



2020

Transparency Report

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Transparency Report 2020

Gesellschaft zur Verwertung von Leistungsschutzrechten GmbH (GVL)

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Statement of the General Management

2020 will go down in our collective memory: Gruelling months full of changes, restrictions, fears, deprivations, and losses. The Covid-19 pandemic has demanded a great deal from all of us. Our rights holders had to cope with dramatic cutbacks and a great deal of people in the creative industries felt left in the lurch with their existential fears.

GVL's remuneration was a financial constant for many performers and labels: In 2020 – an exceptional year in the face of the corona pandemic – GVL paid out €283.3m to its rights holders. In addition to eight regular distributions with 31 distribution runs, GVL also initiated advance payments and additional corona support in the double-digit million range for performers and producers. This is a visible success, which is not least the result of an advanced consolidation process of GVL's modernised IT systems.

GVL too had to adjust to the new circumstances. From one day to the next and to this day, our whole workforce took up working from home. Keeping our staff healthy is unquestionably our highest priority and in doing so, we were able to ensure the timely execution of all scheduled distributions.

We would like to take this opportunity to thank our staff for their unwavering dedication in these difficult times.

During this exceptional year, it has been a central objective of GVL to mobilise a maximum of remuneration for its rights holders. In addition, we made great strides in the advancement of our IT systems and continued to make significant progress with unabated energy. However, at the same time, GVL was also subjected to criticism: We had to actively deal with the accusation of a lack of transparency and comprehensibility. As a consequence, we sharpened our communication activities. A range of new dialogue formats and information services have created a more direct contact with our rights holders and has given us an opportunity



Guido Evers and Dr. Tilo Gerlach, Managing Directors of GVL

to bring the complex correlations of GVL closer to our producers and performers.

We are pleased that the Association of Independent Musicians and Music Companies, reg. ass. (VUT) has widened our group of shareholders since July 2020. Thus allowing them to advocate the interests of independent producers of sound recordings within the GVL committees.

Together with the creative industry's leading associations – among them the four GVL shareholders – we have continued to advocate the interests of more than 160,000 rights holders at political level. This was based on, among other things, the newly launched music industry study published in 2020. The timing of the survey

makes the results all the more valuable as it captures and presents the music industry's continuing growth in tangible figures whilst sharply contrasting the exceptional economic and financial situation caused by the corona crisis. Between 2014 and 2019, the total revenues of the sector had increased by 18% to €13.6bn. However, since then the cultural and creative sectors have been hit hard with massive revenue decline. It remains to be seen how swiftly such economic dimensions and dynamics can be reached again.

In contrast to many other enterprises in the creative industries, GVL's income remained stable in 2020: Our annual accounts stand at €216.1m, that is €0.6m more than in the previous year, and thus significantly above the estimates made at the beginning of the year. We managed to reliably navigate GVL through a historic year of crisis. Admittedly, GVL had to cope with major deficits in the public performance sector in the face of closed clubs, restaurants, hotels and many other venues. But at the same time, income from private copying exceeded initial estimates: Sales figures of computers increased massively especially during lockdown. This development as well as other one-off effects were sta-

bilising factors in the GVL balance sheet. In the 2021 IFPI Global Music Report, the international umbrella organisation of the music industry, GVL is therefore ranked second in a worldwide comparison, after its US-American sister organisation.

Corona is far from over yet – the aftermath of the pandemic will be felt by many creatives and their partners even beyond 2021.

At the same time, we are convinced that the creativity and unprecedented solidarity shown by the entire sector in 2020 will remain and continue in the time after corona. We as GVL have integrated the innovative strengths of the past years into our culture in a sustainable manner. We will continue to convince with consistent performance and remain an active and reliable partner at the side of our rights holders.

Yours

Guido Evers

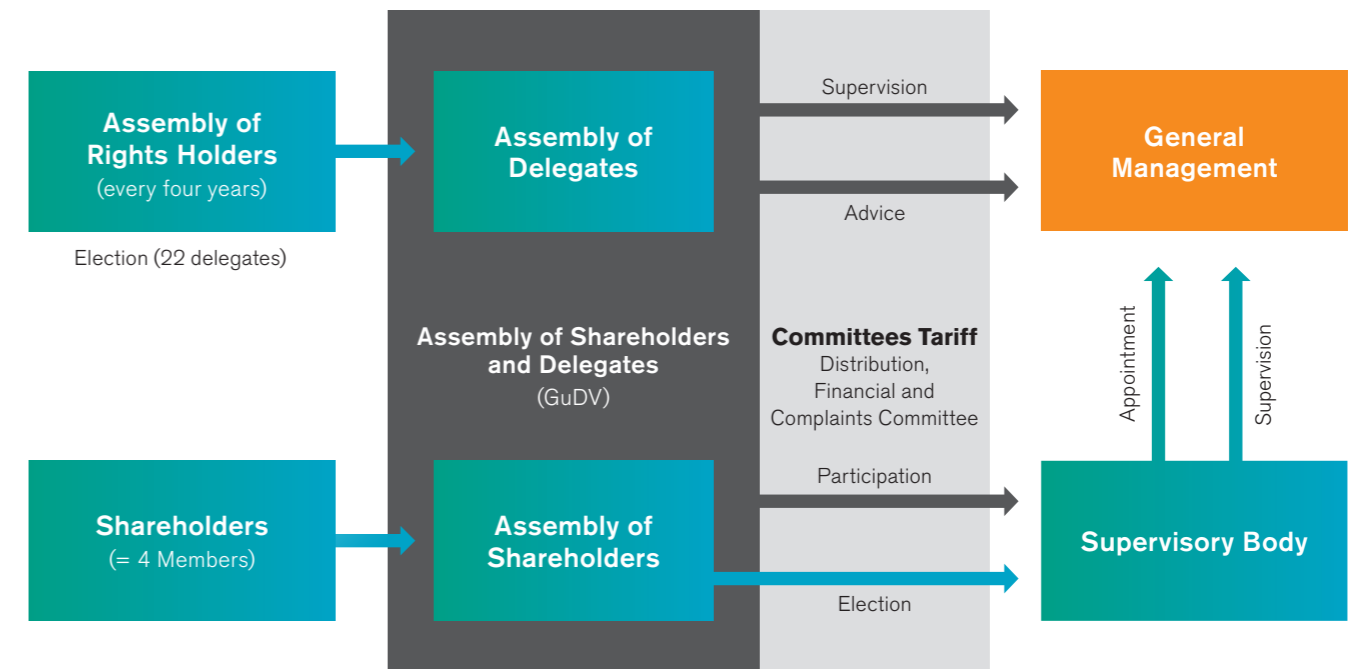
Dr. Tilo Gerlach

GVL – The world is a stage.
We support the act.

GVL Key Operating Figures

in €'000s	2020	2019	Change in €'000s	Change in %
Total revenues radio	45,796	47,607	-1,811	-3.8 %
Total revenues TV	34,320	34,255	65	0.2 %
Total revenues cable	6,100	6,697	-597	-8.9 %
Broadcast and Cable	86,215	88,559	-2,344	-2.6 %
Public performance	26,517	42,332	-15,815	-37.4 %
Webcasting remuneration	1,797	2,001	-204	-10.2 %
Private copying	92,110	72,596	19,515	26.9 %
Other income	4,246	4,321	-75	-1.7 %
Income from foreign CMOs/MLCs	5,254	5,643	-389	-6.9 %
Total income	216,140	215,451	689	0.3 %
GVL's own administrative expenditure	22,948	21,228	1,720	8.1 %
- Staff costs	12,551	10,616	1,935	18.2 %
- Other own costs	10,397	10,611	-214	-2.0 %
<i>GVL cost rate</i>	<i>10.6 %</i>	<i>9.9 %</i>	<i>0.8 %</i>	<i>7.8 %</i>
Collection mandate commission	4,894	6,535	-1,641	-25.1 %
Anti-piracy operations	600	600	0	
Depreciation, other and extraordinary expenses	2,150	3,392	-1,242	-36.6 %
Sub-total expenditure	30,592	31,756	-839	-2.6 %
Grants	5,083	3,683	1,400	38.0 %
<i>Grants rates</i>	<i>2.8 %</i>	<i>2.0 %</i>	<i>0.8 %</i>	<i>38.0 %</i>
Total expenditure	35,675	35,439	236	0.7 %
Gross distributable amount	180,465	180,013	452	0.3 %
Blocked funds	0	68,650	-68,650	-100.0 %
Net distributable amount	180,465	111,362	69,103	62.1 %
Annual surplus	0	0	0	
Balance sheet total	545,467	621,749	-76,282	-12.3 %
Annual average number of staff	193	175	18	10.3 %
Performing artists	154,099	149,351	4,748	3.2 %
Event organisers	70	72	-2	-2.8 %
Producers of sound recordings/MVC producers	12,466	12,678	-212	-1.7 %
Total number of GVL right holders	166,635	162,101	4,534	2.8 %

Legal Form and Organisational Structure



Shareholders / Assembly of Shareholders

Since 1 July 2020, GVL consists of four shareholders: The Federal Association of the Music Industry, reg. ass. (BVMI) and the Association of Independent Musicians and Music Companies, reg. ass. (VUT) for the producers' side and the German Orchestra Association, reg. ass. (DOV) and the Federal Acting Association, reg. ass. (BFFS) for the performers' side.

