769	859,680
13. Other taxes		-135	-169
14. Allocations to distribution reserves and accruals	23	-905,634	-859,511
15. Result for the year		0	0

BALANCE SHEET AS AT 31ST DECEMBER 2019 (86TH FINANCIAL YEAR)

ASSETS

↔ T.05

in €'000s		Note no.	As at 31/12/2019	As at 31/12/2018
A. Fixed Assets	I. Intangible assets	3/17		
	1. Operating licences, industrial property rights, similar rights and values, and licences in such values and rights		52,554	36,121
	2. Prepayments made		18,607	23,172
			71,161	59,293
	II. Tangible assets	4/17		
	1. Properties, leasehold rights and buildings, including buildings on sites not owned by GEMA		15,165	22,329
	2. Other assets, office and business equipment		3,040	2,704
			18,205	25,033
	III. Financial assets	5/17		
	1. Shares in affiliated companies	18	56,993	43,245
	2. Loans to affiliated companies		21,500	0
	3. Holdings	19	4,677	4,677
	4. Loans to holdings		11,429	10,342
	5. Fixed asset securities		287,000	287,000
	6. Other loans		811	889
			382,410	346,153
			471,776	430,479
B. Current assets	I. Receivables	6/20		
	1. Members		72,350	77,118
	2. Foreign companies		63,791	90,757
	3. Sound recordings and audiovisual media companies		3,003	7,782
	4. Broadcasters		34,415	43,314
	5. Online providers		121,827	51,514
	6. Music promoters		80,404	80,142
	7. Affiliated companies		2,477	192
	8. Companies with which investment relations exist (holdings)		590	841
	9. Others		22,699	36,960
			401,556	388,620
	II. Cash at bank	7/21		
	1. Fixed-term deposits		10,000	10,000
	2. Others		300,896	307,867
			310,896	317,867
	III. Cash in hand	7	21	19
			712,473	706,506
C. Accruals and deferred income		8	207	109
D. Active deferred taxes		9	7,672	0
E. Trustee receivables		21	1,759	1,587
			1,193,887	1,138,681

LIABILITIES

→ T.06

in €'000s	Note no.	As at 31/12/2019	As at 31/12/2018
A. Capital and reserves	22	0	0
		0	0
B. Reserves and accruals for the distribution	10/23		
I. From performing, presentation, broadcasting and communication to public rights and remuneration rights			
1. Domestic income		616,042	594,475
2. Collection mandates		37,068	37,262
3. International income		34,164	10,560
		687,274	642,297
II. From reproduction rights and remuneration rights			
1. Domestic income		243,826	228,905
2. Collection mandates		408	3,455
3. International income		10,081	11,531
		254,315	243,891
		941,589	886,188
C. Other reserves	11/24		
1. Reserves and accruals for pension plans and similar obligations		76,202	67,239
2. Tax accruals		2,949	1,705
3. Other accruals		28,362	20,791
		107,513	89,735
D. Obligations	14/25		
1. From royalties distributed			
To members		10,347	5,914
To foreign collective management organisations		4,414	39,166
2. From advances paid to music promoters		5,075	756
3. To affiliated companies		6,733	6,970
4. To companies with which investment relations exist (holdings)		4	57
5. Others		70,845	63,849
of which from taxes		1	4
		97,418	116,712
E. Accruals and deferred income	15/26	45,608	44,459
F. Trustee obligations	21	1,759	1,587
		1,193,887	1,138,681

DEVELOPMENT OF FIXED ASSETS IN 2019

ASSETS: A. FIXED ASSETS

in €'000s	Purchase and production costs				As at 31/12/2019
	As at 01/01/2019	Inflows	Transfers	Outflows	
I. Intangible assets					
1. Operating licences, industrial property rights, similar rights and values, and licences in such values and rights	60,469	110	24,475	0	85,054
2. Prepayments made	23,171	19,910	-24,475	0	18,607
3. Low-value assets	1	6	0	-1	6
Total	83,641	20,027	0	-1	103,667
II. Tangible assets					
1. Properties, leasehold rights and buildings, including buildings on sites not owned by GEMA	42,223	0	0	-10,586	31,637
2. Other assets, office and business equipment	4,191	904	0	-273	4,822
3. Low-value assets	168	546	0	-168	546
Total	46,582	1,450	0	-11,026	37,005
III. Financial assets					
1. Shares in affiliated companies	43,245	13,749	0	0	56,993
2. Loans to affiliated companies	0	21,500	0	0	21,500
3. Holdings	4,677	0	0	0	4,677
4. Loans to holdings	10,342	3,132	0	-2,046	11,429
5. Fixed asset securities	287,000	0	0	0	287,000
6. Other loans	889	0	0	-78	811
Total	346,153	38,381	0	-2,124	382,410
Sum total	476,376	59,857	0	-13,151	523,082

⇒ T.07

	Accumulated amortisation and depreciation			Book values		
	As at 01/01/2019	Inflows	Outflows	As at 31/12/2019	As at 31/12/2019	As at 31/12/2018
	24,347	8,152	0	32,500	52,554	36,122
	0	0	0	0	18,607	23,171
	1	6	-1	6	0	0
	24,349	8,159	-1	32,506	71,161	59,293
	19,894	729	-4,151	16,472	15,165	22,329
	1,487	466	-172	1,783	3,040	2,704
	168	546	-168	546	0	0
	21,549	1,742	-4,490	18,801	18,205	25,033
	0	0	0	0	56,993	43,245
	0	0	0	0	21,500	0
	0	0	0	0	4,677	4,677
	0	0	0	0	11,429	10,342
	0	0	0	0	287,000	287,000
	0	0	0	0	811	889
	0	0	0	0	382,410	346,153
	45,898	9,900	-4,492	51,307	471,776	430,479

RESERVES AND ACCRUALS FOR THE DISTRIBUTION IN 2019

LIABILITIES: B. RESERVES AND ACCRUALS FOR DISTRIBUTION

[↔ T.08](#)

in €'000s	As at 01/01/2019	Pay-outs 2019 for previ- ous years and advance pay- outs 2019	Allocations 2019	As at 31/12/2019
I. From performing, presentation, broadcasting and communication to the public rights and remuneration rights				
1. Domestic income	594,475	500,794	522,361	616,042
2. Collection mandates	37,262	130,205	130,011	37,068
3. International income	10,560	20,979	44,583	34,164
				687,274
II. From reproduction rights and remuneration rights				
1. Domestic income	228,905	159,867	174,788	243,826
2. Collection mandates	3,455	24,699	21,652	408
3. International income	11,531	13,689	12,239	10,081
				254,315
Sum total	886,188	850,233	905,634	941,589

NOTES TO THE ACCOUNTS

**For the financial year from
1 January to 31 December 2019**

GOVERNING STATUTORY PROVISIONS

1. The annual financial statements for 2019 were drawn up based on the accounting regulations for collective management organisations pursuant to s. 57 (1) clause 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 between three and ten years.

4. Tangible assets were evaluated at their acquisition or production costs. The loss in value will be 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 were acquired.

