

AGICOA URHEBERRECHTSSCHUTZ GmbH



AGICOA Urheberrechtsschutz GmbH
Munich

Transparency Report for the fiscal year 2017
--non binding convenience translation--



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A. ANNUAL FINANCIAL STATEMENTS INCLUDING CASH FLOW STATEMENT FOR THE FISCAL YEAR 2017

I. Balance Sheet

ASSETS	Dec 31, 2017 EUR	Dec 31, 2016 EUR
A. Fixed assets		
I. Intangible assets		
Software	43,859.56	57,833.13
II. Tangible assets		
Office equipment	3,578.00	7,987.00
	<u>47,437.56</u>	<u>65,820.13</u>
B. Current assets		
I. Accounts receivable and other assets		
1. Accounts receivable	0.00	1,659,881.92
2. Other assets	168,118.00	154,154.94
	<u>168,118.00</u>	<u>1,814,036.86</u>
II. Cash on hand and cash in banks	43,901,593.53	42,265,776.34
	<u>44,069,711.53</u>	<u>44,079,813.20</u>
C. Deferred charges	27,406.35	26,952.54
	<u>44,144,555.44</u>	<u>44,172,585.87</u>
LIABILITIES AND SHAREHOLDERS' EQUITY	Dec 31, 2017	Dec 31, 2016
	EUR	EUR
A. Shareholders' equity		
Capital subscribed	25,564.59	25,564.59
B. Reserves and accrued liabilities		
1. Pension reserves	372,612.00	345,351.00
2. Reserves for rightholders	43,178,752.37	42,190,870.82
3. Other accrued liabilities	80,000.00	59,500.00
	<u>43,631,364.37</u>	<u>42,595,721.82</u>
C. Liabilities		
1. Accounts payable	0.00	765,562.70
2. Accounts payable to shareholders	11,190.00	0.00
3. Other liabilities	476,436.48	785,736.76
	<u>487,626.48</u>	<u>1,551,299.46</u>
	<u>44,144,555.44</u>	<u>44,172,585.87</u>



II. Profit and Loss Statement

	2017	2016
	EUR	EUR
1. Revenues	23,325,150.45	21,299,069.39
2. Other operating income	26,672.34	15,610.87
3. Personnel expenses		
a) Salaries	-282,467.42	-274,865.06
b) Social security, pension	-32,708.92	-25,198.56
--thereof for pensions		
EUR 14,036.00 (2016: EUR 9,490.00)--		
4. Depreciation and amortization	-31,442.48	-34,922.90
5. Other operating expenses	-419,142.08	-392,678.59
6. Interest income	0.00	741.98
7. Interest expenses	-155,310.87	-30,243.75
8. Result	22,430,751.02	20,557,513.38
9. Provisions for reserves for rightholders	-22,430,751.02	-20,557,513.38
10. Net income	0.00	0.00



III. Cash Flow Statement

The following cash flow statement, which illustrates the change in cash and cash equivalents (change in liquidity), provides information about the liquidity situation and the financial development. In this context, the payment flows are assigned to the areas business operation, investment and finance.

	2017	2016
	EUR	EUR
Net income	0k	0k
+/- Depreciation and amortization of fixed assets	31k	35k
+/- Increase/decrease of reserves and accrued liabilities	1,036k	-9,609k
-/+ Increase/decrease of accounts receivable and other assets, not assignable to investing or financing activities	1,646k	71k
+/- Increase/decrease of accounts payable and other liabilities, not assignable to investing or financing activities	-1,064k	900k
= Cash flow from operating activities	<u>1,649k</u>	<u>-8,603k</u>
- Additions to intangible assets	-13k	-26k
= Cash flow from investing activities	<u>-13k</u>	<u>-26k</u>
Cash flow from financing activities	<u>0k</u>	<u>0k</u>
= Change in cash and cash equivalents	1,636k	-8,629k
+ Cash and cash equivalents at the beginning of period	<u>42,266k</u>	<u>50,895k</u>
= Cash and cash equivalents at the end of period	<u><u>43,902k</u></u>	<u><u>42,266k</u></u>

IV. Notes for Fiscal Year 2017

1. Application of the Handelsgesetzbuch [*German Commercial Code (HGB)*] and the Verwertungsgesellschaftengesetz [*German Collecting Societies Act (VGG)*]

AGICOA Urheberrechtsschutz GmbH having its registered office in Munich is entered under No. HRB 114001 in the Commercial Register at the Amtsgericht München [*Local Court Munich*].

The accounting, audit and publication regulations pursuant to Section 57 VGG and Sections 238 et seq. HGB and especially Sections 264 et seq. HGB apply to the Company except where the particularities resulting from the tasks of a collecting society do have to be considered. This results in the full application of the current accounting regulations of commercial law applicable to large companies.

The Bilanzrichtlinie-Umsetzungsgesetz [*Accounting Directive Implementation Act (BilRUG)*] has been applied from the commencement of the fiscal year 2016. The classification of the profit and loss statement has been adjusted accordingly to the new regulation. The total cost method applied so far has been maintained for the profit and loss statement.

2. Accounting and valuation principles

The intangible assets and tangible fixed assets are carried at acquisition cost less scheduled depreciation according to use. Depreciation is recorded straight-line over a useful life of five (5) years, in the year of addition on a pro rata temporis basis. Foreign currency additions were converted at the exchange rates applicable at the time of payment.

The accounts receivable, other assets, cash on hand and cash in banks are carried at their nominal value. In contrast to previous years all claims for which the Company received statements within the first months of the following year will be accounted for in the following fiscal year. The deferred charges contain expenses in 2017 which constitute expenditure after the balance sheet date.

The pension reserves correspond to the settlement amount pursuant to Section 253(1), second sentence, HGB. The bases for calculation are the "2005 G guiding tables" of Prof. Dr. Klaus Heubeck. The entry-age normal method has been applied and a salary and pension trend of 0.0% has been taken as a basis. The actuarial interest rate is 3.68% per annum.

The reserves for rightholders take account of distribution commitments to rightholders and liabilities of still uncertain amount, the latter estimated in accordance with prudent business principles.

The other accrued liabilities comprise all identifiable risks and uncertain obligations in an amount required in accordance with prudent business principles.

In the case of reserves with a residual term of more than one (1) year, the valuation pursuant to Section 253(2), first sentence, HGB has no impact in terms of amount since the interest income must be added to the relevant distribution reserve in view of the non-profit organization of the Company prescribed in Article 2, paragraph 2 of its Statutes. The respective interest income is set off against the respective expenditure incurred for the



addition to the reserve so as to give a true and fair view of the earnings situation of the Company.

The liabilities are carried at their fulfillment amount. In contrast to previous years statements received for accounting periods until the balance sheet date which were paid in the first months of the following year are not recorded as liabilities.

To the extent that revenues were received in foreign currency, they were converted at the exchange rates applicable at the time of receipt. Accounts receivable in foreign currency were converted at the official mean rate of exchange as of the balance sheet date.

3. Notes to the financial statements

Balance sheet

The development of the fixed assets is represented in the statement of fixed assets.

The other assets include the cash surrender value of a reinsurance policy in the amount of EUR 167k (EUR 151k in 2016) with a term of more than one (1) years; the term of the remaining other assets is one (1) or less than one (1) year.

The nominal capital entered in the Commercial Register amounts to DEM 50,000. It is fully paid in. The mathematical conversion was made at the fixed conversion rate of 1.95583 DEM/EUR. The nominal capital has not yet been changed over to Euro.

The fulfillment amount of the granted pension promises on the basis of the 10-year average with an assumed remaining term of fifteen (15) years (interest rate 3.68%) is EUR 373k. In application of the (previous) 7-year average and a remaining term of fifteen (15) years (interest rate 2.80%), the fulfillment amount would have been EUR 379k. Hence, the difference from the changed interest rate is EUR 6k. This difference is subject to a distribution ban.

The reserves for rightholders are obligations to rightholders, including the social fund and the film promotion fund. The other accrued liabilities in the amount of EUR 80k (EUR 60k in 2016) relate mainly to outstanding invoices and financial statements costs as well as the preparation and examination of the transparency report.

The accounts payable are due within one (1) year.