The Federal Acting Association (BFFS) became GVL's third shareholder with effect from 1 August 2019 and took over 1,000 shares from the German Orchestra Association; the German Orchestra Association now holds 12,000 shares. The Association of Independent Musicians and Music Companies (VUT) became GVL's fourth shareholder with effect from 1 July 2020 and took over 1,000 shares from the Federal Association of the Music Industry (BVMI). The Federal Association of the Music Industry now holds 12,000 shares.

Assembly of Rights Holders / Assembly of Delegates

The 22 members of the Assembly of Delegates – a total of 12 delegates in the performer category and 10 delegates in the producer category – are elected every four years during the Assembly of Rights Holders; most recently on 5 May 2017. The Assembly of Delegates represents the GVL rights holders.

Assembly of Shareholders and Delegates (GuDV)

The Assembly of Shareholders and Delegates (GuDV Gesellschafter- und Delegiertenversammlung) is a joint committee of the Assembly of Shareholders (BFFS, BVMI, BVMI and VUT) and the Assembly of Delegates. The Assembly of Shareholders and Delegates is, among other things, involved in setting up, amending and modifying distribution regulations, general investment policies with regards to the revenue generated from rights, rights administration conditions and tariff policies (please also refer to the Articles of Association, Article 6.5).

Name	Category	Rights Holders Group/Group Assembly
Angelo D'Angelico	Performers	Music directors and artistic producers
Christian Balcke	Performers	Concert and theatre orchestra
Clemens Bieber	Performers	Solo singers
Hans Reinhard Biere	Performers	Radio ensembles
Tonio Bogdanski Universal Music Entertainment GmbH	Producers	Producers of sound recordings
Dr. Nils Bortloff Universal Music Entertainment GmbH	Producers	Producers of sound recordings
Dr. Florian Drücke Bundesverband Musikindustrie e.V. / Federal Association of the Music Industry (registered association)	Shareholders	
Oliver Ewy (since 09/2020)	Performers	Actors
Philipp von Esebeck Sony Music Entertainment Germany GmbH Deputy Chairman of the GuDV	Producers	Producers of sound recordings
Prof. Dr. Stephan Frucht	Performers	Conductors
Günther Gebauer	Performers	Studio musicians
Jörg Glauner Warner Music Group Germany Holding GmbH	Producers	Producers of sound recordings
Rob Gruschke Beggars Group Ltd.	Producers	Producers of sound recordings
Jörg Heidemann Verband unabhängiger Musikunternehmer*innen e.V. / Association of Independent Music Entrepreneurs (registered association)	Shareholders	
Andreas Klöpfel Warner Music Group Germany Holding GmbH	Producers	Producers of sound recordings
Ekkehard Kuhn Sony Music Entertainment Germany GmbH	Producers	Producers of sound recordings
Gerald Mertens Deutsche Orchestervereinigung e.V. / German Orchestra Association (registered association)	Shareholders	
Felix Partenzi	Performers	Directors (except music directors) and authors of music video clips
Jens Rose Beat Box GmbH	Producers	Producers of sound recordings
Prof. Birgit Schmierer	Performers	Instrumental soloists and featured performers (classical music)
Thomas Schmuckert (until 08/2020)	Performers	Actors
Frank Spilker	Performers	Instrumental soloists and featured performers (pop music)

Detlev Tiemann
Chairman of the GuDV

Bernhard F. Störkmann
Bundesverband Schauspiel e.V. / Federal Acting Association
(registered association)

Ronny Unganz

Dr. Till Valentin Völger

Dr. Henning Zimmermann
Universal Music Entertainment GmbH

Performers	Choir singers in other choirs and dancers
Shareholders	
Producers	Event organisers
Performers	Dubbing actors and artistic performers
Producers	Producers of music video clips



Angelo D'Angelico
Performers



Christian Balcke
Performers



Clemens Bieber
Performers



Hans Reinhard Biere
Performers



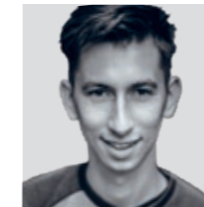
Tonio Bogdanski
Producers



Dr. Nils Bortloff
Producers



Dr. Florian Drücke
Shareholder



Oliver Ewy
Performers



Philipp von Esebeck
Producers



Prof. Dr. Stephan Frucht
Performers



Günther Gebauer
Performers



Jörg Glauner
Producers



Rob Gruschke
Producers



Jörg Heidemann
Shareholder



Andreas Klöpfel
Producers



Ekkehard Kuhn
Producers



Gerald Mertens
Shareholder



Felix Partenzi
Performers



Jens Rose
Producers



Prof. Birgit Schmierer
Performers



Thomas Schmuckert
Performers



Frank Spilker
Performers



Detlev Tiemann
Performers



Bernhard F. Störkmann
Shareholder



Ronny Unganz
Event organisers



Dr. Till Valentin Völger
Performers



Dr. Henning Zimmermann
Producers

Supervisory Body

GVL has a Supervisory Body consisting of two members with one representative from the category producer and one representative from the category performer. These representatives were elected by the GVL shareholders. The Chairman of the GuDV and his deputy participate permanently as delegate representatives (without voting rights). In 2020, the Supervisory Body consisted of the following members:



Dr. Florian Drücke
(elected by the Federal Association of the Music Industry)



Gerald Mertens
(elected by the German Orchestra Association)



Detlev Tiemann
(pursuant to Article 11(1) of the Articles of Association)



Philipp von Esebeck
(pursuant to Article 11(1) of the Articles of Association)

The Supervisory Body is a voluntary institution and has the task – in addition to its own competences, such as the conclusion, the contents and the termination of representation agreements – to supervise the activities of the GVL and its general management. The Supervisory Body reports to Assembly of Shareholders and Delegates about its activities at least once a year.

General Management

GVL is managed by its two Managing Directors of equal standing, **Dr. Tilo Gerlach** and **Guido Evers** who are appointed by the GVL shareholders. Dr. Tilo Gerlach is mainly responsible for performers; Guido Evers is predominantly in charge of the sector including producers of sound recordings, producers of music video clips and event organisers. They are the legally authorised representatives of the company.



Dr. Tilo Gerlach



Guido Evers

Total Amount of Remuneration and other Benefits paid to Persons referred to in Section 18 (1) VGG

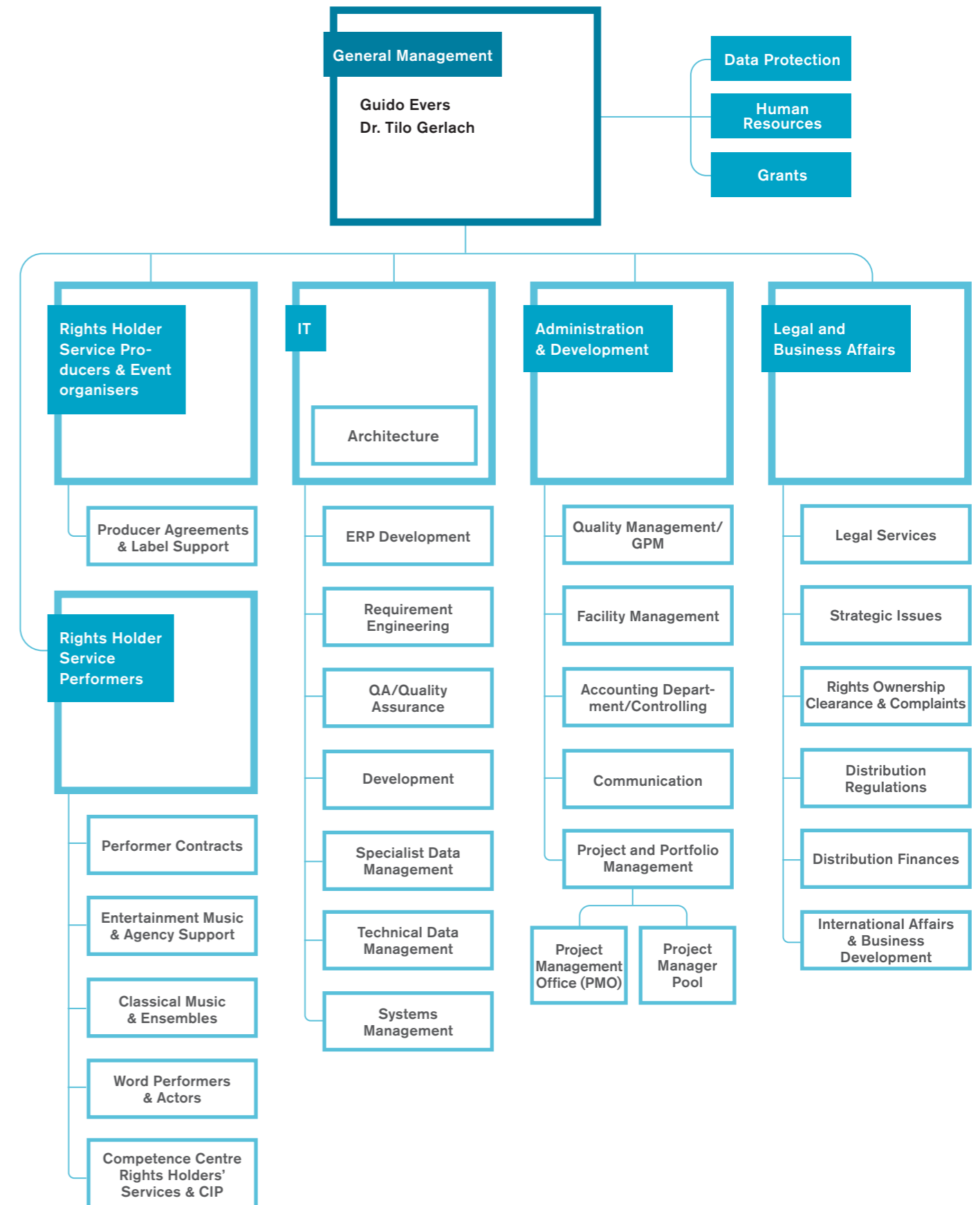
The total amount of remuneration and other benefits paid to persons of the General Management and all committee members to €691k.