5. With respect to the financial assets, shares in affiliated 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 have 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 affiliated 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 expenditure for a certain period after the financial statement date.
- 9.** In the reporting year, the option to capitalise pursuant to s. 274 (1) clause 2 HGB was exercised for the first time. The change in approach was made because it provides a better insight into the asset and revenue situation, as temporary differences exist between the commercial and tax balance sheets in the evaluation of reserves and accruals for pension plans. After netting out deferred tax assets and liabilities, there was a surplus of assets of €7,672k at the balance sheet date. In the previous year, exercising the option to capitalise would have resulted in a surplus of assets of €4,548k. The profit and loss statement item "Taxes on income and revenue" includes income of €3,124k (previous year: €0k) from the capitalisation of deferred taxes. The evaluation of deferred taxes was based on a company-specific tax rate of 31.74%. The distribution freeze is not applied due to the specifics of the company as a collective management organisation.
- 10.** The reserves and accruals for distribution include the amounts to be paid out to the entitled authors and publishers in the following year in accordance with the distribution plans (Annex 2 to the notes to the accounts).
- 11.** Allocations to the other reserves and accruals take account of all discernible risks and uncertain obligations and are based on reasonable commercial assessment. All reserves and accruals are short-term and are not discounted.
- 12.** 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 2.71%. The actuarial interest used is the average market interest published by the Deutsche Bundesbank [German Central Bank] for the last ten 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 seven financial years for an assumed residual life of 15 years, the result would be an actuarial interest rate of 1.97% (difference in the debit reserve according to assessment of the 7-year compared to the 10-year average interest: €12,280k). The assessment was based on a fluctuation of 2.0%, and a pension indexation for pension liabilities of 1.5% 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 €20,603k (previous year: €22,415k) 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 2019, of €20,204k (previous year: €18,426k) (via GEMA Unterstützungskasse GmbH, Munich).
- 13.** 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 1.97% and retirement accruals on 0.70%.
- 14.** Liabilities were set at the level of the settlement amount.
- 15.** 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.
- 16.** 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

17. 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 to the notes to the accounts).

18. Shares in affiliated companies are as follows: see [↔ T.09](#)

19. 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].

20. All receivables fall due within one year. Receivables from affiliated companies amount to €2,477k (previous year: €192k).

Receivables from companies with whom GEMA entertains investment relations of €590k (previous year: €841k) are from SOLAR MRM Ltd. (€590k; previous year: €715k).

Other receivables amounting to €22,699k (previous year: €36,960k) mainly affect receivables from collection mandate grantors amounting to €11,341k (previous year: €8,861k), receivables from tax authorities amounting to €5,726k (previous year: €21,005k) and receivables from advance payments amounting to €2,421k (previous year: €2,840k).

21. The cash at bank amounting to €310,896k (previous year: €317,867k) relates to current giro account, overnight account and fixed-term deposit balances. Trustee receivables, or trustee obligations, amounted to €1,759k (previous year: €1,587k); 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 assets. All proceeds are distributed to those eligible for remuneration (members and other beneficiaries and rightsholders) after expenditures have been defrayed.

SHARES IN AFFILIATED COMPANIES[↔ T.09](#)

Name of the organisation	Share quota	EC in €'000s	AS in €'000s
ARESA GmbH, Munich*	100%	859	259
ZPÜ-Service GmbH, Munich*	100%	755	33
IT4IPM GmbH, Munich*	100%	3,162	391
GEMA Immobilien GmbH, Munich*	100%	24	0
GEMA Immobilienverwaltung wirtschaftlicher Verein & Co. KG, Munich*	100%	40,163	244
GEMA Unterstützungskasse GmbH, Munich*	100%	25	0
GEMA ZB GmbH**	100%	0	0

* Figures for the 2018 financial year

** Organisation was not founded until 2019

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 %	97	4
iSYS Software GmbH, Munich*	24.90 %	846	149
ICE Operations AB, Stockholm, Sweden*	33.33 %	585	-227
International Copyright Enterprise Services Ltd., London, Great Britain*	33.33 %	-48	956

* Figures for the 2018 financial year

EC = equity capital, AS = annual surplus

23. A total of €941,589k (previous year: €886,188k) is available for distribution. The amount allocated for 2019 is €905,634k (previous year: €859,511k).

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

24. Other reserves and accruals amounting to €107,513k (previous year: €89,735k) mainly include reserves and accruals for pension plans and similar obligations (€76,202k; previous year: €67,239k). Above and beyond this, other reserves and accruals exist for the staff sector (€11,172k; previous year: €13,099k), for legal and court costs (€665k; previous year: €380k) as well as for costs related to annual financial statements and tax advice (€274k; previous year: €242k). Reserves and accruals for income adjustments were made for the Broadcasting (€7,414k; previous year: €2,214k), Online (€3,782k; previous year: €143k) and Sound and Audiovisual Recordings (€1,200k; previous year: €0k) sectors.

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 Videovermietung, Munich (ZWF) and the VG Musikedition, Kassel (liabilities from collection mandates amounting to €38,737k (previous year: €28,907k).

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

DETAILS ON ITEMS OF THE PROFIT AND LOSS STATEMENT

27. Income from copyright exploitation and royalty claims in the financial year were €1,049,922k (previous year: €1,002,133k). Their composition is as follows: see [↔ T.11](#)

The increase in total income is the result of strong growth in the online sector and includes catch-up effects from previous years.

DETAILS ON ITEMS OF THE PROFIT AND LOSS STATEMENT

[↔ T.11](#)

Rights category	Type of use	2019 in €'000s	2018 in €'000s	Difference in €'000s
Reproduction and distribution	Sound recordings	38,476	44,003	-5,527
	Audiovisual recordings	6,536	9,742	-3,206
	Total	45,012	53,745	-8,733
Performance	Music events	145,862	133,136	12,726
Online	Internet broadcasting	546	505	41
	Download	8,745	8,867	-122
	Streaming	172,704	95,447	77,257
	Total	181,995	104,819	77,176
Broadcasting	Radio	52,686	52,772	-86
	TV	170,006	176,943	-6,937
	Cable retransmission	15,673	15,375	298
	Total	238,365	245,090	-6,725
Communication to the public	Mechanical performance	149,558	148,242	1,316
Presentation	Presentation	10,903	10,086	817
Statutory remuneration rights	of which s. 27 (1) UrhG	250	426	-176
	of which s. 27 (2) UrhG	1,178	1,189	-11
	of which s. 60h (1) UrhG	654	157	497
	of which s. 54 (1) UrhG	42,249	60,888	-18,639
	Total	44,331	62,660	-18,329
International income	Performance	46,654	47,753	-1,099
	Reproduction	12,404	13,319	-915
	Cable retransmission	10,286	9,315	971
	Total	69,344	70,387	-1,043
Collection mandates	Performance	141,079	139,433	1,646
	Reproduction	23,473	34,535	-11,062
	Total	164,552	173,968	-9,416
Total	1,049,922	1,002,133	47,789	

28. Expenses for third-party services, other operating expenses and other interest and similar expenditure are made up as follows: see [↔ T.12](#)

IT services are mainly provided by the subsidiary company IT4IPM GmbH. Ancillary costs from collection activities consisted of costs for monitoring of licence registrations of €8,359k (previous year: €7,908k) as well as legal costs of €3,878k (previous year: €3,570k).