The other liabilities are also due within one (1) year and include:

	Dec 31, 2017 TEUR	Dec 31, 2016 TEUR
Liabilities for taxes		
VAT	448k	703k
tax deduction on the basis of Section 50a EStG [German Income Tax Act]	21k	74k
wage and church tax	7k	9k
	<u>476k</u>	<u>786k</u>

Profit and loss statement

Of the cable retransmission revenues, an amount of EUR 23,211k (EUR 21,256k in 2016) is attributable to cable retransmission rights in Germany. An amount of EUR 114k (EUR 43k in 2016) is attributable to countries other than Germany due to spillover of German broadcasters in Denmark. Because of the business activity of the Company in the fiscal year, most of the revenues are relating to different periods.

The first-time application of the new definition of revenues according to the Accounting Directive Implementation Act in 2016 has not resulted in any change in the apportionment of the revenues.

Income unrelated to accounting period is included in the revenues in an amount of EUR 12,924k (EUR 3,299k in 2016) and in the other operating income in an amount of EUR 0k (EUR 1k in 2016) as a result of release of reserves.

The total fee charged by the auditor for the fiscal year 2017 is composed of EUR 14k for auditing services and about EUR 15k for other assurance services.

The interest expenses include interest discounting of EUR 13k (EUR 13k in 2016).

The provisions for reserves for rightholders, shown in a separate item of the profit and loss statement, correspond to the addition to reserves for rightholders. An amount of EUR 21,443k (EUR 29,701k in 2016) has been distributed or paid to the rightholders in the year under review.

4. Other information

Management

In the year under review, Prof. Dr. Ronald Frohne, Rechtsanwalt [*attorney-at-law*], Berlin, and Dr. Gertraude Müller-Ernstberger, Rechtsanwältin [*attorney-at-law*], Munich, were the managing directors each holding power of individual representation.

The protective clause pursuant to Section 286(4) HGB is applied.

Supervisory board

The following members have been elected at the shareholders' meeting of December 1, 2016:

- John Jacobsen, film producer, Oslo (chairman)
- Chris Marcich, president, AGICOA Geneva (vice chairman)
- Tom de Lange, general manager, AGICOA Geneva

The members of the supervisory board serve in an honorary capacity and therefore have not received remuneration in the fiscal year.



Advisory board

Pursuant to Article 11 of the Statutes, the Company has an advisory board consisting of six (6) persons who represent the interests of the rightholders. The members of the advisory board serve in an honorary capacity and therefore have not received remuneration in the fiscal year.

Employees

As in 2016, the Company had no (salaried) employee besides the managing directors in the fiscal year under review.

Appropriation of net income

In accordance with the object and purpose of a collecting society, the Company showed no net income in the year under review. The amounts not yet distributed to the rightholders or the like are included in the reserves established for this purpose (see above).

Munich, August 2, 2018

AGICOA Urheberrechtsschutz GmbH
Geschäftsführung

Prof. Dr. Ronald Frohne

Dr. Gertraude Müller-Ernstberger



Statement of Fixed Assets in the Fiscal Year 2017

	At cost				Accumulated depreciation				Net book value	
	Jan 1, 2017	additions	disposal	Dec 31, 2017	Jan 1, 2017	depreciation of the fiscal year	disposal	Dec 31, 2017	Dec 31, 2017	Dec 31, 2016
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
I. Intangible assets										
Software	1,411,237.37	13,059.91	-1,166,922.43	257,374.85	1,353,404.24	27,033.48	-1,166,922.43	213,515.29	43,859.56	57,833.13
II. Tangible assets										
Office equipment	41,880.81	0.00	0.00	41,880.81	33,893.81	4,409.00	0.00	38,302.81	3,578.00	7,987.00
	1,453,118.18	13,059.91	0.00	299,255.66	1,387,298.05	31,442.48	-1,166,922.43	251,818.10	47,437.56	65,820.13

B. MANAGEMENT REPORT FOR THE FISCAL YEAR 2017

GENERAL CONDITIONS AND BUSINESS

1. Economic environment

According to the annual economic report of the Federal Ministry for Economic Affairs and Energy for 2018, the German economy is in very good shape. The GDP (gross domestic product) has been increased to 2.2% adjusted for price. The labor market showed a very positive development; the unemployment rate has reached the lowest level since more than 25 years. The inflation rate in 2017 was about 1.8% on the average and therefore near the target inflation rate of the European Central Bank, that continues its expansive monetary policy. The interest on deposits was still as in the previous year in the negative.

2. Broadband cable development

According to Statista, there were 32 million fixed broadband connections in Germany in 2016 that were increased to 33 million in 2017. The growth of the cable network operators is driven by fast Internet connections and Pay TV rather than classical households. The average TV viewing time per day in Germany has remained substantially stable since 2005; however, there are indications of a development, in particular abroad, indicating increased use of non-linear services at the expense of the classical TV business. Furthermore, the cable network operators expect in an increasing degree the licensing of rights for so called "Features", e.g. Catch-up, start from the beginning etc. At the present the Company can license these rights only on a very limited scale.

Against this backdrop, the Company expects that the domestic and foreign cable retransmission revenues will rather decline in the years to come.

3. Legal outline conditions

The copyright and neighboring rights administration law has comprehensively been revised by the Act on the management of copyright and neighboring rights by collecting societies ("VGG" – Collecting Societies Act) which came into force on June 1, 2016. The basic principles of the German copyright and neighboring rights administration law have however been maintained. They still form the basis for the activity of the collecting societies.

Due to the new regulations of the Collecting Societies Act, the shareholders have adopted new Statutes on September 13, 2016.

COURSE OF BUSINESS

1. Field of activity

In the fiscal year 2017, the activities of the Company comprised, as in the past, the administration of cable retransmission rights in Germany and abroad in accordance with the Statutes.

Moreover, the Company – via ZWF – administers the rights of its rightholders in secondary exploitation of films as far as they are concerned by the fact that the operators of a



distribution system simultaneously make the receivers available to the users (e.g. hotel TV systems, hospitals, prisons etc.).

The Company is a 49%-subsidiary of AGICOA Geneva having its registered office in Geneva/Switzerland and a 51% subsidiary of the collecting society GWFF, Munich.

2. Revenues

In the period under review, the Company recorded revenues of EUR 23,211k (EUR 21,256 in 2016) for cable retransmission in Germany including revenues of EUR 19,716k (EUR 16,580k in 2016) of GEMA and revenues of EUR 3,496k (EUR 4,676k in 2016) of ZWF. In addition, an amount of EUR 114k (EUR 43k in 2016) has been received for spillover of German TV-stations in Denmark.

As reported in previous years the term of the global cable agreement between the collecting societies cooperating within the scope of the “Münchner Runde” and broadcast stations has been extended until December 31, 2019. In case of no notice of termination the term will be extended until December 31, 2020. For some time the involved parties are negotiating a revised version of the cable agreement but up to now without any result.

The scope of the negotiations with ANGA and other network operators still is with respect to various additional services such as NetPVR, Instant Reload, Catch-up etc. These negotiations are still ongoing in part and short-term agreements have been entered into in part.

Repertory of the MPAA companies is being excluded in this context as a rule, as these companies so far are not prepared to transfer the required rights to AGICOA GmbH.

3. Interest result

There was a negative interest result of EUR 155k in 2017. This is mainly due to the negative interest charged on money in the bank (deposit charges).

4. Expenses

In 2017, expenses of EUR 739k (EUR 712k in 2016) have been incurred for the operation of the Company (after offsetting of income from increase of the cash surrender value of the reinsurance of EUR 16k (EUR 14k in 2016), the release of reserves and other income of EUR 11k (EUR 2k in 2016). The cost rate of the Company (including the interest result) is 3.2% (3.5% in 2016) related to the revenues and 3.4% (2.5% in 2016) related to the amounts paid out in the fiscal year. In previous years the Company has transferred a solidarity contribution to AGICOA Geneva on a regular basis. These contributions are under discussion between DPMA and AGICOA GmbH.

5. Staff

AGICOA Urheberrechtsschutz GmbH efficiently fulfills the tasks required by law through a small team. The Company has no staff other than the two (2) managing directors. The work is otherwise performed by employees of the affiliated collecting society GWFF who have the required know-how. Substantial synergies and cost savings are realized in this manner.

6. Rightholders

The number of rightholders has also been increased in 2017.