Holdings: Information on Dependent Rights Management Organisations

Name	Object of Organisation	Shareholders
ARGE Kabel	Assertion of claims pursuant to Section 20b (2) UrhG	VG Wort, GVL, VG Bild-Kunst
Zentralstelle für private Überspielungsrechte GbR (ZPÜ), Munich	Assertion of claims for remuneration, information and notification of reproductions according to Section 54 ff. UrhG	GEMA, GÜFA, GVL, GWFF, TWF, VFF, VGF, VG Bild-Kunst, VG Wort
Zentralstelle Bibliothekstantieme GbR (ZBT), Munich	Assertion of claims pursuant to Section 27 (2) UrhG	VG WORT, VG Bild-Kunst, VG Musik-edition, GEMA, GVL, VGF, GWFF, VFF
Zentralstelle für Videovermietung GbR (ZVV), Munich	Assertion of claims pursuant to Section 27 (1) UrhG	GEMA, VG WORT, VG Bild- Kunst, GÜFA, GWFF, VGF and GVL

GVL – Internal Structure

On 31 December 2020, both Managing Directors Guido Evers and Dr. Tilo Gerlach presided over three administrative departments and five divisions. The divisions are subdivided into a total of 24 groups with different functionalities.



Financial Information

Balance Sheet as at 31 December 2020

ASSETS in €	31/12/2020	31/12/2019	LIABILITIES in €	31/12/2020	31/12/2019
A. Fixed assets			A. Equity		
I. Intangible assets	152,661.56	280,222.31	Subscribed capital	26,000.00	26,000.00
Acquired and paid for operating licences, industrial property rights and similar rights and values, as well as licences on such values and rights	152,661.56	280,222.31			
II. Tangible fixed assets	5,497,421.29	5,466,509.33	B. Reserves		
1. Properties with business premises	5,118,801.05	5,203,554.70	1. Reserves for distribution	481,388,470.66	565,839,178.05
2. Operating and business equipment	378,620.24	262,954.63	2. Reserves for pensions and similar liabilities	9,439,333.00	8,662,158.00
III. Financial assets	3,360,644.00	16,460,894.00	3. Tax reserves	0.00	905,335.73
1. Shares in affiliated companies	24,900.00	24,900.00	4. Other reserves	2,956,199.97	3,413,576.79
2. Investments	4.00	4.00	Total reserves	493,784,003.63	578,820,248.57
3. Investment securities	3,335,740.00	16,435,990.00	C. Liabilities		
Total fixed assets	9,010,726.85	22,207,625.64	1. Liabilities to rights holders from the distribution	44,545,892.25	38,116,340.00
B. Current assets			of which carrying a residual term of up to one year: €44,545,892.25 (previous year: €38,116,340.00)		
I. Receivables and other assets	26,036,367.73	105,554,590.17	2. Liabilities from trade and services	1,018,332.47	873,367.17
1. Accounts receivable	25,882,397.04	104,360,185.78	of which carrying a residual term of up to one year: €1,018,332.47 (previous year: €873,367.17)		
2. Other assets	153,970.69	1,194,404.39	3. Other liabilities	6,942,186.77	3,913,224.08
II. Cash in hand, cash at bank	510,729,190.31	493,618,582.27	of which carrying a residual term of up to one year: €6,942,186.77 (previous year: €3,913,224.08)		
Total current assets	536,765,558.04	599,173,172.44	of which from taxes: €6,932,224.95 (previous year: €3,913,224.08)		
C. Accruals and deferred income	540,130.23	368,381.74	Total liabilities	52,506,411.49	42,902,931.25
Total ASSETS	546,316,415.12	621,749,179.82	Total LIABILITIES	546,316,415.12	621,749,179.82

Profit and Loss Accounts for the 2020 Financial Year

in €	2020	2019
1. Revenues	213,740,824.10	212,908,133.39
2. Other operating income	1,075,379.52	452,053.26
3. Staff costs	-12,551,133.00	-10,616,487.80
a) Wages and salaries	-10,193,517.32	-8,716,666.61
b) Social security contributions and expenditure for retirement benefits	-2,357,615.68	-1,899,821.19
of which retirement benefits: €488,864.86 (previous year: €263,172.06)		
4. Amortisation relating to intangible assets pertaining to fixed assets and assets in kind	-462,709.73	-647,061.82
5. Other operating expenditure	-16,068,533.57	-18,266,653.89
6. Other interest and similar income	1,324,303.93	2,091,149.93
7. Amortisation of financial assets	0.00	-204,470.00
8. Interest paid and similar expenditure	-765,706.00	-853,097.58
of which amounts arising from the addition of accrued interest on reserves: €765,106.00 (previous year: €840,477.00)		

in €	2020	2019
9. Tax on income and revenues	-732,238.10	-1,156,891.50
10. Result after tax	185,560,187.15	183,706,673.99
11. Other taxes	-11,565.56	-11,565.56
12. Distribution (grants)	-5,083,261.85	-3,683,118.50
a) Grants for cultural and social purposes	-4,063,165.05	-2,622,202.75
b) Grants for cultural policy purposes	-1,016,596.80	-1,059,305.75
c) Donations	-3,500.00	-1,610.00
13. Amount available for distribution	180,465,359.74	180,011,989.93
14. Blocked funds	0.00	-68,650,000.00
15. Distributable amount	-180,465,359.74	-111,361,989.93
16. Annual surplus	0.00	0.00

Cash flow statement for the 2020 Financial Year

in €'000s	2020	2019
Annual surplus	0	0
Depreciation of fixed assets	462	845
Increase/Decrease of other reserves	-85,801	36,382
Income tax expenditure	732	1,157
Income tax payments	-732	-497
Interest earned / interest expenditure	-558	-1,238
Interest received / interest paid	629	1,903
Increase/Decrease of short-term assets (without change in cash and cash equivalents)	80,040	-16,123
Increase/Decrease of short-term liabilities (without change in bank liabilities)	9,603	-40,749
Cash flow from operating activities	4,375	-18,321
Losses from disposal of fixed assets	13,101	19,563
Payments for investments into fixed assets:		
Intangible assets and property, plant and equipment	-366	-151
Cash flow from investment activities	12,735	19,412
Cash flow from financial activities	0	0
Net change in cash and cash equivalents	17,110	1,091
Cash and cash equivalents at the beginning of the period	493,619	492,528
Cash and cash equivalents at the end of the period	510,729	493,619

Notes for the 2020 Financial Year

General statements

The Gesellschaft zur Verwertung von Leistungsschutzrechten mit beschränkter Haftung (GVL) has its registered office in Berlin. It is entered in the commercial register of the Charlottenburg District Court under company registration number HRB 92075 B.

Pursuant to Section 267 (3) HGB [German Commercial Code], the company is a 'große Kapitalgesellschaft' [large limited liability company].

The annual accounts for the 2020 financial year have been prepared in accordance with the provisions of the German Commercial Register in conjunction with the accounting regulations for collective management organisations/music licensing companies pursuant to Section 57 (1) clause 1 VGG [German Collecting Societies' Act]. The supplementary provisions of the 'GmbH-Gesetz' [German Act on Limited Liability Companies] were observed.

The structure of the annual financial statements is in accordance with the commercial law provisions of Section 264 et seq. HGB.

Accounting and Valuation Methods and Notes to the Balance Sheet

Fixed assets

The development and breakdown of the individual fixed asset items are shown in the summary of fixed assets on page 21.

Intangible assets and tangible assets are stated and valued at acquisition cost with due regard to scheduled depreciation. The straight-line depreciation rates on which the calculation of depreciation is based generally takes into account the standard useful lives of between three and 50 years, which are also recognised for tax purposes. For additions during the financial year, depreciation is calculated pro rata temporis.

The fixed-interest securities of the Landes- und Hypothekenbanken amounting to €13,336k reported under financial assets are accounted for at lower fair values in accordance with Section 253 (3) clause 6 HGB. Securities were attributed with € 0.3k in the financial year. The shares in affiliated companies also reported under this item are still carried at cost. For four participations in companies under civil law, a nominal entry of €1.00 each was formed due to the lack of a contribution in order to comply with the completeness requirement pursuant to Section 246 (1) HGB.

Current assets

Receivables from trade and services relate to the remuneration entitlements of performers and producers of sound recordings managed by GVL under the Copyright Act for broadcasting and cable retransmission of commercially published sound recordings including music video clips and for the public performance and reproduction of commercially published sound recordings, music video clips and radio broadcasts, as well as for the rental and lending of sound recordings and video cassettes and for the cable retransmission of other performances. Receivables were generally carried at their nominal amount. In the year under review, no estimated receivables from ZPÜ and GEMA were recognised, taking into consideration the respective increase in revenues (previous year: €71,245k). Reason for this are payments from ZPÜ and GEMA which took place last in the year under review for previous years.