29. Staff costs amounted to €65,025k (previous year: €60,551k). The expenses contained therein for pension plan payments amount to €12,295k (previous year: €7,950k).

The average headcount during the financial year was 767 staff (previous year: 781 staff). The average number of staff consisted of 599 full-time staff and 168 part-time staff. In

addition, there were 28 apprentices and 44 staff in partial retirement on average during the financial year.

30. The revenues from affiliated companies amounting to €752k (previous year: €699k) mainly relate to the profit realisation for the period from the shares in the GEMA Immobilienverwaltung wirtschaftlicher Verein & Co. KG, Munich, of €280k (previous year: €235k) as well as pay-outs of IT4IPM GmbH of €259k (previous year: €97k) and ARESA GmbH of €195k (previous year: €116k).

31. The interest expenses pertain mainly to the compounding of the pension reserves and accruals (€842k; previous year: €1,682k).

[↔ T.12](#)

in €'000s	2019	2018
Expenses for third-party services		
IT services	31,349	32,143
Ancillary costs from collection activities	12,237	11,478
Communication expenditure and marketing activities	10,393	9,586
Other services	10,321	8,041
	64,300	61,248
Other operating expenses		
Other administration costs	6,047	5,975
Fees for consultancy and expert opinions	8,400	8,638
Building and room charges	4,970	4,294
Miscellaneous	3,967	7,342
	23,384	26,249
Interest payable	872	1,717
	88,556	89,214

REPORT ON EVENTS AFTER THE REPORTING PERIOD

32. The spread of the coronavirus is to be mentioned as an event of particular significance after the cut-off date. This could have a negative impact on GEMA's assets, financial and revenue situation and in particular on the music sector, managed by the regional offices. This would particularly affect large events such as trade fairs and concerts as well as the small events sector. Against this background, the society's forecast is subject to uncertainty. However, the extent of the effects of the risk on the assets, financial and revenue situation of the society is currently difficult to quantify, as the further course of the spread of the virus and the associated effects cannot be predicted at present.

SUPPLEMENTARY INFORMATION

33. There are miscellaneous financial liabilities arising from payment obligations from long-term rental contracts amounting to €16,923k (previous year: €12,009k). Of those, €13,190k relate to payment obligations vis-à-vis affiliated companies. The increase compared to the previous year is due to a loan being issued to an affiliated company. Premature demands in this regard are not anticipated.

34. The total cost recorded for the auditor in the 2019 financial year in accordance with s. 285 No. 17 HGB amounts to €451k (previous year: €351k). This includes auditing services amounting to €240k (previous year: €248k) as well as other services amounting to €198k (previous year: €103k) and other certification services of €13k (previous year: €0k).

35. Salaries in 2019 stood at €691k for Dr. Harald Heker, €366k for Lorenzo Colombini and €456k for Georg Oeller. The pension benefits for all members of the Managing Committee came to €704k. Earnings of previous members of the Managing Committee amounted to €359k. Reserves and accruals for pension plans for this group of persons totalled €4,165k on the cut-off date.

36. The Supervisory Board consists of 15 members in accordance with Article 13(1) of GEMA's Articles of Association. Two deputies can be elected for every professional category in accordance with Article 13(1), clause 2 of the Articles of Association.

Following the election at the Members' Assembly in 2018 and the election of a substitute member by the professional category of publishers in the Supervisory Board, the Supervisory Board is made up as follows:

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

The members of the Supervisory Board receive expense allowances only. During the 2019 financial year, they totalled €240k (previous year: €309k).

Munich, 16 March 2020



Dr. Harald Heker



Lorenzo Colombini



Georg Oeller

The Managing Committee

CASH FLOW STATEMENT

CASH FLOW STATEMENT

[T.13](#)

in €'000s	2019	2018
Allocation to distribution reserves and accruals	905,634	859,511
Amortisation on fixed asset items	9,900	8,067
Increase/decrease of reserves and accruals	17,778	-266
Pay-outs to members	-850,233	-981,832
Profit from outflows of fixed asset items	-4,492	-5,287
Increase/decrease of stock, claims from deliveries and services as well as other assets not allocable to investment or financial activities	-20,878	-57,985
Increase/decrease of liabilities from deliveries and services as well as other liabilities not allocable to investment financial activities	-17,972	31,888
Cash flow from current business activities	39,737	-145,904
Receipts from outflows of tangible asset / intangible fixed asset items	11,027	12,818
Payments for investments for tangible asset / intangible fixed asset items	-21,476	-18,754
Receipts from outflows of financial asset items	2,039	1,710
Payments for investments into the financial assets	-38,296	-57,596
Cash flow from investment activities	-46,706	-61,822
Cash flow from finance activities	0	0
Cash changes of the financial resources	-6,969	-207,726
Financial resources at the beginning of the period	317,886	525,612
Financial resources at the end of the period	310,917	317,886

A. GENERAL CONDITIONS AND BUSINESS

1. ECONOMIC ENVIRONMENT

From the perspective of the German government, global gross domestic product is expected to grow by 3.3% in 2020 (2019: 3.5%).

Throughout 2019, the labour market continued to exhibit a positive trend. Taking the yearly average, around 45.3 million people working in Germany were employed (previous year: 44.8 million). Unemployment rates stood at 5.0% (previous year: 5.2%).

Inflation rates averaged at 1.4% (previous year: 1.9%) and were thus in the target value range of the ECB (European Central Bank).

GEMA is only marginally dependent on the general economic conditions listed above.

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. The short-term deposit interest rate continues to stay negative at -0.50% (previous year: -0.40%). As the level of liquid assets in the GEMA Group is high, there is a certain dependence on the future development of the negative interest rate.

2. MUSIC INDUSTRY DEVELOPMENTS

As a collective management organisation, GEMA depends on the overall developments within the music industry. In 2019, the following trends could be observed, which may influence market demand as well as the requirements of GEMA.

According to the German Music Industry Association, sales in the German music industry rose by 7.9% in the first half of 2019 and thus grew significantly. Responsible for this result is, on the one hand, audio streaming, which increased by 27.7% and further expanded its position as the best-selling format. In addition, the CD (-11.7%) stabilised slightly, with the rate of decline halved compared to the same period last year, while vinyl, after a brief respite, recorded growth again (+7.4%). Downloads, on the other hand, declined significantly (-16.3%), but also slightly less than in the first half of 2018.

At 56.4%, audio streaming has the largest share of industry revenues, followed by CDs with 28.2%, downloads with 6.6% and vinyl LPs with a 4.4% share of revenues.

B. REVENUE, ASSETS AND FINANCIAL SITUATION

1. BUSINESS PERFORMANCE OF GEMA

The following explanation provides an overview of the development during the past financial year. Total income¹, total expenses² and cost rate³ are significant financial performance indicators for internal control.