7. Distribution of the revenues

In the fiscal year 2017, the statements have been prepared for the revenues received in 2016. In addition, payments on account of solved double registrations 1987 through 2015 and for late claims 2013 through 2015 have been made.

After building reserves for audiovisuell works not yet registered have been set aside and after the statutory allocations to the social fund and the film promotion fund have been made, a total of EUR 21,443k (EUR 29,701k in 2016) has been paid to the rightholders.

The decrease of amounts distributed in 2017 is due to the fact that some rightholders retrieved the payment of their distributions not before 2018.

FINANCIAL AND EARNINGS SITUATION

1. Earnings situation

The earnings situation of the Company is determined by its statutory status as non-profit organization as prescribed by law for collecting societies. Furthermore, it is inherent in the system that most of the cable retransmission revenue is relating to different periods because the amounts to be distributed are received, and passed on to the Company, by the administering institutions for different periods and the Company then issues the respective statements to the rightholders with time-lag. The balance of EUR 22,431k (EUR 20,558k in 2016) arising from all income and expenditure is, as provision for reserves for rightholders, shown in full as reserves for rightholders in accordance with the Statutes.

2. Financial situation

As a result of the requirements of the law, the balance sheet and thus the financial situation of the Company are determined by items channelled through. The balance sheet is thus characterized by high cash amounts (EUR 43,902k in 2017; EUR 42,266k in 2016) while the fixed assets and the remaining current assets are of secondary importance. The main item on the liabilities side are the reserves for rightholders (EUR 43,179k in 2016; EUR 42,191k in 2016) while the remaining reserves and accrued liabilities and also the subscribed capital are secondary items.

In accordance with Section 25 VGG, the Company has adopted investment guidelines which provide that the Company may only make risk-free investments pursuant to Section 1807(1) BGB [*German Civil Code*] (in particular fixed-interest investments); especially investments in equities are not permitted. Due to the currently low return, the relevant income is very low. Moreover, the banks have started in 2016 to charge negative interest and/or deposit fees on credit balances on accounts. The liquid funds of the Company are exclusively in the form of fixed term deposits and current accounts at present.

MATERIAL RISKS AND CHANCES

1. Risk management

The Company has adopted the general risk management policy on December 1, 2016. The primary objective of the risk management is the controlled and effective handling of the business risks in the day-to-day business. There have been no risks threatening the Company's viability in 2017.

2. Risk report

The main risks which might have a substantial impact on the assets, liabilities, financial position and earnings situation of the Company are set out below:

2.1. Business environment

The income of the Company mainly depends on the agreements with the cable network operators. The current agreement with ANGA will be valid until December 31, 2019. However, it is already apparent that the negotiations on the continuation of the agreement will be difficult.

Up to now no agreement could be found concerning the basis for assessment for the calculation of the remuneration to be paid by cable network operators in cases of so called bundling and development offers as well as for the "VFF-termination clause" for ARD and ZDF concerning the payments for transportation of programs.

The cable network operators are interested in offering also additional services such as Catch-up, TV-Everywhere, Instant Reload and NetPVR. Currently, the Company does not hold/or holds only in part the rights necessary therefor. This may make the negotiating position more difficult.

The collecting societies TWF/VG Bild-Kunst attempt to increase their share of the revenue of the "Münchner Gruppe" for the benefit of the film authors of advertising clips. This might lead to a reduction of the share of the other collecting societies.

There is the risk of new collecting societies asserting claims. However, the Company does not know of any such intention. It is also possible that entitled persons represented by the Company decide to be represented by other collecting societies. However, this has been the case so far only in individual cases.

2.2. Finance

The drop in the interest level, the lower interest income and in particular the negative interest involve risks for the Company. The Company endeavors to avoid the risk of both deposit charges and bad debt losses as far as possible through investments in accordance with the general investment policy (see "financial situation" above).

2.3. Business processes

The business processes of the Company are substantially determined by the infrastructure technology. The Company ensures availability of the data and protection from unauthorized access by using modern hardware and software technology. The risk of loss of all data is reduced by data backup measures on a regular basis.



Internal controls (e.g. four eyes principle) help to minimize the risk. In view of the size of the Company no internal controlling department has been established.

2.4. Legal environment

The main risk inherent in the business operation of the Company is still the possibility of a change in the legal outline conditions regarding the remuneration claims for cable retransmission over the medium or long term.

The heavy lobbying efforts of the cable operators to remove the cable retransmission remuneration at the national and European levels as well as the attempts of broadcasters to acquire the cable retransmission rights directly from the producers represent a major risk. The Company also notes with concern the technical distribution of audio-visual works by direct injection - especially in our neighbouring states the Netherlands and Belgium - regarding which the European Court of Justice denied in its ruling No. C-325/14 that there is an act of communication to the public and thus retransmission. A similar development in Germany would lead to a substantial revenue loss of the Company.

In addition, the management is concerned that Section 20b UrhG in its present version might not cover further forms of retransmission such as IPTV, ADSL or retransmission via satellite platforms.

The Company together with other domestic and foreign collection societies advocated the equal treatment of the technical distribution through direct injection and the distribution via cable networks as well as the necessity of "functional" equality of all retransmission circumstances in the SAT/CAB directive consultation initiated by the European Commission right now.

These requests are taken into account in the proposal currently being discussed as part of the tripartite negotiation concerning the SAT/CAB regulation

On September 17, 2015, the German Federal Supreme Court issued a ruling on the cable retransmission payment obligation of the condominium owners' community "Rames". This condominium owners' community is composed of the owners of 343 condominiums. It operates a cable network in which it retransmits the TV and radio signal received from its own head-end station to the individual flats of the owners. It thereby grants the persons living in the condominiums access to TV and radio programs which contain copyrighted works and services. The German Federal Supreme Court ruled that this does not constitute communication to the public which is a prerequisite for cable retransmission triggering the payment obligation. According to the German Federal Supreme Court, no communication to the public is deemed to exist if such communication is limited to "certain persons" who are part of a "private group". The collecting societies filed a constitutional complaint against the aforesaid ruling of the German Federal Supreme Court in December 2015 which has not been admitted by decision of the German Federal Constitutional Court of August 19, 2016.

On April 24, 2018, the government of Saxony has sent a draft bill within the German Bundesrat (Upper House of Parliament) for a change in the copyright and neighboring rights administration law.

This draft bill provides for the exemption of collective antenna communities from the current obligation to pay remuneration under copyright law.

To make this possible, it is intended to curtail the regulation regarding “communication to the public” (Section 15(3) UrhG), which has been existing for fifty (50) years, by introducing an indefinite exception. In May 2018, the Company and all other collecting societies concerned appealed to the members of the competent committees of the German Bundesrat to reject Saxony’s legislative proposal because it is not in compliance with German law and European law. There is no need for such legislation and the proposal unreasonably encroaches on the rights of the authors, broadcasters and other holders of neighboring rights. This is why the German Federal Government refrained from adopting such proposals in the past on several occasions.

On March 16, 2017, the European Court of Justice rendered its judgment in re AKM vs. Zürs.net. C-138/16 on copyright and retransmission of programs of a public broadcaster through a local cable network.

Some passages of the grounds for the judgment may potentially call into question - at least in part - the licensing of (cable) retransmission. It may be concluded from the statements of the European Court of Justice that, in the opinion of the European Court of Justice, no act of communication to the public is deemed to exist in the case of (cable) retransmission of broadcasting signals if and when the station concerned may otherwise be received in the retransmission area e.g. via antenna. This might in large parts remove the legal basis for the licensing of (cable) retransmission.

In Germany, cable operators are already using this decision in order to call into question the duty to pay remuneration for retransmissions. From the perspective of the Münchner Gruppe, the deliberations of the institutions of the European Union within the scope of the negotiations on the draft SAT/CAB Directive currently provide the opportunity to make the necessary clarifications and to establish a modern and sustainable basis for the proven (cable) retransmission system.

In its letter of May 2018, the Münchner Gruppe therefore expressly supported the important clarifications made by the European Parliament in connection with the AKM/Zürs.net decision in a new Article 3a, and it appeals to all parties involved to maintain and/or adopt these clarifications within the scope of the trialogue negotiations. If, for reasons of systematics, no additional Article is to be provided, the clarifications could be included in the existing Article 3 concerning retransmission.