Recognisable risks were taken into account by making (in some cases estimated) individual value adjustments totalling €2,138k. During the financial year, an addition of €18k to value adjustments for receivables was made. At the same time,

(estimated) individual value adjustments amounting to €171k were made.

Other assets mainly contain receivables for interest on fixed-term deposits not yet invoiced (€218k)

Cash and cash equivalents include overnight deposits of €29,728k, and fixed-term deposits for the distribution of €481,002k, which were invested at various banks subject to yielding interest. They were recognised at nominal value.

Equity

The share capital of the company shown as subscribed capital remains unchanged at €26k, whereby a share of €1k was transferred from the Federal Association of the Music Industry (BVMI) to the new shareholder Association of Independent Musicians and Companies (VUT) in the financial year.

Reserves

The reserves for distribution include amounts to be paid out to eligible producers (taking into account advance payments) according to the distribution regulations in the following year: In the following year, the initial distribution is made to the performing artists, reduced by projected future claims for subsequent distributions in the next three years, increased by the addition of interest income for the respective distribution period.

Reserves for pension liabilities (€9,439k) were assessed using the Projected Unit Credit Method (method to establish accrued entitlements at market value) and using the 2018 actuarial tables by Heubeck AG, Cologne. Instead of the market interest rate adequate to the residual term, the option of an estimated average market interest rate for an assumed remaining term of 15 years was applied. Accordingly, the applicable accounting discount rate for a seven-year average amounts to 1.60% p.a. and 2.71% p.a. for a ten-year average. Furthermore, expected salary increases of 3.00% p.a. and a pension trend of 2.00% p.a. were taken into account. The difference, subject to a distribution stoppage in accordance with Section 253 (6) HGB between the valuation of the reserves based on the corresponding average market interest rate from the last ten financial years and the valuation of the reserves based on the respective average market interest rate of the past seven (1.60%) financial years was €1,044k.

Other reserves take into account all identifiable risks and other uncertain liabilities. They are assessed at the settlement amount that is necessary on the basis of sound commercial judgement to cover fu-

Other reserves at the balance sheet date were formed for the following material risks and uncertain liabilities:

	in €'000s
Collecting commission	1,650
Bonuses/Salary adjustments in arrears/Severance payments	447
Holiday entitlements	267
GVL/GEMA distribution tool radio broadcasting	166
Cost of annual accounts and tax returns	117
Working hours credits	111
Social security contributions	99
Legal and consulting fees	66
Professional association	33
Total	2,956

ture payment obligations. Future price and cost increases are considered if there is sufficient objective evidence of their occurrence. Significant reserves with a residual term of more than one year do not exist. Reserves with a residual term of up to one year are not discounted.

Liabilities

Liabilities to rights holders from the distribution include amounts from initial and subsequent distributions as well as from

final distributions, which must be available for a period of up to three years.

The liabilities are reported at the settlement amount.

Notes to the Profit and Loss Account

The profit and loss account was prepared using the total cost method.

Revenues (income from remuneration rights) are broken down as follows:

	31/12/2020 in €'000s	31/12/2019 in €'000s	Change in €'000s	Change in %
Broadcast remuneration for sound recordings	84,399	86,558	-2,159	-2.5
Remuneration for public performance (GEMA)	26,517	42,332	-15,815	-37.4
Video reproduction	51,821	30,904	20,917	67.7
Audio reproduction	40,169	41,521	-1,352	-3.3
DVD reproduction	121	171	-50	-29.3
Remuneration for rental and lending	1,847	1,777	70	3.9
Foreign collective management organisations/music licensing companies	5,254	5,643	-389	-6.9
Cable re-transmission of artistic performances	1,753	2,199	-446	-20.3
Broadcast remuneration music video clips and other	1,860	1,803	57	3.2
Total	213,741	212,908	833	0.4

Staff costs are broken down as follows:

	31/12/2020 in €'000s	31/12/2019 in €'000s	Change in €'000s	Change in %
Salaries and wages	10,131	8,717	1,414	16.2
Pay-offs	62	0	62	
Retirement benefits	489	263	226	85.8
Statutory employee benefit costs	1,742	1,520	222	14.6
Voluntary employee benefit costs	127	116	11	8.8
Total	12,551	10,616	1,935	18.2

The depreciation of intangible assets of the fixed assets and tangible fixed assets includes only scheduled straight-line depreciations.

The item **other operating expenditure** is broken down as follows:

	31/12/2020 in €'000s	31/12/2019 in €'000s	Change in €'000s	Change in %
Collecting commissions	4,894	6,535	-1,641	-25.1
Internal expenditure	11,084	11,327	-243	-2.1
Value adjustments and depreciations of receivables	90	405	-315	-77.8
Total	16,068	18,267	-2,199	-12.0

Interest expenses mainly include the compounding of interest on pension provisions (€765k) in accordance with the provisions of the German Commercial Register.

Grants for cultural, social and cultural-political purposes were made in accordance with the guidelines issued for this purpose.

The amount available for distribution for the 2020 financial year increased by €453k year-on-year to €180,465k whereas parts of the amount had been initially blocked for distribution (€68,650k), since there was no inflow of liquid funds in that respect.

Other Information

Contingent liabilities

There were no contingent liabilities requiring disclosure on the balance sheet date.

Other financial liabilities

On the balance sheet date, there were other financial liabilities in the amount of €199k. They mainly affect leasing contracts for vehicles (€32k) up to 2023 and office rent (€176k) for 2021.

Number of employees

In 2020, the company had an average of 193 (previous year: 175) staff (without the Managing Directors). Salaries and wages changed as a result of tariff-related and agreed adjustments.

Shareholdings

The company held shares in the Initiative Musik, gemeinnützige Projektgesellschaft mbH [non-profit project company], Berlin, of €24.9k. This corresponds to a stake of 99.6%. Equity amounted to €445k as at 31 December 2020. In 2020, an annual surplus of €25k was reported.

GVL is a shareholder with unlimited liability in the following companies:

- Zentralstelle für private Überspielungsrechte, Munich, Gesellschaft bürgerlichen Rechts
- Zentralstelle für Videovermietung, Munich, Gesellschaft bürgerlichen Rechts
- Zentralstelle für Bibliothekstantieme, Munich, Gesellschaft bürgerlichen Rechts
- Arbeitsgemeinschaft Kabel [Cable consortium]

Auditors' fees

The (anticipated) total auditors' fees for the 2020 financial year amount to €117k, of which €90k is attributable to the audit of the financial statements and €27k to the preparation of the tax return.

Transactions with related parties

The company has concluded an agreement with a shareholder to share in the costs of piracy prosecution. The expenditure for the 2020 financial year amounted to €600k.

General Management

The company is jointly represented by two Managing Directors or by one Managing Director together with a Prokurist [executive with special statutory authority].

Managing Directors in the financial year were:

Dr. Tilo Gerlach, Lawyer, Berlin, and Mr Guido Evers, Lawyer, Berlin.

Berlin, 7 June 2021



Dr. Tilo Gerlach



Guido Evers

Gesellschaft zur Verwertung von Leistungsschutzrechten mit beschränkter Haftung (GVL), Berlin

The reserves for current pension liabilities for former members of the General Management amount to €4,894k.

Events of particular significance after the reporting date ("Supplementary Report")

From today's perspective, General Management expects the continuing Covid-19 pandemic to have a significant impact on the company's financial situation, for 2021 also. Revenues are expected to decline in all subdivisions as a result of the loss of receipts not foreseeable regarding a significant part of the users by the reporting date. This, in turn, is going to reduce the amounts available for distribution at a significant rate. For details, please refer to our comments in the Management Report under section C.2, on "Forecast".

Summary of Fixed Assets 2020

Development of the Fixed Assets in the 2020 Financial Year

	Acquisition and production costs in €				Expired depreciations in €					Written-down value in €	
	01/01/2020	Additions	Disposals	31/12/2020	01/01/2020	Additions	Disposals	Write-ups	31/12/2020	31/12/2020	31/12/2019
I. Intangible assets											
Acquired operating licences, industrial property rights and similar rights and values, as well as licences on such values and rights	8,088,027.01	79,944.56	0.00	8,167,971.57	7,807,804.70	207,505.31	0.00	0.00	8,015,310.01	52,661.56	280,222.31
II. Tangible fixed assets											
1. Properties with business premises	6,354,190.34	3,297.10	0.00	6,357,487.44	1,150,635.64	88,050.75	0.00	0.00	1,238,686.39	5,118,801.05	5,203,554.70
2. Operating and business equipment	1,757,816.84	283,079.05	12,340.05	2,028,555.84	1,494,862.21	167,153.67	12,080.28	0.00	1,649,935.60	378,620.24	262,954.63
	8,112,007.18	286,376.15	12,340.05	8,386,043.28	2,645,497.85	255,204.42	12,080.28	0.00	2,888,621.99	5,497,421.29	5,466,509.33
III. Financial assets											
1. Shares in affiliated companies	24,900.00	0.00	0.00	24,900.00	0.00	0.00	0.00	0.00	0.00	24,900.00	24,900.00
2. Investments	4.00	0.00	0.00	4.00	0.00	0.00	0.00	0.00	0.00	4.00	4.00
3. Investment securities	16,968,692.00	0.00	13,632,952.00	3,335,740.00	532,702.00	0.00	532,362.00	340.00	0.00	3,335,740.00	16,435,990.00
	16,993,596.00	0.00	13,632,952.00	3,360,644.00	532,702.00	0.00	532,362.00	340.00	0.00	3,360,644.00	16,460,894.00
Total	33,193,630.19	366,320.71	13,645,292.05	19,914,658.85	10,986,004.55	462,709.73	544,442.28	340.00	10,903,932.00	9,010,726.85	22,207,625.64

Independent Auditor's Report

To Gesellschaft zur Verwertung von Leistungsschutzrechten mit beschränkter Haftung (GVL), Berlin

Audit Opinions

We have audited the annual financial statements of Gesellschaft zur Verwertung von Leistungsschutzrechten mit beschränkter Haftung (GVL), Berlin, which comprise the balance sheet as at 31 December 2020, and the statement of profit and loss for the financial year from 1 January 2020 to 31 December 2020, and notes to the financial statements, including the presentation of the recognition and measurement policies. In addition, we have audited the management report of Gesellschaft zur Verwertung von Leistungsschutzrechten mit beschränkter Haftung (GVL), Berlin, for the financial year from 1 January 2020 to 31 December 2020.