The 2019 financial year has been successful with regard to the revenue, assets and financial situation of GEMA. Total revenues rose by €50,204k compared to the previous year (€1,069,377k; previous year: €1,019,173k). The increase mainly stems from the online sector (€181,860k; previous year: €105,494k). The areas of reproduction (€–19,892k) and remuneration rights (€–18,152k) developed in the opposite direction and thus had a negative impact on revenues. Overall, total income was €43,477k higher than the income planned for the 2019 financial year (€1,025,900k), in particular due to new contracts concluded in the online sector.

Total expenses increased by €4,081k compared to the previous year and amounted to €163,743k in the financial year. The increase in expenses results mainly from pensions in the staff expenses. Overall, total expenses were at the scheduled levels. GEMA's administration cost rate including all expenses reached 15.3% (previous year: 15.7%).

2. STAFF

The average headcount during the financial year was 767 staff (previous year: 781 staff). The average number of staff consisted of 599 full-time staff and 168 part-time staff. In addition, there were 28 apprentices and 44 staff in partial retirement on average during the financial year.

3. DETAILS ON THE CASH FLOW STATEMENT

Cash and cash equivalents decreased by €6,969k to €310,917k in the financial year, compared to the previous year. Main changes arose in the significant increase of the cash flow from current business activities amounting to €185,641k. This is due in particular to the special distributions made in the previous year for YouTube and the distribution for the ZPÜ funds received (for the products smartphones, tablets and PCs). This effect was almost completely offset by the lower cash outflow from investing activities of €46,706k. 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 €941,589k (previous year: €886,188k). The cash flows are based primarily on expected licence income, expenses for staff and material costs and distributions to members and sister societies. The investment rate stands at 12.7% in the reporting year. Short-term liquidity requirements can, due to the high level of cash and cash equivalents be satisfied by GEMA's own resources.

1 Total income: all income from the collection sectors, other operating income, income from holdings, income from securities and bonds as well as other interest and similar income

2 Total expenditure: expenses for third-party services, staff costs, amortisation, other operating expenses, interest and similar expenses as well as all tax charges

3 Cost rate: total expenses divided by total income

4. REVENUE SITUATION

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

Strong growth in the online sector is driven by the conclusion of a contract for the SVOD sector (subscription video on demand) and includes catch-up effects from previous years. The market development away from downloads to streaming is shaping the revenue structure. The rise in revenues in the music event sector (regional office collections) is due to tariff increases and a strong concert year in 2019. Income from other sectors has increased slightly compared to the previous year. They mainly include service revenues

as well as profit disbursements of subsidiary companies. Income in reproduction and distribution continued to follow a slight downward trend in line with the general market development in the sound recording sector. The decrease in the statutory remuneration rights sector results from lower pay-outs from the Zentralstelle für private Überspielrechte (ZPÜ). In 2018, the ZPÜ had made special pay-outs for the years 2012 to 2016. In the broadcasting sector, revenues from private TV channels have dwindled due to their declining advertising revenues, while revenues from public service TV channels, radio and cable retransmission are stable.

TOTAL INCOME BY COLLECTION CATEGORY

[T.14](#)

in €'000s	2019			
	Income*	Other income	Total	Total difference
Regional office collections	398,618	8,821	407,438	18,968
Broadcasting collections	295,180	0	295,180	-6,629
Online collections	181,580	278	181,860	76,366
International collections	69,344	0	69,344	-1,042
Reproduction sector collections	61,118	1	61,119	-19,892
Remuneration rights	44,082	0	44,082	-18,152
Other collection categories	0	10,354	10,354	585
Amounts by categories	1,049,922	19,455	1,069,377	50,204

* Income from copyright exploitation and remuneration rights

in €'000s	2018		
	Income*	Other income	Total
Regional office collections	381,926	6,544	388,470
Broadcasting collections	301,809	0	301,809
Online collections	104,807	687	105,494
International collections	70,386	0	70,386
Reproduction sector collections	80,971	40	81,011
Remuneration rights	62,234	0	62,234
Other collection categories	0	9,769	9,769
Amounts by categories	1,002,133	17,039	1,019,173

* Income from copyright exploitation and remuneration rights

In conclusion, it can be stated that GEMA continued its positive development for the year 2019.

GEMA's total expenses and cost rates amounted to €163,743k or 15.3% in the 2019 financial year and thus met scheduled levels.

In the past two years, staff and material⁴ costs were as follows: see [↔ T.15](#)

The increase in staff costs amounting to €4,474k mainly resulted from the allocation of reserves and accruals for pension plans of €11,304k (previous year: €6,915k).

Material costs mainly include IT services of €31,349k (previous year: €32,143k), ancillary costs from collection activities of €12,237k (previous year: €11,478k) as well as operating expenses (fees for consultancy and expert opinions, other administration costs, buildings and room charges, miscellaneous) at €23,384k (previous year: €26,249k).

5. FINANCIAL SITUATION

The assets of the society mainly consist of current assets amounting to €712,473k or 60% (previous year: €706,506k resp. 62%); the majority relates to liquid assets €310,917k; previous year: €317,886k).

Fixed assets in the reporting year amounted to €471,776k (previous year: €430,479k). Intangible fixed assets (€71,161k; previous year: €59,293k) reflect software development activities in the software sector for GEMA. The most important software activations relate to SAP and Trinity (distribution system). Financial assets (€382,410k; previous year: €346,153k) mainly concern long-term financial assets of GEMA in the form of a special fund (€272,000k; previous year: €272,000k), shares in GEMA Immobilienverwaltung wirtschaftlicher Verein & Co. KG, Munich, amounting to €47,918k (previous year: €40,194k), the shares in GEMA ZB GmbH amounting to €6,025k (previous year: €0k) as well as loans amounting to €33,741k (previous year: €11,232k).

The level of receivables increased compared to the previous year (€401,556k; previous year: €388,620k). The change results mainly from the increase in receivables in the online sector in analogy with the development of revenues. In contrast, there has been a decline in receivables for foreign collective management organisations.

STAFF AND MATERIAL COSTS

[↔ T.15](#)

in €'000s	2019	2018	Difference
Staff costs	65,025	60,551	4,474
Material costs	98,718	99,111	-393
Total expenditure	163,743	159,662	4,081

⁴ Material costs: all P&L items with the exception of staff costs

Other reserves mainly consist of reserves and accruals for pension plans of €76,202k (previous year: €67,239k) and other reserves amounting to €28,362k (previous year: €20,791k).

At the balance sheet date of 31 December 2019, there was a liability from previous commitments amounting to €20,603k (previous year: €22,415k) that had not been included in the balance before, and there were also indirect pension liabilities of €20,204k (previous year: €18,426k).

Liabilities decreased by €19,294k to €97,418k compared to the previous year. Royalties that had not been paid out to foreign collective management organisations in the previous year were settled in the reporting year.

The Managing Committee continues to assess the economic situation both at the end of the reporting period and at the time of preparing the management report as positive. This also applies to the financial and asset situation. Liquidity is still at the same level.

C. OPPORTUNITIES AND RISK REPORT

1. RISK MANAGEMENT

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. During the financial year, there have been no existential risks.

GEMA continuously monitors the relevant legal and macroeconomic trends as well as the development of the industry-specific environment in order to identify opportunities arising from them.

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.