2.5. Chances

The chance of the Company consists primarily in the extension of its scope of administration to cover also further forms of retransmission, e.g. IPTV, ADSL etc. The Company entered into agreements with Zattoo (Web TV), Magine- und Couchfunk, with Telekom and Vodafone for mobile TV and for Entertain-to-Go (NetPVR); however, due to the unclear legal classification of these new forms of transmission, it has not granted the MPAA-repertoire for all forms of transmission. A technologically neutral wording of Section 20b UrhG by modifying the CAT/SAT Directive and the related obligation to have recourse to a collecting society would make it possible to make a clear legal classification.



PRESUMABLE DEVELOPMENT

The distributions to the rightholders will be made as soon as possible also in the years to come. For 2018, the Company plans to distribute the amounts received in 2017. The management assumes that the revenues in 2018 will be somewhat less than in 2017. The consequences of the introduction of the VGG along with the extensive changes result in additional administrative efforts and thus in an increase in the cost rate of the Company.

C. BESTÄTIGUNGSVERMERK DES ABSCHLUSSPRÜFERS

[reproduction of the original German wording of the unqualified audit opinion, not translated]

Wir haben den Jahresabschluss --bestehend aus Bilanz, Gewinn- und Verlustrechnung, Kapitalflussrechnung sowie Anhang-- unter Einbeziehung der Buchführung und den Lagebericht der AGICOA Urheberrechtsschutz GmbH, München, für das Geschäftsjahr vom 1. Januar 2017 bis 31. Dezember 2017 geprüft. Die Buchführung und die Aufstellung von Jahresabschluss und Lagebericht nach den deutschen handelsrechtlichen Vorschriften sowie den ergänzenden Bestimmungen des Gesetzes über die Wahrnehmung von Urheberrechten und verwandten Schutzrechten durch Verwertungsgesellschaften (Verwertungsgesellschaftengesetz - VGG) und den ergänzenden Bestimmungen der Satzung liegen in der Verantwortung der gesetzlichen Vertreter der Gesellschaft. Unsere Aufgabe ist es, auf der Grundlage der von uns durchgeführten Prüfung eine Beurteilung über den Jahresabschluss unter Einbeziehung der Buchführung und über den Lagebericht abzugeben.

Wir haben unsere Jahresabschlussprüfung nach § 57 Abs. 1 S. 1 VGG und entsprechend den Vorschriften des § 317 HGB unter Beachtung der vom Institut der Wirtschaftsprüfer (IDW) festgestellten deutschen Grundsätze ordnungsmäßiger Abschlussprüfung vorgenommen. Danach ist die Prüfung so zu planen und durchzuführen, dass Unrichtigkeiten und Verstöße, die sich auf die Darstellung des durch den Jahresabschluss unter Beachtung der Grundsätze ordnungsmäßiger Buchführung und durch den Lagebericht vermittelten Bildes der Vermögens-, Finanz- und Ertragslage wesentlich auswirken, mit hinreichender Sicherheit erkannt werden. Bei der Festlegung der Prüfungshandlungen werden die Kenntnisse über die Geschäftstätigkeit und über das wirtschaftliche und rechtliche Umfeld der Gesellschaft sowie die Erwartungen über mögliche Fehler berücksichtigt. Im Rahmen der Prüfung werden die Wirksamkeit des rechnungslegungsbezogenen internen Kontrollsystems sowie Nachweise für die Angaben in Buchführung, Jahresabschluss und Lagebericht überwiegend auf der Basis von Stichproben beurteilt. Die Prüfung umfasst die Beurteilung der angewandten Bilanzierungsgrundsätze und der wesentlichen Einschätzungen der gesetzlichen Vertreter sowie die Würdigung der Gesamtdarstellung des Jahresabschlusses und des Lageberichts. Wir sind der Auffassung, dass unsere Prüfung eine hinreichend sichere Grundlage für unsere Beurteilung bildet.

Unsere Prüfung hat zu keinen Einwendungen geführt.

Nach unserer Beurteilung aufgrund der bei der Prüfung gewonnenen Erkenntnisse entspricht der Jahresabschluss den gesetzlichen Vorschriften und den ergänzenden Bestimmungen der Satzung und vermittelt unter Beachtung der Grundsätze ordnungsmäßiger Buchführung ein den tatsächlichen Verhältnissen entsprechendes Bild der Vermögens-, Finanz- und Ertragslage der Gesellschaft. Der Lagebericht steht in Einklang mit dem Jahresabschluss, entspricht den gesetzlichen Vorschriften, vermittelt insgesamt ein zutreffendes Bild von der Lage der Gesellschaft und stellt die Chancen und Risiken der zukünftigen Entwicklung zutreffend dar.

Lindau, den 3. August 2018

BAY GmbH
Wirtschaftsprüfungsgesellschaft
Rechtsanwaltsgesellschaft

Karl-Christian Bay
Wirtschaftsprüfer



D. REJECTED REQUESTS OF USERS REGARDING THE GRANTING OF RIGHTS OF USE

No requests of users regarding the granting of rights of use have been rejected in the fiscal year 2017.



E. LEGAL FORM AND ORGANIZATIONAL STRUCTURE

I. Legal bases

Formation	The Company exists in the legal form of a GmbH [<i>German limited liability company</i>] since June 26, 1987.
Name	AGICOA Urheberrechtsschutz GmbH The name of the Company has been changed by shareholder resolution of October 19, 2016.
Seat	Munich
Statutes	The Statutes of the Company have been fully revised on the basis of the shareholder resolution of October 19, 2016. They have been entered in the Commercial Register on April 18, 2017.
Commercial Register	The Company is entered in Section B, No. 114001, of the Commercial Register at the Amtsgericht München [<i>Local Court Munich</i>]. The most recent entry was made on April 18, 2017. It comprises the new version of the Statutes in accordance with the shareholder resolution of October 19, 2016.
Purpose	The fiduciary administration of rights of use and remuneration claims which result from the Copyright Act in conjunction with international and/or bilateral conventions for domestic and foreign film producers, authors and other entitled persons as well as for film exploiters and film distributors deriving rights from the same, because of the wired or wireless retransmission of films and furthermore the distribution of the collected revenues to the entitled persons. The Company is a collecting society within the meaning of Section 2 VGG [<i>German Collecting Societies Act</i>]. It is not operated for profit. The authorization required for the activity of the Company pursuant to Section 1 UrhWG [<i>German Act on the Administration of Copyright and Neighboring Rights</i>] has been granted, subject to conditions, by notification of the President of the German Patent Office of August 10, 1994. The conditions are fulfilled. The Company is subject to supervision by the President of the German Patent and Trademark Office.



Fiscal year	The fiscal year is the calendar year.
Size of the Company	<p>The Company is a middle-sized company within the meaning of Section 267(2) HGB [<i>German Commercial Code</i>].</p> <p>Since the introduction of the new German Collecting Societies Act, the collecting societies must apply the provisions applicable to large corporations pursuant to Section 57(1) VGG [<i>German Collecting Societies Act</i>].</p>
Nominal capital	<p>As of December 31, 2017, the nominal capital is DEM 50,000.00 (EUR 25,564.59).</p> <p>The nominal capital of DEM 50,000.00 is entered in the Commercial Register and fully paid up. The conversion has been made on the basis of the fixed exchange rate.</p>
Shareholders	<p>As of December 31, 2017, the shareholding is as follows:</p> <p>51%: GWFF Gesellschaft zur Wahrnehmung von Film- und Fernsehrechten mbH, Munich</p> <p>49%: AGICOA Association de Gestion Internationale Collective des Oeuvres Audiovisuelles, Geneva / Switzerland.</p>