In our opinion, on the basis of the knowledge obtained in our audit

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2020 and of its financial performance for the financial year from 1 January 2020 to 31 December 2020 in compliance with German Legally Required Accounting Principles, and
- the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to section 322 paragraph 3 sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

Basis for the Audit Opinions

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

Responsibilities of the Executive Directors for the Annual Financial Statements and the Management Report

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to business corporations and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the executive directors are 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. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are 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 the opportunities and risks of future development. In addition, the executive directors are 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 assertions in the management report.

Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with section 317 HGB and in compliance with 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 in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements.

We exercise professional judgment and maintain professional skepticism 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 relevant to the audit of the annual financial statements and of arrangements and measures (systems) 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 the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' 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. However, future events or conditions may 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 that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles.
- Evaluate the consistency of the management report with the annual financial

Berlin, 7 June 2021

Warth & Klein Grant Thornton AG
Wirtschaftsprüfungsgesellschaft

sgd. Thorsten Schmidt
Wirtschaftsprüfer
[German Public Auditor]

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 the executive directors in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors 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 audit 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 in internal control that we identify during our audit.

sgd. Mirko Ludwig
Wirtschaftsprüfer
[German Public Auditor]

Report on Activities (Management Report)

A. Principles of the company – business model and framework conditions

GVL manages royalty claims of performing artists, producers of sound recordings, producers of music video clips and event organisers who are affiliated with GVL as rights holders under copyright law, insofar as secondary exploitation is concerned. This includes in particular the broadcasting of commercially published sound recordings and music video clips, communication to the public, private copying as well as rental and lending. Management is carried out on a fiduciary basis without the intention of making a profit.

Rights are managed pursuant to the provisions of the German Copyright Act and the VGG. GVL is under the supervision of the German Patent and Trademark Office (DPMA).

During the year under review, the remuneration compared to the previous year slightly increased despite the impact of the pandemic. The reason for this is aperiodic special payments, which were not recorded at a similar level in the previous year. Furthermore, the company continued to concentrate on comprehensive IT modernisation and organisation project during ongoing operations in 2020.

B. Report on the economic situation

1. Business performance – income development and expenditure

1.1. Development of revenues

Overall, GVL recorded a positive development of revenues in the 2020 financial year. Total revenues (revenues, other operating income and interest earned) rose from €215.5m (2019) by €0.6m to €216.1m (2020) with revenues augmenting by €0.8m to €213.7m compared to the previous year. This corresponds to an increase of 0.4% and thus a stable sideways movement with a plus sign.

The decrease of remuneration from public performance by €15.8m due to the COVID-19 related closures and the decrease of broadcast remuneration from private radio and TV stations by €3.1m were offset by the increase of income from private copying remuneration collected by ZPÜ (the joint collection centre for private copying levies) with an increase of €19.4m compared to the previous year. In all other sectors, GVL's income situation is stable overall and mostly positive and therefore lies within expectations.

1.2. Broadcast remuneration

In terms of broadcast revenues, €86.3m were collected compared to €88.4m in the previous year. This means that the overall result for broadcast remuneration dropped by 2.4%. The decrease is due to the drop in advertising revenues of private channels as a result of COVID-19 which form the basis for the remuneration.

In this context, the income from the public service channels and their advertising subsidiaries and other non-commercial stations under the ARD umbrella reflected a plus of €1.3m, totalling €51.3m (previous year: €50.0m). Of this amount, €22.0m can be allocated to radio and €21.9m to TV remuneration paid by ARD and ZDF. In compari-

son, ad-financed private TV companies only paid €7.9m (previous year: €9.3m) which corresponds to a decrease of 15.1%. The revenues of the private radio stations of €22.0m (previous year: €23.5m) also fell by 6.8%.

The big cable network operators (regional companies) made ongoing payments for the year under review of €4.3m which corresponds to a decrease of 4.4% compared to the previous year.

1.3. Remuneration for public performance

Revenues from public performance dropped by €15.8m to €26.5m. The income situation of public performance significantly deteriorated, by 37.4%, due to the COVID-19 related closures of restaurants and shops and culture and sport event venues.

The existing tariff gap compared to GEMA tariffs in the public performance sector is currently subject to several proceedings before the DPMA arbitration body.

Upon a complaint by the Federal Association of Music Event Organisers, GEMA and GVL were asked by the DPMA to change the tariff structure for reproduction intended for public performance. The previous system of a supplement of 50% to the relevant public performance tariff is meant to be replaced by a tariff system which is only linked to the number of copies made. After the negotiations failed, proceedings were initiated before the arbitration body with the aim to achieve a tariff above GEMA levels. The new legally established tariff will apply retroactively from 2017. One decision by the arbitration body was not available at the time of reporting.

Furthermore, three arbitration proceedings have been pending since 2019 in the context of remuneration for music usage in open-air

stages. The tariff applicable for music usage of theatre stages, a tariff which is identical for GEMA and GVL is applicable, and was entered into a general agreement with the German Stage Association. Open-air stages do, however, deem this tariff to be high for GEMA and for GVL. These arbitration proceedings thus deal with the GEMA and GVL tariffs in parallel for the first time ever. Said proceedings are still to be concluded.

1.4. Remuneration for reproduction

Collections for reproduction rights were at €92.1m compared to €72.6m in the previous year. These are mainly fees collected for private copying. Blocked outstanding amounts from the previous year were dissolved in their entirety. In the 2020 financial year, there are no receivables from ZPÜ that need to be discontinued, as a consequence, no blocked funds for distribution will be reported.

1.5. Remuneration for rental and lending

In this sector, with a general decline in rental and lending usages, a small plus was reported compared to the previous year, overall nearly unchanged, with €1.9m (previous year: €1.8m).

Revenues from the lending of commercially published sound recordings and videos by libraries which are collected by ZBT (Central Library Levy Organisation) also remained practically unchanged at €1.8m in the year under review.

Remuneration for the rental of videos, managed by ZVV, the Central Organisation for Video Rentals, remained stable at a very low level. In the 2020 financial year this was an amount of €0.1m.

1.6. Remuneration for cable re-transmission of artistic performances

For the cable re-transmission of artistic performances which do not relate to sound recordings and music video clips (cf. above 1.2), €1.8m were collected due to the agreements of the public service broadcasters and an agreement of the "Munich Group" with the collective management organisations under the umbrella of the ARGE Kabel (GVL, VG Wort and VG Bild-Kunst) (previous year: €2.2m).

1.7. Interest earned

Interest earned dropped due to the continuing low interest levels for new investments and the scheduled sale of securities of the financial assets (cf. section 2.1), from €2.1m to €1.3m. Due to the gilt-edged, secure investment policy which GVL is obliged to adhere to under the provisions of the VGG, it is not possible to yield higher interest in the market at this time.

1.8. Expenditure for the administration and grants

GVL's own administrative expenditure before depreciation and piracy have slightly increased, standing at €23.0m compared to the previous year (€21.3m.). As a result of rising administrative costs, the cost rate amounted to 10.7% and was therefore 0.8% higher than in the previous year. In this context, the cost for own personnel including social security contributions increased significantly,

by EUR 1.9m. This effect is a result from the strategy launched in 2019 focussing on the running of projects at lower costs with in-house staff.

Other operating expenditure decreased by €2.2m resulting mainly from a decline in collection commissions (– €1.6m). Other expenditure includes depreciation of €0.5m, anti-piracy operations of €0.6m and bad debt losses and value adjustments in relation to receivables amounting to €0.1m. Collection commissions were recorded as expenditure and stood at €4.9m.

Grants for cultural, cultural-political and social purposes amounted to €5.1m. This includes payments in the course of the immediate emergency relief for COVID-19 of €2.0m (cf. section 1.10).

1.9. Distribution of remuneration – reserves

Due to incoming payments, the company was able to fully release provisionally blocked receivables from the previous year and to distribute them on an accrual basis for the previous years concerned.