Risks are classified as high, medium or low on the basis of their significance for GEMA's revenue, assets and financial situation. The observation and presentation of the effects of risks is carried out under consideration of risk reduction measures (net view). The risk level forms the basis for determining the significance of the risks for GEMA.

The risk profile has increased slightly compared with the previous year.

2.1 FINANCES

Investments in intangible fixed asset items constitute both opportunities and risks for GEMA. During the realignment of the IT infrastructure, a medium technology risk results from the failure of individual projects and the lack of stability of central systems. The use of the existing know-how of the subsidiary IT4IPM, the introduction of a central requirements management system and external service providers will create opportunities in particular with regard to ensuring GEMA's long-term competitiveness.

Another medium risk for GEMA in the financial area originates from a potential shortfall in issuers of bonds and securities. GEMA keeps the risk as low as possible by specifying investment forms in the investment guidelines and using investment and asset managers. The opportunity lies in particular in a rise in the interest rate level so that higher interest income can be recorded in future.

Furthermore, there is a medium risk for GEMA in the event of a shortfall of receivables, should customers no longer be able to meet their financial obligations when they are due. In order to control open receivables, GEMA has introduced a debt collection process and an ongoing transfer to attorneys. The risk is also taken into account in the form of cumulative value adjustments.

Due to the possible withdrawal of other states from the EU and the monetary union, GEMA is exposed to a medium risk of realising asset losses due to rising inflation, debt crises and the loss of single market advantages. An attempt to counteract this is to diversify assets (fixed-interest securities).

With regard to the risks arising from the coronavirus, we refer to the report on events after the reporting period in the notes to the accounts.

2.2 BUSINESS PROCESSES

Regular audits of the internal control system by independent auditors enable GEMA to optimise and control the respective business processes. By using hardware and software technologies, the availability of data and protection against unauthorised access is ensured. Regular data backups aim to reduce the risk of a significant loss of data. In order to reduce the medium risk, an information security strategy will be developed.

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.

Opportunities and risks for GEMA can result from new publishing repertoires being transferred 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, GEMA regards the above fundamentally as an opportunity to acquire a new and interesting repertoire and to generate follow-up contracts.

2.4 LEGAL ENVIRONMENT

The legal environment poses a medium risk and creates potential opportunities at the same time. This depends on changes in the law by the legislator as well as arbitration board decisions and court rulings. There were no proceedings affecting GEMA's assets, financial and revenue situation (European courts, Bundesgerichtshof [Federal Court of Justice], Higher Regional Courts) or changes in legislation in the year under review. Furthermore, the conclusion of new general collective agreements represents both a risk and an opportunity for GEMA.

The Directive on Copyright in the Digital Single Market (Directive 2019/790) in Art. 17 provides for a licensing obligation of service providers for sharing online content on the internet (known as UGC services). The Directive has to be implemented into German law by 7 June 2021. The Federal Ministry of Justice and Consumer Protection conducted a public consultation as part of the implementation process in June 2019. GEMA participated in this consultation with its response of 6 September 2019.

The increased regulatory requirements for the handling of personal data, such as the EU General Data Protection Regulation, for example, could entail risks for GEMA that are classified as low. Through various measures such as establishing a data protection organisation, introducing processes in accordance with data protection law and ensuring adequate documentation, GEMA is countering the risks associated with the entry into force of the General Data Protection Regulation.

2.5 OVERALL VIEW OF THE RISK SITUATION

The assessment of the overall risk situation is the result of the consolidated consideration of all significant individual risks. We are currently not aware of any risks that could threaten the continued existence of the company.

D. OUTLOOK FOR THE 2020 FINANCIAL YEAR – FORECAST REPORT

1. FORECAST FOR THE OVERALL ECONOMIC DEVELOPMENT

The German economy is gradually overcoming its weak phase. For 2020, the Federal Government expects an annual average increase in the price-adjusted gross domestic product of 1.1%. The positive labour market development continues – at a slower pace.

2. FORECAST FOR THE MUSIC INDUSTRY

In the music industry, the trends of recent years are expected to continue, with further declining turnover and sales figures for sound recordings and good prospects for live music. Apart from that, a further growth is expected in the online sector, particularly in the streaming segment.

3. FORECAST FOR THE BUSINESS DEVELOPMENT OF GEMA

GEMA expects a slight decrease for the 2020 financial year compared to the reporting year with respect to revenues. The decrease in revenues is due to the catch-up effects in the online sector in 2019. In the expenses sector, a slight increase is expected as a result of inflation. This leads to an increase of the cost rate.

The forecast was created before the coronavirus outbreak and is subject to uncertainty. We refer to the report on events after the reporting period in the notes to the accounts.

In summary, the Managing Committee assesses the future development of GEMA as positive.

Munich, 16 March 2020

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 examined the annual financial statements of GEMA – Gesellschaft für musikalische Aufführungs- und mechanische Vervielfältigungsrechte, Berlin – comprising the balance sheet as at 31 December 2019, the profit and loss statement and the cash flow statement for the financial year from 1 January to 31 December 2019 as well as the notes to the accounts, 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 2019 to 31 December 2019.

In our opinion, based on the results of our examination,

- 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 2019, and its revenue situation for the financial year from 1 January 2019 to 31 December 2019, 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 and in compliance with the German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) [Institute of Public Auditors in Germany]. 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) 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 misstatements – 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 evidence 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, 16 March 2020

KPMG AG

Certified Auditing Company

sgd. Kaltenegger
Auditor

sgd. Simonji-Elias
Auditor

INCOME FROM RIGHTS AND DEDUCTIONS

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

→ T.16

Rights category	Type of use	Income from rights in €'000s	Income deductions
Reproduction and distribution	Sound recordings	38,476	Deduction of a commission of up to 25% pursuant to Art. 29 para. 4 distribution plan for cost coverage
	Audiovisual recordings	6,536	
		45,012	
Performance	Performance	145,862	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
Online	Broadcasting on the Internet	546	Deduction of a uniform 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	8,745	
	Streaming	172,704	
		181,995	
Broadcasting	Radio	52,686	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	170,005	Categories FS/T FS: Deduction of a uniform cost rate pursuant to Art. 29 para. 8 distribution plan for cost coverage, plus a deduction in the broadcasting categories of 10% for social and cultural purposes pursuant to Art. 30 para. 1 distribution plan; Categories FS VR/FS VR: Deduction of a commission of up to 25% pursuant to Art. 29 para. 4 distribution plan
	Cable retransmission	15,674	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
		238,364	

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

→ T.16

Rights category	Type of use	Income from rights in €'000s	Income deductions
Communication to the public	Mechanical performance	149,558	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	10,903	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			Deductions pursuant to the provisions in the categories to which income from statutory remuneration rights pursuant to Articles 22-25 distribution plan are allocated
	of which s. 27 (1) UrhG	250	
	of which s. 27 (2) UrhG	1,178	
	of which s. 60h (1) UrhG	654	
	of which s. 54 (1) UrhG	42,249	
		44,331	
Interests, securities and bonds		2,787	
Income from rights overall		818,813	

After the deductions for administrative expenses and, where applicable, for social and cultural purposes have been made, the income is made available in full for distribu-

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

COSTS OF RIGHTS MANAGEMENT AND OTHER SERVICES

EXPENDITURE

→ T.17

	Expenses by usage cate- gory in €'000s	Costs in %
Costs of rights management		
Reproduction and distribution	9,427	20.94
Performance	30,480	20.90
Online	24,864	13.66
Broadcasting	27,356	11.48
Communication to the public	30,559	20.43
Presentation	2,529	23.20
Statutory remuneration rights	3,984	8.99
Costs that are not associated with rights management, including such costs for social and cultural purposes		
Other collection categories	34,544	–
All operating and financial costs	163,743	15.31

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.