II. Bodies of the Company

Managing directors	<p>In the fiscal year 2017, the managing directors were</p> <ul style="list-style-type: none">▪ Rechtsanwalt [<i>attorney-at-law</i>] Prof. Dr. Ronald Frohne, Berlin▪ Rechtsanwältin [<i>attorney-at-law</i>] Dr. Gertraude Müller-Ernstberger, Munich <p>Each of the two (2) managing directors hold power of individual representation.</p>
Shareholders' meeting	<p>The rights and duties of the shareholders' meeting are set forth in Article 8 of the Statutes. The following resolutions have been adopted at the shareholders' meeting of August 30, 2017:</p> <ul style="list-style-type: none">▪ approval of the financial statements for the year ended December 31, 2016▪ discharge of the management for the fiscal year 2016▪ election of the auditor for the fiscal year 2017
Supervisory board	<p>In the fiscal year 2016, the Company has established a supervisory board pursuant to Section 22 <i>VGG [German Collecting Societies Act]</i> and to Article 9 of the Statutes which has three (3) members in accordance with the Statutes. The rights and duties of the supervisory board are set forth in Article 10 of the Statutes.</p> <p>The following members have been elected at the shareholders' meeting of December 1, 2016 for a term of four (4) years:</p> <ul style="list-style-type: none">▪ Mr. John Jacobsen, film producer, Oslo / Norway (elected chairman by the supervisory board on August 30, 2017)▪ Mr. Chris Marcich, president, AGICOA Geneva / Switzerland (elected vice chairman by the supervisory board on August 30, 2017)▪ Mr. Tom de Lange, managing director, AGICOA Geneva / Switzerland <p>Two (2) supervisory board meetings were held in the fiscal year 2017 on August 30, 2017 and December 12, 2017 respectively.</p>

Advisory board

The advisory board, which is composed of six (6) members in accordance with the Statutes and whose rights and duties are set out in Article 13 of the Statutes, was composed as follows in the fiscal year 2017:

nominated by the two (2) shareholders for a term of four (4) years:

- Mr. Klaus Hansen, Slagelse / Denmark (nominated on November 16, 2015)
- Mr. Tom de Lange, Geneva / Switzerland (renominated on November 16, 2015)

reelected as representatives of the entitled persons at the meeting of entitled persons of November 16, 2015 for a term of four (4) years:

- Mr. John Jacobsen, Oslo / Norway
- Mr. Chris Marcich, Brussels / Belgium
- Mrs. Nicole La Bouverie, Brussels / Belgium
- Mr. Miguel Angel Benzal, Madrid / Spain

reelected as substitute advisory board member:

- Mrs. Jane Saunders, Washington, D.C. / USA

The term used to be three (3) years. After introduction of the VGG the Statutes of the Company have been revised and the term for the representatives of the advisory board was increased to four (4) years.

Two (2) advisory board meetings were held in the fiscal year on August 30, 2017 and December 12, 2017 respectively.

Meeting of entitled persons (at that time: rightholders' meeting)

The last meeting was held on November 16, 2015 – the meetings are held at intervals of four (4) years. At that meeting, the advisory board members named above were elected in accordance with the Statutes.

After introduction of the VGG the Statutes of the Company have been revised and the term for the meeting of entitled persons has been increased to four (4) years.

III. Entitled persons

Entitled persons (“rightholders“ until the time when the German Collecting Societies Act came into force) are domestic and foreign film producers, authors and other entitled persons as well as film exploiters and film distributors deriving rights from the same.

The entitled persons may transfer the following rights and claims to AGICOA GmbH for fiduciary administration on the basis of an Administration Agreement:

1. The right of simultaneous, unchanged and complete, analog and digital retransmission of broadcasts in Germany
 - 1.1. through cable or cable-like systems (e.g. broadband, telephone cable, fiber optic cable, open or closed network), IP-TV, OTT-services, microwave systems, via satellite, terrestrially, mobile radio (for example, without limitation, GPRS, UMTS, LTE) or other wired or wireless distribution paths;
 - 1.2. as live stream on the Internet or via another computer network (e.g. virtual private network (VPN)). This includes the linking and/or feeding into P2P streaming networks and any other provision of access to the live stream via a computer network for simultaneous reception and any other inclusion and/or any other adoption on websites, irrespective of whether in a separate browser window and regardless of what software is used;
 - 1.3. within the scope of an online video recorder (online personal video recorder) and other recording media which are only accessible via the Internet or any other computer network.
2. The right of making online broadcasts available to the public (Section 19a UrhG). This includes, in a supplementary manner, the right of reproduction (Section 16 UrhG) if and to the extent necessary for making the broadcast available to the public (for example, without limitation, instant restart, replay).
3. The right of communication of broadcasts to the public by way of simultaneous, unchanged and complete delivery of broadcast signals to provided receivers in hotels, hospitals, homes for the elderly, prisons, fitness and sports facilities and similar institutions pursuant to Sections 15 / 20b UrhG [*German Copyright Act*].
4. Other copyright claims derived from retransmission which can only be exercised collectively due to statutory provisions.

The granting of the rights covers all copyrights and neighboring rights (including those of performing artists) to which the entitled person is entitled, originally or derivatively, in films and/or audio-visual carriers.

The granting of these rights covers the territory of the Federal Republic of Germany.

AGICOA GmbH administers, via CAB, Copenhagen, and PRD, Copenhagen, respective also the rights from the spillover of German broadcasters in Denmark.



IV. Organization of the Company

The organization of AGICOA GmbH is structured in the following areas in accordance with its Statutes:

- administration of the rights transferred to AGICOA GmbH vis-à-vis the users of those rights
- fiduciary investment and administration of the collected amounts
- preparation and execution of the distribution of the collected amounts to the entitled persons

For the administration of the amounts collected on a fiduciary basis, the shareholders' meeting of AGICOA GmbH has adopted the investment policy principles on September 13, 2016 and the risk management policy on December 1, 2016 which have been defined in the investment guideline of AGICOA GmbH.

The Company efficiently fulfills the tasks required by law through a small team and a network of experienced and reliable service providers. The Company has no staff other than the two (2) managing directors. The work is performed by employees of the affiliated collecting society GWFF who have the required know-how. Substantial synergies and cost savings are realized in this manner.

F. DEPENDENT COLLECTING ENTITIES

AGICOA GmbH participates in the following civil law partnership without capital contribution:

- Zentralstelle für die Wiedergabe von Fernsehsendungen (ZWF), Bonn, management by VG Bild-Kunst

The collecting societies AGICOA GmbH, GÜFA, GWFF, VG Bild-Kunst, VFF and VGF formed the civil law partnership "Zentralstelle für die Wiedergabe von Fernsehsendungen" (ZWF) on December 14, 2006.

The purpose of ZWF is the administration of the rights in secondary exploitation of films administered by the individual ZWF societies as far as they are concerned by the fact that the operator of a distribution system simultaneously makes the receivers available to the users (e.g. hotel TV systems, hospitals, prisons etc.).

ZWF is responsible for the collection of the remuneration claims for the communication of TV programs (right of communication to the public pursuant to Section 22 *UrhG* [*German Copyright Act*] and cable retransmission right pursuant to Section 20b *UrhG* [*German Copyright Act*]).

AGICOA GmbH receives a share of 69.28% of the ZWF revenue for the broadcasting years from 2016 on.

G. REMUNERATION OF THE BODIES

In the fiscal year 2017 the remuneration of the management amounted to EUR 315,176.34, including social security and pensions.

The supervisory board members and the advisory board members serving in an honorary capacity have not received remuneration in the fiscal year 2017.

H. FINANCIAL INFORMATION

I. Rights revenue and use of rights revenue

The break down of the revenue cable retransmission is shown in Chart 1:

Chart 1: Revenue Cable Retransmission Germany in the fiscal year:

	2017 EUR
a) Domestic	
Revenue cable retransmission Germany	
from cable network operators (collected by GEMA)	19,715,666.77
from ZWF (collected by VG Bild-Kunst)	3,495,501.00
Total Inland	<u>23,211,167.77</u>
b) Abroad	
Revenue for Spillover of German broadcasters in Denmark	
collected by CAB, Denmark	57,702.63
collected by PRD, Denmark	56,280.05
Total abroad	<u>113,982.68</u>
Revenue cable retransmission Germany	<u>23,325,150.45</u>
Thereof	
already distributed in 2017	3,827,090.13
to be distributed in 2018	19,498,060.32

The revenue cable retransmission Germany realized in the fiscal year 2017 is shown as revenues in the profit and loss statement – see A.II.

This revenue cannot be used - i.e. the distribution and the statements for the entitled persons cannot be prepared - already in the fiscal year of receipt, but only after completion of the fiscal year, i.e. after completion of the broadcasting year (calendar year) since, according to the requirements of the law and of the Distribution Plan, the receipts of a broadcasting year must be consolidated and be allocated to all broadcasts made in the broadcasting year in accordance with the Distribution Plan.