1.10. Other operations in the financial year

Distributions were further automated, especially in the area affecting broadcast usage capture and matching of the repertoire of rights holders. Parallel to the IT modernisation and process optimisation, all planned distribution dates were adhered to. Beyond that, more than self-employed 8,000 rights holders received payments under the immediate emergency relief in the context of social benefits. Rights holders could also claim advance payments on their future payouts upon request.

Important IT positions could still not be filled because qualified IT experts were hardly available in the marketplace at a reasonable cost in the financial year. Another challenge

remains the fact that the company had to completely and gradually overhaul its IT systems while operational data processing and remuneration distribution activities had to be carried out simultaneously.

2. Situation report

2.1. Financial situation

The balance sheet total was €546.3m (previous year: €621.8m) as at 31 December 2020. In relation to fixed assets, current assets, equity and reserves and accounts payable the following should be noted:

Fixed assets (€9.0m; previous year: €22.2M) mainly includes securities of the fixed assets amounting to €3.3m, the three business plots and business premises of GVL and software for distribution purposes. The overall decrease is a result of the expiry of term money of €13.1m. Just like in the previous year, current assets consist mainly of accounts receivable of €25.9m (previous year: €104.4m). The decline is mainly caused by the loss of estimated receivables against ZPÜ and GEMA.

The equity of the company continues to stand at €26k.

During the year under review, €292m were paid out. As a consequence, the reserves for distribution fell by €84.4m to €481.4m beyond the new allocation of the year under review. Due to the conversion to a usage-based distribution system for performers in line with statutory requirements, remuneration for performers could not be completely paid out for a distribution year. Performers who are entitled to be paid have a three-year notification period from the 2012 distribution so that the respective remuneration share must be retained on the basis of projections subject to constant adjustment. The company creates reserves for this purpose.

The overall reserves for distribution purposes also contain €180.5m which relate to the remuneration paid out in the year under review, reduced by the relevant expenditure. Blocked funds for outstanding receivables, in particular against ZPÜ were not created in the year under review. The amount of €180.5m which is thus fully available will be included in the current year into the distribution as scheduled. By means of the final distribution for 2015 and 2016, reserves for performers will be further reduced significantly in the current year.

The remaining reserves, including taxes, collection costs and other potential non distribution-related expenses amount to €12.4m.

Liabilities against the rights holders from distributions increased from €38.1m in the previous year to €44.5m. This item contains payments of sister societies earmarked to be passed on to rights holders amounting to €23.3m (previous year: €22.1m) and grants from the distributions of €21.2m which were not paid out to affected rights holders for the time being due to a lack of data and the set payout threshold above an amount of €5.

2.2. Financial situation – cash flow statement

Financial means of the company rose by €17.1m to €510.7m compared to the previous year. This increase resulted mainly from the expiry of term deposits amounting to €13.1m. Financial investments have only been made within the framework of the deposit guarantee schemes of the banks taking the GVL investment policies into account.

2.3. Income situation and business results

The annual surplus before other taxes and distribution (business results) amounts to

€185.6m (previous year: €183.7m). After grants for cultural, cultural-political and social purposes (€5.1m), an amount of €180.5m remains for the distribution (previous year: €111.4m after deduction of the temporarily blocked amount receivable of €68.7m, that is a total of €180.1m).

C. Forecast, opportunities and risk report

1. Risk report

1.1 Risk management

The primary objective of risk management is not only to avoid risks, but to manage risks in a controlled and effective manner in the company's day-to-day business. In this context, risks are compiled and rated in a risk assessment report for the supervisory body on a quarterly basis. The risk inventory contains diverse topics from all areas of GVL for which trained risk managers are used. Apart from risk management, they monitor all preventative measures to minimise identified risks. Strategic and operational risks are analysed and rated in regular meetings. Another objective of risk management is to raise risk awareness among all of GEMA's employees and to thus ensure long-term success for the company. Topics such as IT security, process security and market development are the main focus.

1.2 Financial risks

Due to the continuing insecure situation in the market, further financial risks may arise. Due to an anticipatory asset management in the context of the investment policies, possible negative interest is prevented and risks are controlled by a long-term investment strategy. Further risks may arise due

to falling interest rates. The risk of bad debt losses continues to exist for GVL, in particular taking potential ramifications of the pandemic into consideration. In order to effectively control risks, a monitoring process has been implemented. Additionally, the risk is reduced by an effective dunning system.

1.3 Business processes

Objective of the business process management at GVL is to increase efficiency, flexibility and transparency of internal business processes. Furthermore, business processes are defined as a link of valued-adding activities which meet customer requirements and are intended to reach business targets. In this context, business processes are supported and executed by information technology. They provide a more efficient development and a faster integration of new or improved systems. Establishing updated systems is intended to successfully contribute to satisfying the wishes and requirements of our rights holders and licensees. IT-supported processes do, however, also contain risks. Apart from potential IT system outages, additional risks for data security or unauthorised access can occur. Countermeasures have been implemented since the year under review in the course of projects, IT policies and IT security status processes are adapted in this context. Another task of business process management is the continued optimisation and monitoring of all business processes. By means of a systematic approval process, important end-to-end processes are optimised and verified on top of supporting processes. This way, the validity of the processes across the entire process landscape of GVL is guaranteed.

1.4. Market dependency

As a collective management organisation, GVL depends on the overall trends and de-

velopments within the entertainment sector. Here, the development of the usage behaviour of consumers and a quick increase of the use of online streaming services is of major significance. In the long run, the growing share of streaming services could impact negatively on the GVL income from broadcasts of sound recordings and private copying remuneration. As such, growing revenues in other remuneration sectors is pursued as a matter of priority.

2. Forecast

The current financial year 2021 is still impacted by the COVID-19 pandemic in all aspects.

It challenges GVL at all levels, even if, luckily, we had only very few cases of illness. Staff have nearly all been working from home for more than a year with the exception of those in the post room. We assume that, despite these challenges, we can adhere to the scheduled payments this year. All scheduled distributions before the time of reporting have been executed within the deadlines.

We expect considerable effects of the pandemic on the income side: The ongoing closure of clubs leads to a quasi complete loss of income for public performance. Retail stores, hotels or gyms cannot make any income at this time due to the closures. Restricted openings subject to the implementation of the relevant hygiene concepts are expected to continue to lead to economic losses in the long run. They will, in turn, impact on the ability of such business partners to pay their invoices. As a consequence, provisional deferred remuneration payments have been extended. How high those payments will be in the end, also against a background of potential pandemic-induced insolvencies, remains to be seen.

Broadcast remuneration is also expected to be subject to massive losses, especially in sectors which are ad-funded. This is because GVL remuneration is linked to private advertising revenue. In this area, a massive plunges in turnover are emerging because the means for broadcast advertising has been drastically reduced by the industry. In the face of the difficult economic situation of private households, public service broadcasters also have to expect losses from the obligatory fees households must pay ("TV licence").

It is hardly possible to project reliable numbers in this context. The restrictions linked to the lockdown situation will have a major effect on the regular income of GVL, also in the current financial year, 2021. In the worst case, this could result in a cut regarding regular income of up to 30%, which would have a delayed effect on distributions in the following year 2022.

For 2021, it is not expected that there will be any more operational additional income in the private copying sector. Since staff work from home due to COVID-19, the turnover for PCs and notebooks has been significantly increased in 2020, with corresponding additional income from levies for devices (blank media levy). This need has now been satisfied. In parallel, the consumer behaviour is still very restrained which mainly affects the important sectors such as smartphones and consumer electronics but also other sectors for devices which are subject to licence fees. At the same time, we do not expect a major inflow of adjustment payments for last year.

Mid-term, we expect a reduction of private copying remuneration due to the increasing shift of usage behaviour towards streaming services without storage facilities. This is especially true against the background that certain storage media such as cloud storage are not applied for blank media levies if pri-

vate copies are made there as permitted by statute. It is not possible to provide an exact forecast, not even for the business results. This is due to the volatile and varied development in terms of contractual arrangements, reporting figures and other factors.

Against our expectations, the arbitration body at the DPMA still has not decided on the applications for the conclusion of a general agreement regarding the reproduction for the purpose of public performance. There is a chance here that a tariff-related remuneration could be established which is above the level of GEMA. It is, however, questionable whether a compromise proposal will be accepted. As such, we expect that there might be ensuing legal proceedings before the courts. The pre-trial settlement offers regarding the remuneration for the music usage at open air stages have not yet been submitted either. They are probably also going to lead to another legal examination.

As a new general agreement has now been concluded with private radio as of the turn of the year 2020/21, negotiations for new general agreements with private TV broadcasters and for agreements with ZDF and Deutschlandradio will now continue. Agreements made regarding the application of GEMA tariff structures for radio and TV for ARD and radio for private broadcasters shall also be applied for private TV broadcasters, ZDF and Deutschlandradio. Until the parties come to an arrangement, previous tariff levels of the blanket agreements will be paid on an interim basis. Financial pressure due to COVID-19 losses on private broadcasters complicates the readiness to find an agreement.

It remains unclear for the financial sector how the interest levels continue to be influenced by negative interest and whether interest income for gilt-edged, secure investments as predetermined by statute

can only be achieved with great difficulty. Another item to consider is that the average interest rate yielded by GVL so far has been subject to long-term investments from the past which led to a much higher average interest rate than those that can be achieved in the market at the moment. Since these investments now come to the end of their lifespan, the average interest rate continues to sink despite an active investment policy.