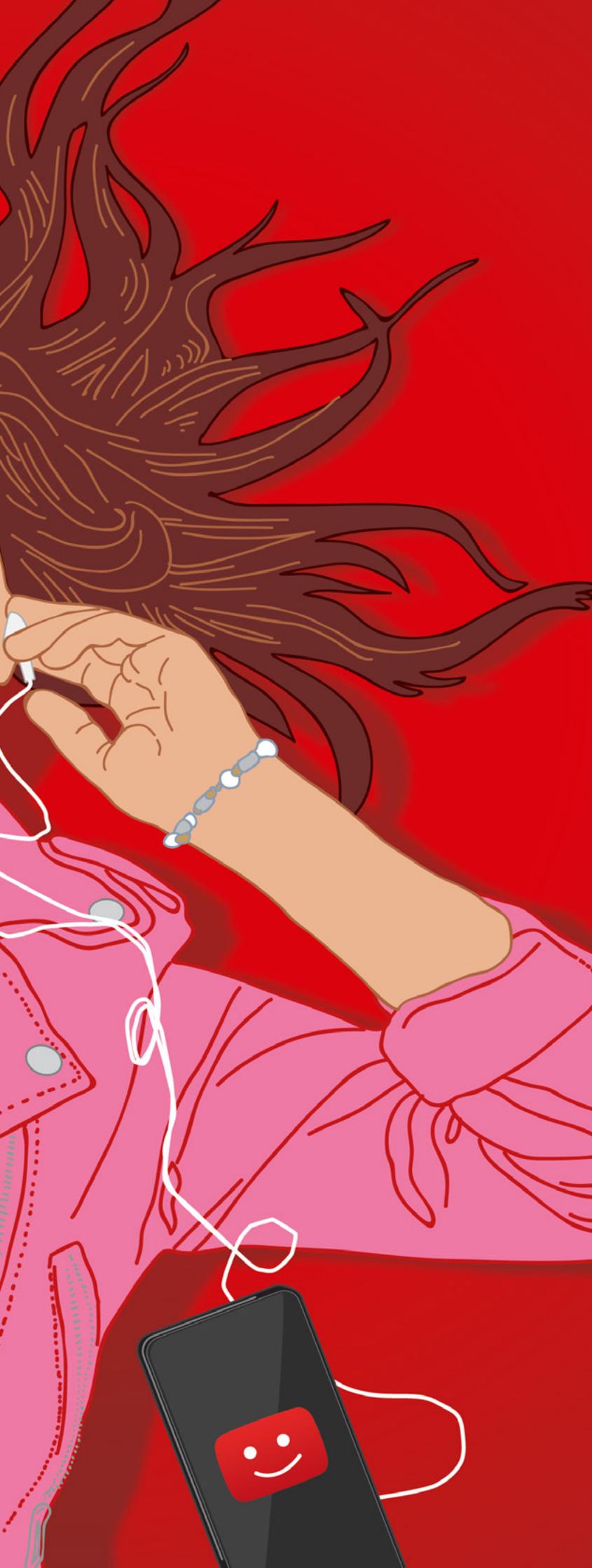
INFORMATION ON REJECTED USER QUERIES

GEMA has not rejected any user queries in the 2019 financial year.



Article 17 holds online platforms accountable

The much-discussed Article 17 (formerly Article 13) of the new EU Copyright Directive clarifies that large commercial online services such as YouTube should enter into licensing agreements with rightsholders, provided that works protected by copyright are used. An important and long overdue regulation for which GEMA and creatives from all over Europe had been campaigning for years.



3

INFORMATION ON AVAILABLE FUNDS FOR RIGHTSHOLDERS

Information on funds for rightsholders	72
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INFORMATION ON FUNDS FOR RIGHTSHOLDERS

INFORMATION ON 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.18](#)

AVAILABLE FUNDS FOR RIGHTSHOLDERS IN €'000S

→ T.18

Rights category	Type of use	Total sum of amounts in FY 2019 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 the amounts allocated but not yet paid out to rightsholders
Reproduction and distribution	Sound recordings	48,763	50,025	48,748	1,277
	Audiovisual recordings	5,449	8,264	8,053	211
		54,212	58,289	56,801	1,488
Performance	Performance	105,115	97,641	95,148	2,493
Online	Download	9,840	8,706	8,484	222
	Streaming	156,591	73,170	71,302	1,868
		166,431	81,876	79,785	2,091
Broadcasting	Radio	47,627	132,617	129,230	3,387
	TV	144,976	158,810	154,755	4,055
	Cable retransmission	11,180	1,356	1,321	35
		203,783	292,783	285,306	7,477
Communication to the public	Mechanical performance	106,072	37,383	36,428	955
Presentation	Presentation	8,511	7,770	7,572	198
International income	Category A	44,583	43,342	42,235	1,107
	Category A VR	12,239	13,899	13,544	355
		56,822	57,241	55,779	1,462
Total		700,946	632,983	616,819	16,164

* Including rightsholders of foreign collective management organisations

GEMA generally distributes the revenues arising from rights management no later than nine 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 six 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 2019

↔ T.19

Pay-out date	Category	Distribution period
1 January 2020 ²⁾		
Reproduction and distribution	BT VR, PHONO VR	1st semester 2019
International income	A, A VR	¹⁾
1 April 2020 ²⁾		
Reproduction and distribution	PHONO VR	Carryover 1st semester 2019
Online	MOD D, MOD D VR, MOD S, MOD S VR, VOD D, VOD D VR, VOD S, VOD S VR GOP, GOP VR	1st semester 2019 (usage reports)
International income	WEB, WEB VR A, A VR	2019 ¹⁾
1 June 2020		
Performance	BM, E, ED, KI, U, UD	2019
Communication to the public	DK, DK VR, EM, M	2019
1 July 2020 ²⁾		
Broadcasting	FS, FS VR, R, R VR, T FS, T FS VR	2019
Presentation	T, TD, TD VR	2019
Reproduction and distribution	BT VR, PHONO VR	2nd semester 2019
Online	KMOD, KMOD VR	2019
International income	A, A VR	¹⁾

FINANCIAL YEAR 2019

→ T.19

Pay-out date	Category	Distribution period
1 October 2020 ²⁾		
Reproduction and distribution	PHONO VR	Carryover 2nd semester 2019
Online	MOD D, MOD D VR, MOD S, MOD S VR, VOD D, VOD D VR, VOD S, VOD S VR GOP, GOP VR	2nd semester 2019 2nd semester 2019 (usage reports)
International income	A, A VR	¹⁾
Pension plans	AS	2019
Assessment procedure	BS	2019
Rating procedure E	WTE	2019
Rating procedure U	WTU	2019
1 December 2020		
Online	GOP, GOP VR	2019 (supplementary allocation)

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 website www.gema.de/auslandsabrechnungen and in 'virtuos' (GEMA magazine).