The data which are required as distribution basis, i.e. especially the broadcasts made over the whole broadcasting year, can only be determined after completion of the broadcasting year.

Some of the amounts to be distributed often can be collected only sometime after completion of the broadcasting year so that also the statements for the entitled persons can only be prepared thereafter.

The above mentioned revenue cable retransmission Germany received in the fiscal year 2017 was already partially distributed with an amount of EUR 3,827,090.13 within the main settlement run for cable retransmission rights for the broadcasting year 2016, which was performed in the fiscal year 2017, because this amount represented remunerations for broadcasting years before 2017 and was received before the distribution date.

The remaining revenues of EUR 19,498,060.32 less negative interest will be available for the allocation of the cable retransmission rights for the broadcasting year 2017, which will be distributed in 2018 amounting to EUR 19,431,195.67.

II. Cost of rights administration

The costs of the fiscal year 2017 shown in the profit and loss statement (see A. II.) are exclusively generated by the rights administration on behalf of the entitled persons. The Company does not provide any other services or benefits to the entitled persons or members.

In the fiscal year 2017, the Company has only administered cable retransmission rights pursuant to Section 20b UrhG [*German Copyright Act*] in Germany and, therefore, the costs are fully attributable thereto.

The costs are covered by the rights revenue pursuant to Section 31 VGG [*German Collecting Societies Act*], Article 4 of the Statutes and/or Part I Article 1 I. of the Distribution Plan. The Company has adopted general principles on the deduction of administrative costs in this regard.

According to the current version of these general principles of September 30, 2016, which have been re-adopted and re-approved by the shareholders' meeting as well as by the advisory board on August 30, 2017, the budgeted administrative cost rate is deducted from the revenues in the year of distribution. If the budgeted administrative cost rate is insufficient to cover the actual costs of a distribution year, the difference is taken from the working capital reserve (WCR) set up by the Company. In the event that the budgeted administrative cost rate exceeds the actual costs of the year of distribution, the difference is added to the WCR. If and when the WCR covers more than the administrative costs of the preceding 24 months, the excess amount must be distributed to the entitled persons in addition to the next distribution amount. The WCR is established for the first time effective January 1, 2017 amounting to EUR 1,500,000 (shareholder resolution of December 1, 2016).

For the main settlement run [*Hauptabrechnungslauf*] made in the fiscal year 2017 for the broadcasting year 2016, the budgeted costs of the fiscal year 2017 amounting to EUR 760,000 have been deducted from the gross distribution amount and have been added to the WCR. In return the actual cost of the fiscal year had been financed by disposing from the WCR. The calculation of a possible surplus according to the rules mentioned above will be performed for the next main settlement run for the broadcasting year 2017 in 2018.

The WCR development is shown in the table of the reserves for rightholders (Chart 3) on page 33.

The cost rate of the Company (interest result included) is 3.2% related to the rights revenue in the fiscal year 2017 and 3.4 % related to the amounts paid in the fiscal year 2017.

III. Amounts due to the entitled persons

a) Aggregate of the amounts allocated to the entitled persons

The rights revenue is distributed on the basis of the Distribution Plan for the remuneration paid by the cable network operators as compensation for the cable retransmission rights pursuant to Section 20b UrhG [*German Copyright Act*]. The Distribution Plan of AGICOA GmbH may be accessed on the website of the Company (www.agicoa.de).

In the fiscal year 2017, three (3) settlement runs have been made, that are subsequently commented and shown in the details in Chart 2 on page 31.

The main settlement run for cable retransmission rights was made for the broadcasting year 2016. Proceeding on the basis of a gross distribution amount of EUR 23,590,123.75, a net distribution amount of EUR 20,686,688.16 has been allocated to the entitled persons after deductions in accordance with the Statutes of the Company have been made and after amounts resulting from the release of reserves for non-registered works and other claims of third parties, that have been made provisions for more than three (3) years ago, have been added.

The distribution for the settlement run for late claims 2013 through 2015 amounted to EUR 563,373.39 and the distribution for the solved double registrations 1987 through 2015 amounted to EUR 693,721.68.

b) Aggregate of the amounts distributed to the entitled persons

The entitled persons are notified of the respective result of the settlement runs by way of distribution letters. After the formal requirements have been fulfilled (especially reconciliation of the film lists, confirmation and release by the entitled person, verification of the bank account, obtaining tax exemption notices, if any), the remuneration is remitted to the entitled person without undue delay. The fulfillment of the formal requirements by the entitled persons may take some time so that, in those cases, the remittance can only be made after the end of the year in which the settlement run is made.

On the basis of the aforesaid settlement runs payments of EUR 19,966,462.46 were made to the entitled persons in the fiscal year 2017. Additionally, there have been payments of EUR 1,195,129.35 sowie EUR 281,277.66 on settlement runs from previous years.

An aggregate amount of EUR 21,442,869.47 has been distributed to the entitled persons in the fiscal year 2017.

Details and the break down of the amount are shown in Chart 2: “settlement runs in the fiscal year 2017” on page 31 as well as in Chart 3: “table of the reserves for rightholders” on page 33.



c) Distribution dates

The distribution dates for the settlement runs in the fiscal year 2017 are shown in Chart 2: “settlement runs in the fiscal year 2017” on page 31.

Chart 2: Settlement runs in the fiscal year 2017:

distribution dates	rights category	broad-casting year	gross distribution amount	costs	deduction for / addition from funds / reserves	allocated to entitled persons	thereof paid out in 2017	thereof payment impediment double registration	impediment withdrawals legal examination	balance as of Dec 31, 2017 not yet paid out
Distributions pursuant to the Distribution Plan for the remuneration paid by the cable network operators as compensation for the cable retransmission rights pursuant to Section 20b UrhG:										
Jul 20, 2017	Main settlement run	2016	23,590,123.75	-760,000.00	-2,143,435.59	20,686,688.16	-18,856,649.52	-623,414.89	- 228,576.19	978,047.56
Jul 17, 2017	Late claims	2013 - 2015	563,373.39	0.00	0.00	563,373.39	-523,324.77	-34,239.82	-5,808.80	0.00
Aug 29, 2017	Solved double registrations	1987 - 2015	693,721.68	0.00	0.00	693,721.68	-586,488.17	0.00	0.00	107,233.51
			24,847,218.82	-760,000.00	-2,143,435.59	21,943,783.23	-19,966,462.46	-657,654.71	-234,384.99	1,085,281.07

d) **Aggregate of the amounts not yet allocated to the entitled persons**

As aforementioned in H. I., above, from the profit and loss statement 2017 an amount of EUR 19,431,195.67 (to be distributed in 2018 of EUR 19,498,060.32 less negative interest) has not yet been allocated.

In addition the reserves for non-registered works and other claims of third parties, which must be set up out of the gross distribution amount pursuant to Part I Article 2 No. 2 of the Distribution Plan, in the amount of EUR 7,973,556.11 based on the settlement runs for the broadcasting years 2014 through 2016, which have been received in 2014 through 2016, have not yet been allocated to the entitled persons.

The total of the amounts not yet allocated to the entitled persons is EUR 27,404,751.78.

e) **Aggregate of the amounts allocated, but not yet distributed, to the entitled persons**

Reference is made to the details of the settlement runs made in the fiscal year 2017 shown in Chart 2 on page 31.

Moreover, Chart 3 below on page 33 – in the form of a Reserve Statement – the development of the balance sheet position “reserves for rightholders” (see balance sheet A. I.). It is composed of the development of the amounts allocated, but not yet distributed, and the amounts not yet allocated as well as the development of the social fund, the promotion fund and the working capital reserve.