Optimising the performer distribution on the basis of a completely usage-based distribution system and the ongoing improvement of the producer distribution on the basis of the obligatory track-based distribution shall remain a central priority for GVL in the current financial year.

Data quality, as a basis for faster and more complete distributions is to be improved further. Usage-based distributions require that the remuneration is kept on hold for several years for rights holders until they have submitted their contribution and repertoire notifications in full. In the current financial year, performer distributions are subject to a final opportunity to submit notifications for the distribution years 2017/2018 for the last time. These are the most important distribution areas for performers for sound recordings and used TV broadcasts. In the summer, the final distribution for distribution years 2015/2016 will take place. There, amounts will be paid out which had been reserved for the entitlements by the contributors who had not come forward within the three-year notification period.

On top of that, the regular distributions for the 2020 distribution year will be carried out in the current financial year, 2021.

For producers of sound recordings, there was a final distribution at the end of the year after the labelcode-based distribution had been superseded by a track-based distribution. It relates to the distribution year 2016.

In the run-up, new functionalities were made available regarding the resolution of conflicts on rights ownership in titles which were claimed by several producers, and a large part of unallocated usage was matched.

GVL continued to further develop its IT systems in the ongoing financial year. Here, we face a special challenge to develop and implement new technology modules while we have to keep our business running at all functionality levels, which only permits us to introduce and embed new IT solutions successively. This situation sometimes also leads to performance problems of existing systems where we now have billions of data operations and continues to require a lot of patience from GVL rights holders when they use the systems. A major challenge still exists in the creation of repertoire databases which are free of duplicates. We were not able to fully meet this objective in 2020, despite further improvements. Another factor to consider in 2021 is that the quota and data quality of the captured broadcast reports must be increased significantly. Identifying used repertoire for performers and producers of sound recordings after the 2020 conversion of broadcast reports by public service channels towards usage monitoring by deploying fingerprint technology has proved its functionality, but will be further optimised.

The upcoming Assembly of Rights Holders in June is of special significance, where 22 Delegates of the various rights holder groups will be elected for the next four years.

Additional tasks will arise from the adoption of the copyright law amendment which will implement the current EU Directive on the digital single market and the cable and satellite Directive which accompanies the online sector. Apart from the important issue of the liability of platforms, there are new remuneration rights subject to licences by collective management organisations/

music licensing companies arising for our rights holders. GVL has the technology to expand its portfolio of activities in this regard. Especially the increased use of artificial intelligence for identifying usage that is relevant for distribution provides a basis that allows to expand it to distributions for online usages as well.

In addition to its upcoming own distributions, Frau Professor Grütters, Federal Minister for Culture and Media, entrusted GVL with the granting of stipends in the course of the "Neustart kultur" project to their rights holders. We are grateful that €30m of federal funds have been made available to us for this purpose and will make every effort to alleviate the economic hardship of many of our rights holders with the scholarship programme.

Berlin, June 2021



Guido Evers



Dr. Tilo Gerlach

Gesellschaft zur Verwertung von Leistungsschutzrechten mit beschränkter Haftung (GVL), Berlin

Income from Rights and Deductions

Financial information pursuant to item 2 of the Annex to Section 58 (2) VGG

Rights' categories	Type of use	Income from rights in €'000s	Commissions
Broadcast	TV	28,950	
	Radio	43,692	
	Video clips	1,860	
		74,502	
Online use	IP-TV	0	
	Online Only	163	
	Podcasting	3,100	
	Simulcasting	2,350	
	Webcasting	1,797	
		7,410	
Public performance		26,517	Collection fee of up to 12.5%
Reproduction	Audio (private copying)	39,607	
	Video (private copying)	51,820	
	DVD	121	
	Non-commercial film production	0	
	School books	562	
		92,110	
Rental & lending	Rental	71	Collection fee of 30%
	Lending	1,776	Collection fee of up to 3%
		1,847	
Cable re-transmission	Cable retransmission Section 20b (1) UrhG	4,347	
	Cable re-transmission Section 20b (2) UrhG	1,753	Collection fee of up to 10 %
		6,100	
Foreign Territories	Foreign CMOs/MLCs	5,254	
Other	TTH term extension Section 79a UrhG	0	
Interest and income from securities, other income		2,400	
Total income from rights		216,140	

A further deduction of up to 5% for social and cultural purposes is taken from foreign income on the basis of Section 45 VGG and pursuant to the distribution regulations only with the express approval of the authorising collective management organisation/music licensing company. Income from rights will be made available to GVL rights holders and other collective management organisations/music licensing companies having contractual relations with GVL via representation agreements after deduction of the administration costs and grants for social and cultural purposes. Cable retransmission contains income from Section 20b (1) and (2) UrhG. The Online use category is new and was previously included in the Broadcasting category.

Costs for Rights Management and Other Services

Rights' categories	Expenditure by category of use in €'000s	Cost ratio in %
Broadcast	9,150	12.28
Online use	1,002	13.52
Public performance	6,156	23.22
Reproduction	13,111	14.23
Rental & lending	286	15.48
Cable re-transmission	886	14.53
Foreign Territories	0	
Other	0	
Costs that are not associated with rights management, including such costs for social and cultural purposes (grants)	5,083	
All operating and financial costs	35,675	16.51

All costs were covered by income arising from collection of rights and other revenues.
All directly attributable costs were directly allocated to the corresponding rights categories.
Where costs cannot be directly allocated, they are allocated to the rights categories in proportion to the income.

Information on Rejected Users Concerning the Granting of Rights of Use

In the 2020 financial year, GVL licensed 861 webcasters. In the financial year, no usage agreement was rejected due to conflicting justified interests.

Information on Available Funds for Rights Holders

Available Funds for Rights Holders

Available Funds for Rights Holders in €'000s*

Rights' categories	Total sum of amounts in the FY not yet Allocated to rights holders	Total sum of to rights holders** Allocated in the FY amounts	Total sum of in the FY Paid out amounts	Total sum of to rights holders** Allocated but Not yet paid out amounts****
Broadcast	185,463	97,071	105,841	30,592
Online use	16,098	6,199	5,827	1,042
Public performance	86,791	46,840	46,608	8,694
Cable re-transmission	102,197	8,750	8,120	1,738
Reproduction	77,700	124,908	109,177	23,575
Rental and lending	9,635	3,864	3,668	698
Foreign Territories		4,441	4,057	1,887
Other***	35	0	0	41
Total	477,919	292,073	283,298	68,226

* Payments including VAT and exclusive deductions of withholding tax payable.

** Including rightsholders of foreign collective management organisations/music licensing companies.

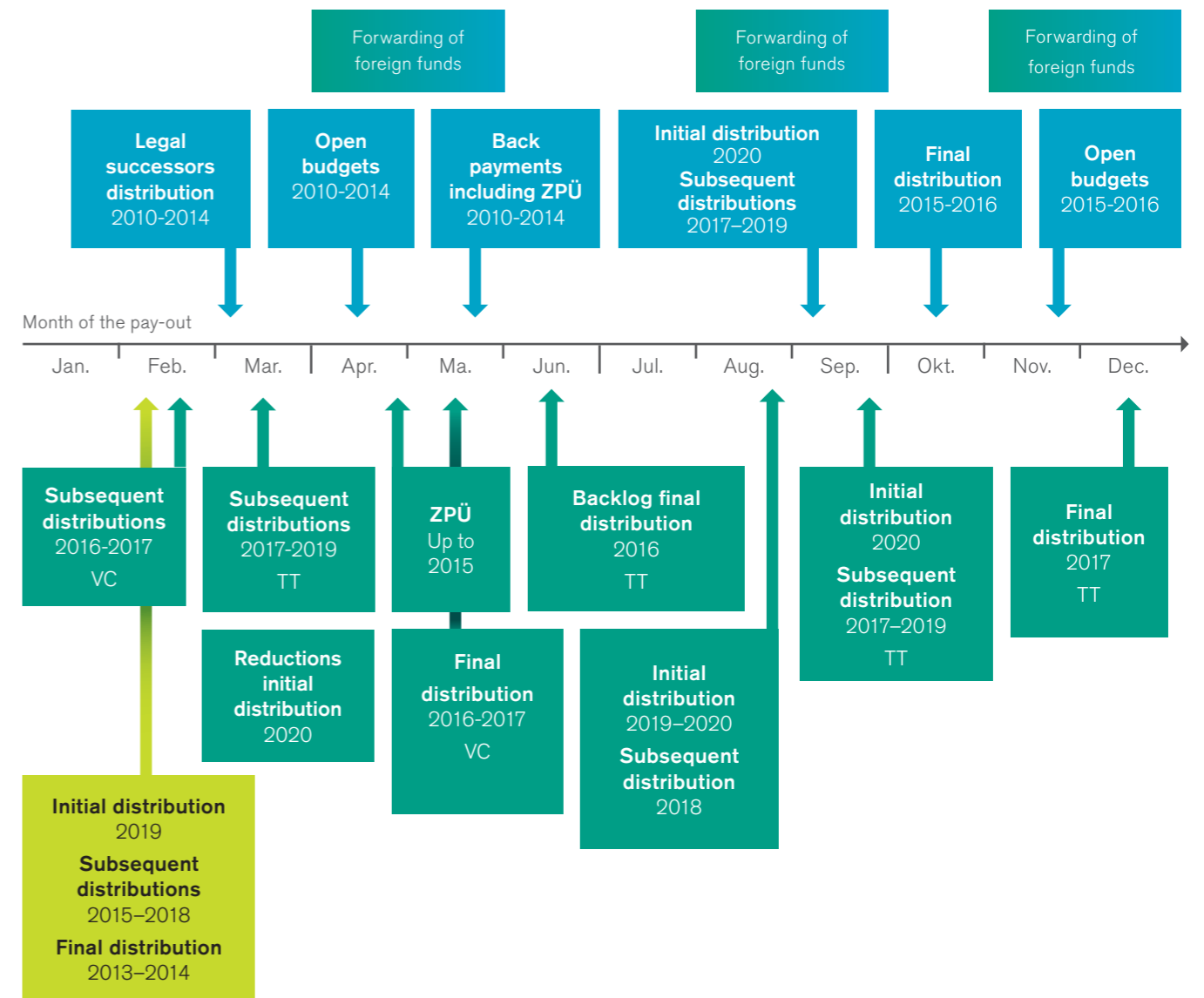
*** Includes amounts for reproduction/distribution/making available to the public of sound recordings older than 50 years.