2) Without supplements for statutory remuneration rights. Supplementary allocation of income from statutory remuneration rights in the 2019 financial year shall be made separately as of 1 April 2020.

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.



#yes2copyright – commitment pays off

Under the motto 'YES! to the EU Copyright Directive', a broad alliance of creatives from all artistic fields, including many GEMA members, was formed in the weeks before the decisive vote in the European Parliament. They stood up for reform with joined forces.

Yes

to the Copyright Directive
#yes2copyright

4



FUNDS FOR SOCIAL
AND CULTURAL PURPOSES

FUNDS FOR SOCIAL AND CULTURAL PURPOSES

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

⇒ T.20

Rights category	Type of use	Amounts from the 10 per cent deduction in €'000s*
Performance	Music events	11,679
Online	Internet broadcasting	33
	Download	405
	Streaming	5,596
		6,034
Broadcasting	Radio	3,208
	TV	10,777
	Cable retransmission	1,242
		15,227
Communication to the public	Mechanical performance	11,746
Presentation	Presentation	858
Total		45,544
		Other funds in €'000s
Interest income		2,787
Admission fees, membership fees, contractual penalties and other undistributable amounts		8,863
Available funds (total)		57,194

* The 10 per cent deduction is made from collections in the communication to the public rights category 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.21

in €'000s	
Cost deduction	641
Amounts used for social and cultural purposes, of which:	56,553
Rating procedure E (serious music)	14,720
Rating procedure U (entertainment music)	28,721
Assessment procedure for arrangers	2,134
Pension plans	3,378
GEMA social fund	7,600
Total	57,194



SOS – Save Our Sound!

A fair Internet for creatives – this was and is the central concern of the reform of EU copyright law adopted in spring 2019. GEMA therefore supported the reform right from the start. Illustrated here with a motif from the GEMA campaign 'Save Our Sound'.



5

COOPERATION INITIATIVES

Dependent collecting institutions	83
Cooperation initiatives with other collective management organisations	84

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 the 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.22](#)

Organisation	Type of use	in €'000s	Deductions
VG Musikedition	Communication to the public	90	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 IN €'000S

[↔ T.23](#)

Organisation	Type of use	Commission	Distribution amount
AGICOA	Cable retransmission pursuant to s. 20b UrhG	376	19,320
ARGE	Cable retransmission pursuant to s. 20b UrhG	46	2,396
GÜFA	Cable retransmission pursuant to s. 20b UrhG, remuneration right pursuant to s. 27 (1) UrhG	11	53
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), 20b UrhG, reproduction right pursuant to ss. 77, 85 (1) UrhG and remuneration right pursuant to ss. 78 (2) no. 2, 86 UrhG (Theatre)	5,463	41,235
GWFF	Remuneration right pursuant to s. 54 UrhG and remuneration right pursuant to s. 27 (1) UrhG	10	24
TWF	Cable retransmission pursuant to s. 20b UrhG	18	923
VFF	Cable retransmission pursuant to s. 20b UrhG, remuneration right pursuant to s. 56 UrhG	364	18,719
VG Bildkunst	Cable retransmission pursuant to s. 20b UrhG, remuneration right pursuant to s. 27 (1) UrhG	71	2,357
VG Musikedition	remuneration right pursuant to s. 27 (1) UrhG, remuneration right pursuant to s. 54 (1) UrhG, reproduction right pursuant to ss. 16, 70, 71 UrhG	271	2,705
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 right pursuant to s. 16 UrhG, communication to the public right pursuant to s. 22 UrhG	1,610	15,488
VGF	Cable retransmission pursuant to s. 20b UrhG	66	3,411
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	2,376	16,415
ZWF	Cable retransmission and communication to the public of broadcasts pursuant to ss. 20b, 22 UrhG	1,173	8,214
Overall result		11,856	131,259

AMOUNTS RECEIVED FROM ABROAD IN €'000S

→ T.24

Name	Country	Category A	Category A VR	International cable income	Total
ACUM	Israel	275	46	19	340
AKM	Austria	8,682	0	4,014	12,696
AMCOS	Australia	0	235	0	235
APRA	Australia	791	0	0	791
ARTISJUS	Hungary	574	104	49	727
ASCAP	USA	3,949	0	0	3,949
AUSTRO MECHANA	Austria	0	2,716	0	2,716
BMI	USA	957	0	0	957
BUMA	Netherlands	1,767	0	2,000	3,767
HARRY FOX AGENCY – VR	USA	0	314	0	314
JASRAC	Japan	2,568	532	0	3,100
KODA	Denmark	1,184	54	1,465	2,703
KOMCA	South Korea	219	133	0	352
OSA	Czech Republic	725	289	5	1,019
PRS	UK	3,482	0	0	3,482
PRS for MUSIC (MCPS)	UK	0	1,589	0	1,589
SABAM	Belgium	1,160	275	141	1,576
SACEM	France	3,784	1,859	66	5,709
SGAE	Spain	1,055	151	1	1,206
SIAE	Italy	3,427	459	16	3,902
SOCAN	Canada	520	0	0	520
STEMRA	Netherlands	0	735	0	735
STIM	Sweden	1,000	409	19	1,428
SUISA	Switzerland	6,165	1,863	2,058	10,085
TEOSTO	Finland	588	9	57	654
TONO	Norway	438	0	23	462
UBC	Brazil	384	30	48	462
UCMR-ADA	Romania	310	25	0	335
ZAIKS	Poland	879	117	140	1,135
Other societies with amounts < €200k		1,787	432	180	2,398
Sum total		46,669	12,376	10,300	69,346

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 recordings	AV recordings	Performance	Download	Streaming
AKM	8,560	0	0	2,652	33	172
AMCOS	237	79	30	0	14	61
AMRA	898	20	2	92	10	171
APRA	3,630	0	0	500	47	878
ASCAP	30,967	0	0	4,904	158	5,178
AUME	2,721	704	196	0	103	147
BMI	32,055	0	0	3,994	163	6,153
BUMA	2,440	0	0	572	49	464
IMRO	694	0	0	207	0	16
JASRAC	941	329	202	36	2	185
KODA	1,125	0	0	151	22	241
MCPS	11,404	771	158	0	192	448
MSG	899	1	0	3	2	41
NCB	2,365	1,170	165	0	98	277
OSA	1,170	57	24	499	5	79
PRS	33,409	0	0	7,263	24	1,253
RAO	209	14	2	42	1	21
SABAM	1,438	90	8	206	21	56
SACEM	12,027	657	276	1,470	28	495
SADAIC	303	34	3	112	4	49
SDRM	6,949	2	0	0	0	0
SESAC	3,331	72	13	490	46	930
SGAE	1,496	120	36	174	7	227
SIAE	4,425	325	104	622	21	151
SOCAN	3,796	0	0	422	55	937
STEMRA	1,966	329	36	0	131	246
STIM	4,369	0	0	876	5	147
SUISA	5,113	462	118	559	67	180
TEOSTO	810	0	0	256	14	98
TONO	1,033	0	0	201	19	186
ZAIKS	1,022	715	59	31	3	141
Others**	2,190	115	42	411	30	426
	183,992	6,065	1,475	26,748	1,373	20,052

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

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

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 make pay-outs to rightsholders of other collective management organisations.