Chart 3: Statement of the reserves for rightholders:

	as of Jan 1, 2017	transfers gross distribution	additons to / usage of WCR	deductions for additions to reserves and funds	payments to entitled persons	transfers not yet paid	addition from profit and loss statement 2017	as of Dec 31, 2017
Balance sheet position "reserves for rightholders"	42,190,870.82	0.00	0.00	0.00	-21,442,869.47	0.00	22,430,751.02	43,178,752.37
Composition:								
- Allocation of the result 2016	20,557,513.38		0.00	0.00	0.00	0.00	0.00	0.00
-- Allocation revenues 16 to settlement run in 17		-21,239,908.73						
-- Allocation actual costs 2016 to previous year		682,395.35						
- Settlement runs in 2017 (see Chart 2)	0.00	24,847,218.82	-760,000.00	-2,746,019.69 1,824,105.19 -466,823.34 -754,697.75	-19,966,462.46	-657,654.71 -234,384.99	0.00	1,085,281.07
- Settlement runs in 2016	1,692,137.28	0.00	0.00	0.00	-1,195,129.35	-497,007.93	0.00	0.00
- Reserves for non-registered works and other claims of third parties (not yet allocated to entitled persons – see H. III. d)	8,729,641.92	-563,373.39	0.00	2,746,019.69 -1,824,105.19	0.00	-1,114,626.92	0.00	7,973,556.11
- Double registrations	3,544,543.69	-792,067.79	0.00	0.00	0.00	657,654.71 115,039.44	0.00	3,525,170.05
- Amounts not yet paid for previous years, not yet called for, withdrawals by entitled persons after settlement runs or non-payment due to legal examination of the entitlement, offset with previous years	5,684,962.95	-682,395.35	0.00	0.00	-281,277.66	234,384.99 497,007.93 1,114,626.92 -115,039.44	0.00	6,452,270.34
- Social fund	1,225,448.74	0.00	0.00	466,823.34	0.00	0.00	0.00	1,692,272.08
- Promotion fund	756,622.86	0.00	0.00	754,697.75	0.00	0.00	0.00	1,511,320.61
- Working Capital Reserve	0.00	1,500,000.00		0.00	0.00	0.00	0.00	1,507,686.44
-- Addition budgeted cost by settlement run in 17			760,000.00					
-- Usage for actual costs 2017			-752,313.56					
- Net total not yet allocated to entitled persons - (see H. III. d) / Allocation of the result of the profit and loss statement 2017 (see A. II.) -	0.00	-3,827,090.13 75,221.22	752,313.56	0.00	0.00	0.00	22,430,751.02 ¹⁾	19,431,195.67
	42,190,870.82	0.00	0.00	0.00	-21,442,869.47	0.00	22,430,751.02	43,178,752.37

¹⁾ Addition to the "reserves for rightholders" of the result from the profit and loss statement 2017 (see A. II.)



f) Delays in payment if the collecting society has not made the distribution within the distribution deadline

The distribution period of nine (9) months after completion of the fiscal year pursuant to Section 28 VGG [*German Collecting Societies Act*] has been changed in the Distribution Plan on December 1, 2016. The new distribution period applies from the fiscal year 2017 on.

g) Aggregate of the non-distributable amounts

There are no non-distributable amounts in the Company.

IV. Relations with other collecting societies

(1) Amounts received from other collecting societies

Reference is also made to Chart 1 “Revenue cable retransmission Germany in the fiscal year” on page 27 with details of the amounts received from other collecting societies.

(2) GEMA, Munich: amounts received

GEMA collects the cable retransmission claims pursuant to Section 20b UrhG [*German Copyright Act*] from the cable network operators. In the fiscal year 2017, the Company received an amount of EUR 19,715,666.77 after deduction of the GEMA collection fee of EUR 431,465.95.

(3) CAB, Denmark: amounts received and amounts paid

The remuneration claims for spillover of German broadcasters in Denmark are administered by the collecting society CAB, Denmark, and passed on to the Company. In the fiscal year 2017, the Company received an amount of EUR 64,114.03 less 10% collection fee of CAB in the amount of EUR 6,411.40 for cable retransmission rights.

The Company paid in return to the collecting society CAB remuneration for cable retransmission rights Germany that are shown under (6) below.

(4) PRD, Denmark: amounts received

The remuneration claims for spillover of German broadcasters in Denmark are administered additionally by the collecting society PRD (former: CAB), Denmark, and passed on to the Company. In the fiscal year 2017, the Company received an amount of EUR 62,533.39 less 10% collection fee of PRD in the amount of EUR 6,253.34 for cable retransmission rights.

(5) GWFF Gesellschaft zur Wahrnehmung von Film- und Fernsehrechten mbH, Munich: amounts paid

The U.S. Guilds (Guild of Directors and Guild of Writers) have transferred their copyright remuneration claims also with respect to the cable retransmission rights to the collecting society GWFF for administration. The Company administers the claims from cable retransmission within Germany on behalf of GWFF.

In the fiscal year 2016, the Company has paid the claims of the Guilds from cable retransmission Germany for the broadcasting year 2016 and from late claims in the amount of EUR 4,476,842.20 without deduction of costs or other deductions to GWFF which pays this remuneration to the Guilds after deduction of costs.

(6) Other collecting societies: amounts paid

Moreover, the Company has paid remuneration for cable retransmission Germany to the following collecting societies in the fiscal year 2017:

in EUR	Payment ¹⁾	Costs	Reserve	Social Fund	Promotion Fund
ANGO, France	1,327,532.73	-44,462.31	-204,096.44	-19,122.44	-30,949.98
AV-TUOTTAJEN, Finland	5,942.33	-210.58	-1,000.14	-144.84	-234.22
BAVP, Belgium	13,472.92	-914.70	-2,110.01	-265.63	-491.46
CAB, Denmark	107,721.11	-4,173.75	-18,807.74	-2,946.16	-4,763.08
EGEDA, Spain	13,846.46	-546.63	-2,446.77	-407.51	-658.92
FRF, Sweden	393,970.90	-14,992.22	-68,703.39	-10,622.39	-17,172.92
Screenrights, Australia	30,006.52	-1,306.19	-5,193.39	-882.83	-1,427.28
SEKAM, Netherlands	96,727.51	-5,889.32	-15,536.81	-1,564.00	-3,051.92
Suissimage, Switzerland	41,810.57	-1,673.68	-7,479.71	-1,271.53	-2,055.65
VAM, Austria	698,568.27	-27,832.06	-124,979.17	-21,217.11	-34,300.99
VGF, Germany	18,004.78	-717.53	-3,211.69	-540.85	-874.43
ZAPA, Poland	1,148.33	-45.21	-208.27	-35.38	-57.21

¹⁾ if applicable: amounts before deduction of taxes at source according to Section 50a EStG [German income tax act] as well as without VAT

I. SOCIAL AND CULTURAL PROMOTION

The Company is obligated pursuant to Section 32 VGG [*German Collecting Societies Act*] and according to the Statutes and the Distribution Plan of the Company to allocate amounts to the social fund and the promotion fund.

The development of the social fund and the promotion fund is shown in the Chart 3 on page 33.

I. Social fund

Social fund pursuant to Part I Article 2 II. of the Distribution Plan:

An amount equal to 3% of the amount to be distributed for the respective broadcasting year must be added to the social fund.

Therefore, an amount of EUR 466,823.34 was deducted from the main settlement run for cable retransmission rights for the broadcasting year 2016 and was added to the social fund in the fiscal year 2017.

There have been no payments out of the social fund.

II. Promotion fund

Promotion fund pursuant to Part I Article 2 III. of the Distribution Plan:

An amount equal to 5% of the distribution amount for the respective broadcasting year remaining after the addition to the social fund must be transferred to the promotion fund. Culturally important works or performances, in particular in the audio-visual area, as well as talented producers and directors in the film and television industry are to be promoted by the promotion fund.

Therefore, an amount of EUR 754,697.75 was deducted from the main settlement run for cable retransmission rights for the broadcasting year 2016 and was added to the promotion fund in the fiscal year 2017.

There have been no payments out of the promotion fund.