 T.25

Broadcasting			Communication to the public	Presentation	International Income		International representation agreements*
Radio	Tele- vision	Cable retrans- mission	Mechanical performance	Presentation	Category A	Category A VR	Central licensing and international agreements
16	38	0	0	0	0	0	0
473	82	0	21	25	0	0	0
1,059	890	0	83	168	4	0	0
8,246	9,397	31	1,404	1,641	8	0	0
453	770	0	0	0	0	6	343
8,300	10,253	30	1,774	1,385	2	0	0
563	456	50	89	182	14	0	0
231	151	0	12	77	1	0	0
29	117	17	10	5	8	0	0
364	255	5	22	59	5	0	0
124	292	0	0	1	0	-49	9,468
9	5	13	8	816	0	0	0
320	208	0	0	1	0	0	127
103	201	0	2	199	1	0	0
12,469	9,076	394	889	2,025	16	0	0
72	23	24	3	6	0	0	0
303	154	3	17	76	12	1	490
3,667	3,678	372	204	599	5	28	549
36	24	0	1	41	0	0	0
0	1	0	0	0	0	0	6,946
647	880	2	93	157	1	0	0
455	324	1	85	65	2	0	0
1,070	934	1	83	225	23	8	858
1,054	1,064	0	92	149	22	0	0
143	109	0	0	0	0	2	968
2,029	913	0	154	242	3	0	0
465	738	74	135	190	7	1	2,117
329	73	0	7	34	1	0	0
304	255	0	15	53	1	0	0
36	29	1	3	5	0	0	0
508	320	145	30	114	36	0	14
44,656	43,932	1,356	5,276	9,489	185	-3	23,388



Implementation of the new EU rules

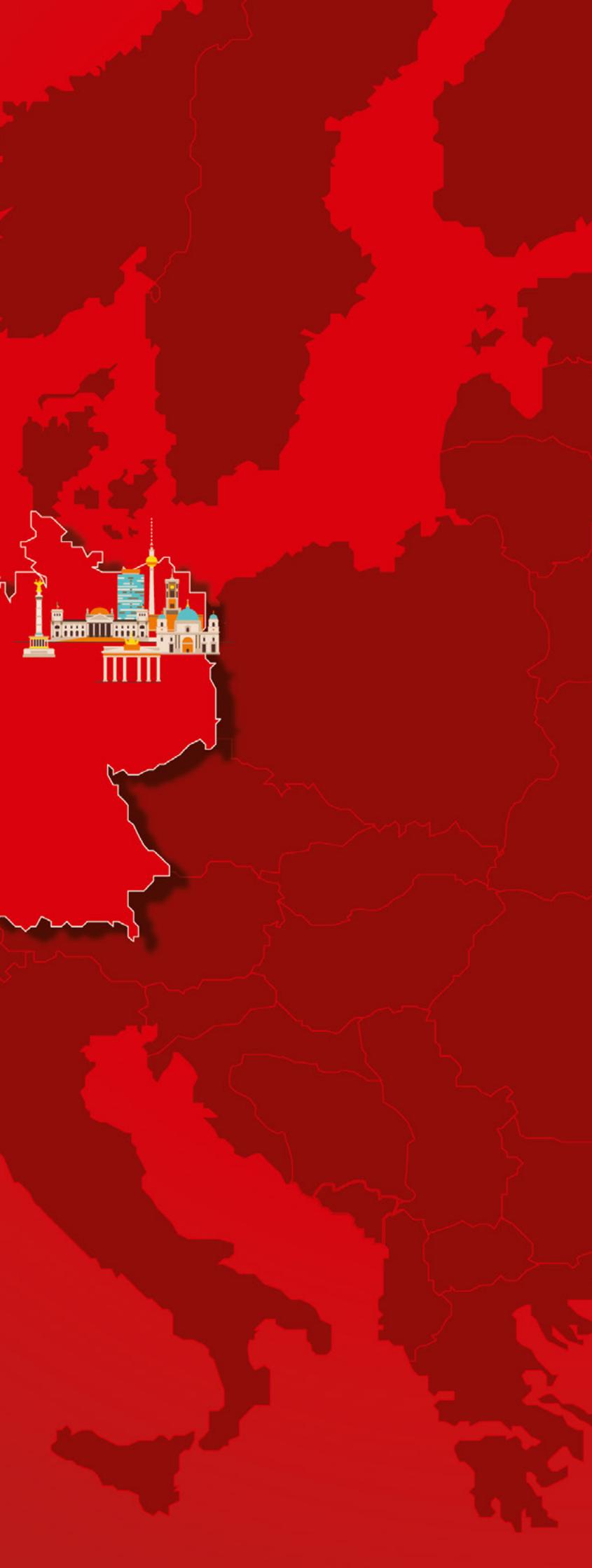
Following the adoption of the Copyright Directive at EU level, Member States now have until June 2021 to implement the new rules into national law. In Germany, the responsible Federal Ministry of Justice and Consumer Protection (BMJV) has already conducted a consultation in which GEMA participated.

6

VGG [CMO ACT] AUDITORS' CERTIFICATION

Auditors' certification of the
GEMA transparency report

90



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 2019. 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 finan-

cial 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, 15 April 2020

KPMG AG

Certified Auditing Company

sgd. Kaltenegger
Auditor

sgd. Simonji-Elias
Auditor

COMPLIANCE AND DATA PROTECTION

Compliance means for GEMA above all to adhere to laws, regulations and directives and to the internal rules self-imposed by GEMA. Against this background, the aim of compliance management is particularly to create structures and processes which safeguard a conduct of governing body members and staff members that is compliant with laws and regulations in their daily work. The emphasis of the activities is on recognising and avoiding conflicts of interest and preventing corruption. This is also intended to avert damage to GEMA's reputation and economic losses that could result from infringements of the rules.

Compliance at GEMA does, however, extend beyond legal issues. Responsible actions, moral and ethical integrity, fairness and transparency when dealing with members, licensees and business partners are also a part of the GEMA compliance programme. Taking into account societal principles and

values for entrepreneurial actions and adopting corporate social responsibility are a matter of course for GEMA.

In 2019, the compliance programme aimed at a positive further development of the compliance culture within GEMA with comprehensive information and training.

Compliance with data protection regulations is of great importance to GEMA. Violations of data protection regulations may result in fines of up to €20 million or up to 4% of the Group's annual turnover. Against this background, the focus in data protection was placed on a sustainable sensitisation of employees. To this end, among other things, regular training sessions were organised for the data protection managers of the individual departments, and the employees of the service departments were specifically trained for their activities by our external data protection officer.

PUBLICATION DETAILS

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