ATTACHMENTS

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Attachment 1: List of abbreviations

§	section [<i>used in German Codes</i>]
Abs.	paragraph [<i>used in German Codes</i>]
ADSL	Asymmetric Digital Subscriber Line
AG	Aktiengesellschaft [<i>German corporation</i>]
AGICOA GmbH	AGICOA Urheberrechtsschutz GmbH, Munich
AGICOA Genf	AGICOA Association de Gestion Internationale Collective des Oeuvres Audiovisuelles, Geneva, Switzerland
AKM	Staatliche genehmigte Gesellschaft der Autoren, Komponisten und Musikverleger registrierte Genossenschaft mbH, Vienna, Austria
ANGA	Verband Privater Kabelnetzbetreiber e.V., Berlin
ANGOA	French collecting society
ARD	Arbeitsgemeinschaft der öffentlich-rechtlichen Rundfunkanstalten der Bundesrepublik Deutschland [<i>German television station</i>]
Aug	August
AV-TUATTAJEN	Finnish collecting society
BAVP	Belgian collecting society
BGB	Bürgerliches Gesetzbuch [<i>German Civil Code</i>]
BGH	Bundesgerichtshof [<i>German Federal High Court of Justice</i>]
BilRUG	Bilanzrichtlinie-Umsetzungsgesetz [<i>German Accounting Directive Implementation Act</i>]
CAB	Danish collecting society
Dec	December
DEM	Deutsche Mark [<i>former German currency</i>]
DPMA	Deutsches Patent- und Markenamt, Munich [<i>German Patent and Trademark Office</i>]
Dr.	Doctor [<i>German title</i>]
e.g.	for example
e.V.	eingetragener Verein [<i>German registered association</i>]
EGEDA	Spanish collecting society
EStG	Einkommensteuergesetz [<i>German Income Tax Code</i>]
et seq.	and the following
EUR	Euro [<i>European currency</i>]
FRF	Swedish collecting society
GDP	gross domestic product
GEMA	German collecting society
GmbH	Gesellschaft mit beschränkter Haftung [<i>German limited company</i>]
GPRS	General Packet Radio Service [<i>mobile radio standard</i>]
GÜFA	German collecting society



GWFF	German collecting society
HGB	Handelsgesetzbuch [<i>German Commercial Code</i>]
HRB	Handelsregister Abteilung B [<i>Entry in the Commercial Register at the relevant Amtsgericht - Local Court</i>]
IDW	Institut der Wirtschaftsprüfer in Deutschland e.V. [<i>German body of the German chartered accountants</i>]
IPTV	Internet Protocol Television
Jan	January
Jul	July
k	1,000
LTE	Long Term Evolution [<i>mobile radio standard</i>]
MPAA	Motion Picture Association of America, Washington, D.C. USA
NetPVR	network based personal video recorder
No.	number
Nr.	Nummer [<i>German number</i>]
P2P	Peer-to-Peer
PRD	Danish collecting society (former: CAB)
Prof.	Professor [<i>German title</i>]
Screenrights	Australian collecting society
SEKAM	Dutch collecting society
Statista	Statista GmbH, Hamburg, the portal for statistics
Suissimage	Swiss collecting society
Telekom	Telekom Deutschland GmbH, Bonn
TWF	German collecting society
U. S.	United States of America
UMTS	Universal Mobile Telecommunications System [<i>mobile radio standard</i>]
UrhG	Urheberrechtsgesetz [<i>German Copyright Act</i>]
UrhWG	Urheberrechtswahrnehmungsgesetz [<i>German Act on the Administration of Copyright and Neighboring Rights</i>]
VAM	Austrian collecting society
VFF	German collecting society
VG Bild-Kunst	German collecting society
VGf	German collecting society
VGG	Verwertungsgesellschaftengesetz [<i>German Collecting Societies Act</i>]
VG Wort	German collecting society
Vodafone	Vodafone Kabel Deutschland GmbH, Unterföhring
VPN	virtual private network
WCR	Working Capital Reserve
Zattoo	Zattoo Europa AG, Zurich, Switzerland
ZAPA	Polish collecting society



ZDF	Zweites Deutsche Fernsehen Anstalt des öffentlichen Rechts, Mainz [<i>German television station</i>]
Zürs.net	Zürs.net Betriebs GmbH, Zürs, Austria
ZWF	Zentralstelle für Wiedergabe von Fernsehsendungen, Bonn



Attachment 2: Bescheinigung des Abschlussprüfers zum Transparenzbericht
*[reproduction of the original German wording of the auditor's certificate,
not translated]*

An die **AGICOA Urheberrechtsschutz GmbH**, München

Gemäß § 58 Abs. 3 VGG haben wir die in dem jährlichen Transparenzbericht der AGICOA Urheberrechtsschutz GmbH, München, enthaltenen Finanzinformationen nach Nummer 1 Buchstabe g der Anlage zu § 58 Abs. 2 Verwertungsgesellschaftengesetz (VGG) sowie den gesonderten Bericht nach Nummer 1 Buchstabe h der Anlage zu § 58 Abs. 2 VGG für den Zeitraum vom 1. Januar 2017 bis 31. Dezember 2017 einer prüferischen Durchsicht unterzogen. Die Aufstellung des jährlichen Transparenzberichts nach den Vorschriften des VGG liegt in der Verantwortung der gesetzlichen Vertreter der Gesellschaft. Unsere Aufgabe ist es, eine Bescheinigung zu den in dem jährlichen Transparenzbericht enthaltenen Finanzinformationen nach Nummer 1 Buchstabe g der Anlage zu § 58 Abs. 2 VGG sowie dem gesonderten Bericht nach Nummer 1 Buchstabe h der Anlage zu § 58 Abs. 2 VGG auf der Grundlage unserer prüferischen Durchsicht abzugeben.

Wir haben die prüferische Durchsicht der in dem jährlichen Transparenzbericht enthaltenen Finanzinformationen nach Nummer 1 Buchstabe g der Anlage zu § 58 Abs. 2 VGG sowie des gesonderten Berichts nach Nummer 1 Buchstabe h der Anlage zu § 58 Abs. 2 VGG unter Beachtung der vom Institut der Wirtschaftsprüfer (IDW) festgestellten deutschen Grundsätze für die prüferische Durchsicht von Abschlüssen vorgenommen. Danach ist die prüferische Durchsicht so zu planen und durchzuführen, dass wir bei kritischer Würdigung mit einer gewissen Sicherheit ausschließen können, dass die in dem jährlichen Transparenzbericht enthaltenen Finanzinformationen nach Nummer 1 Buchstabe g der Anlage zu § 58 Abs. 2 VGG oder der gesonderte Bericht nach Nummer 1 Buchstabe h der Anlage zu § 58 Abs. 2 VGG in wesentlichen Belangen nicht in Übereinstimmung mit den in der Anlage zu § 58 Abs. 2 VGG enthaltenen Vorschriften aufgestellt wurden. Eine prüferische Durchsicht beschränkt sich in erster Linie auf Befragungen von Mitarbeitern der Gesellschaft und auf analytische Beurteilungen und bietet deshalb nicht die durch eine Prüfung erreichbare Sicherheit.

Auf der Grundlage unserer prüferischen Durchsicht sind uns keine Sachverhalte bekannt geworden, die uns zu der Annahme veranlassen, dass die in dem jährlichen Transparenzbericht enthaltenen Finanzinformationen nach Nummer 1 Buchstabe g der Anlage zu § 58 Abs. 2 VGG oder der gesonderte Bericht nach Nummer 1 Buchstabe h der Anlage zu § 58 Abs. 2 VGG in wesentlichen Belangen nicht in Übereinstimmung mit den Vorschriften der Anlage zu § 58 Abs. 2 VGG aufgestellt wurden.



Dem Auftrag, in dessen Erfüllung wir vorstehend benannte Leistungen für die AGICOA Urheberrechtsschutz GmbH erbracht haben, lagen die Allgemeinen Auftragsbedingungen für Wirtschaftsprüfer und Wirtschaftsprüfungsgesellschaften in der vom Institut der Wirtschaftsprüfer e.V. herausgegebenen Fassung vom 1. Januar 2017 zugrunde. Durch Kenntnisnahme und Nutzung der in dieser Bescheinigung enthaltenen Informationen bestätigt der jeweilige Empfänger, die dort getroffenen Regelungen (einschließlich der Haftungsregelungen unter Nr. 9 dieser Allgemeinen Auftragsbedingungen sowie der Regelungen im Verhältnis zu Dritten gemäß Nr. 1 Abs. 2 der Allgemeinen Auftragsbedingungen) zur Kenntnis genommen zu haben und erkennt deren Geltung im Verhältnis zu uns an.

Lindau, den 8. August 2018

BAY GmbH
Wirtschaftsprüfungsgesellschaft
Rechtsanwaltsgesellschaft

Karl-Christian Bay
Wirtschaftsprüfer