**** Includes amounts allocated from the previous financial year.

Distribution Schedule

We point out that the payouts are generally scheduled on the dates mentioned (these refer to the end of the quarter respectively), however, individual distributions might, due to factual or technical reasons, deviate from this and take place at a later point in time. Where applicable, GVL is going to inform the rights holders on an adjustment regarding the payout dates separately.

Distribution 2021



- Performers
- Producers
- Event Organisers

- TT** Tonträger / Sound Recording
- VC** Videoclip / Music Video Clip
- ZPÜ** Zentralstelle für Private Überspielungsrechte (private Vervielfältigung) / Central collection and distribution organisation for private copying levies in Germany

Grants

Amounts Deducted from Revenue generated from Rights for Social and Cultural Purposes

Rights' categories	Amounts in €'000s
Broadcasting	1,816
Online use	181
Public performance	647
Reproduction	2,245
Rental & lending	45
Cable re-transmission	149
Total	5,083

Use of Funds for Social and Cultural Purposes

The amounts are allocated to the following uses:

Amounts used for social and cultural purposes	Amounts in €'000s
Cultural	1,512
Politico-cultural	1,017
Social	2,190
Pensioners	361
Donations	3
Total	5,083

Cooperation

Dependent Rights Management Organisations

GVL has holdings in three other companies which qualify as dependent rights management organisations within the meaning of Section 3 VGG: ZPÜ (Zentralstelle für private Überspielungsrechte GbR), ZBT (Zentralstelle Bibliothekstantieme GbR), ZVV (Zentralstelle für Videovermietung GbR) and the ARGE Kabel (Arbeitsgemeinschaft Kabel).

The ZPÜ creates its own Transparency Report to which reference is made at this point. With regards to the ZBT, reference is made to the statements in the annual report of the managing partner, VG Wort.

Collective Management Service Providers

Name	Activity
ARGE-KABEL	Cable re-transmission
GEMA	Cable re-transmission Public performance Private copying Rental (ZVV)
VG WORT	Cable re-transmission Lending (ZBT)
ZPÜ	Private copying

Cooperation with Other Collective Management Organisations/Music Licensing Companies

GVL is linked to its sister organisations via 65 representation agreements all over the world. GVL does not pay rights holders of other collective management organisations/music licensing companies directly. They forward the amounts received from GVL to the respective rights holders.

Amounts received from abroad in €'000s		
Name	Country	Total
Adami	France	327.2
AFM & SAG-AFTRA	USA	99.3
AIE	Spain	241.3
Erato	Greece	0.1
Estonian Association	Estonia	2.5
Filmex	Denmark	34.0
GEIDANKYO	Japan	147.1
Gramex DK	Denmark	290.6
Gramex Fin	Finland	66.3
Gramo	Norway	38.7
HUZIP	Croatia	4.6
IFPI	Sweden	2.3
JAMMS	Jamaica	1.1
LAIPA	Latvia	16.7
LSG	Austria	668.1
Norma	Netherlands	225.2
Playright	Belgium	210.0
PPL	UK	647.5
RAAP	Ireland	55.5
SAMI	Sweden	159.3
SAMPRA	South Africa	3.4
SAWP	Poland	28.9
SCPP	France	70.8
SENA	Netherlands	524.2
SoundExchange	USA	295.7
Spedidam	France	464.3
Swissperform	Switzerland	343.6
VdFS	Austria	285.7
Total sum		5,254.0

No deductions are taken from foreign income.

Amounts paid to foreign collective management organisations/music licensing companies in €'000s

Name	Country	Total
AARC	USA	2,300.0
ACTRA	Canada	463.8
Adami	France	278.6
AIE	Spain	1,159.5
ARTISTI	Canada	76.1
BECS	UK	1,252.6
CREDIDAM	Romania	9.2
FILMEX	Denmark	132.2
GDA	Portugal	37.9
GEIDANKYO	Japan	39.3
Gramex DK	Denmark	2,406.6
GRAMEX FIN	Finland	366.8
Gramo	Norway	103.0
GWFF (SAG-AFTRA)	USA	1,559.0
HUZIP	Croatia	30.0
INTERGRAM	Czech Republic	2,185.5
IPF	Slovenia	2.3
ITSRIGHT	Italy	248.2
LAIPA	Latvia	4.3
LSG	Austria	1,810.3
MROC	Canada	249.4
Norma	Netherlands	156.1
Nuovo IMAIE	Italy	749.6
Playright	Belgium	255.9
PPL	UK	32,507.2
RAAP	Ireland	406.1
SAMI	Sweden	1,342.7
SCF	Italy	504.6
SENA	Netherlands	1,442.6
SIMIM	Belgium	5.3
SoundExchange	USA	6,040.0
SPEDIDAM	France	19.2
STOART	Poland	1,336.9
SWISSPERFORM	Switzerland	261.1
VdFS	Austria	1,287.8
Total sum		61,029.7

Auditor's Certificate on the Transparency Report

Review of the independent auditor after review of the financial information referred to in point 1 (g) of the Annex (to Sec. 58 (2) Collecting Societies Act [Verwertungsgesellschaftengesetz – VGG]) of the Collecting Societies Act contained in the annual transparency report as well as the content of the special report referred to in point 1 (h) of the Annex (to Sec. 58 (2) VGG) of the Collecting Societies Act for the period from 1 January 2020 to 31 Dezember 2020.

Review report

To the Gesellschaft zur Verwertung von Leistungsschutzrechten mit beschränkter Haftung (GVL).

We have reviewed the financial information referred to in point 1 (g) of the Annex (to Sec. 58 (2) VGG) of the Collecting Societies Act contained in the annual transparency report as well as the content of the special report referred to in point 1 (h) of the Annex (to Sec. 58 (2) VGG) of the Collecting Societies Act for the period from 1 January 2020 to 31 December 2020 according to Section 58 (3) VGG.

Management's responsibility

Management of Gesellschaft zur Verwertung von Leistungsschutzrechten mit beschränkter Haftung (GVL) is responsible for the financial information referred to in point 1 (g) of the Annex (to Sec. 58 (2) VGG) of the Collecting Societies Act contained in the annual transparency report as well as the content of the special report referred to in point 1 (h) of the Annex (to Sec. 58 (2) VGG) of the Collecting Societies Act.

(2) VGG) of the Collecting Societies Act. Management is responsible for such internal control as they have deemed necessary to enable the financial information referred to in point 1 (g) of the Annex (to Sec. 58 (2) VGG) of the Collecting Societies Act contained in the annual transparency report as well as the content of the special report referred to in point 1 (h) of the Annex (to Sec. 58 (2) VGG) of the Collecting Societies Act to be prepared free from material misstatement, whether due to fraud or error.

Practitioner's Responsibility

Our responsibility is to issue a report on the financial information referred to in point 1 (g) of the Annex (to Sec. 58 (2) VGG) of the Collecting Societies Act contained in the annual transparency report as well as the content of the special report referred to in point 1 (h) of the Annex (to Sec. 58 (2) VGG) of the Collecting Societies Act based on our review.

We conducted our review of the financial information referred to in point 1 (g) of the Annex (to Sec. 58 (2) VGG) of the Collecting Societies Act contained in the annual transparency report as well as the content of the special report referred to in point 1 (h) of the Annex (to Sec. 58 (2) VGG) of the Collecting Societies Act in accordance with the German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW) [Institute of Public Auditors in Germany].

Those standards require that we plan and perform the review so that we can preclude, by critical evaluation, with limited assur-

ance, that the financial information referred to in point 1 (g) of the Annex (to Sec. 58 (2) VGG) of the Collecting Societies Act contained in the annual transparency report as well as the content of the special report referred to in point 1 (h) of the Annex (to Sec. 58 (2) VGG) of the Collecting Societies Act, have not been prepared, in all material respects, in accordance with the requirements of the Annex (to Sec. 58 (2) VGG) of the Collecting Societies Act. A review is limited primarily to inquiry of company employees and analytical procedures and therefore does not provide the assurance attainable in an audit. Since, in accordance with our engagement, we have not performed an audit, we cannot express an audit opinion.

Conclusion

Based on our review, no matters have come to our attention that cause us to believe that the financial information referred to in point 1 (g) of the Annex (to Sec. 58 (2) VGG) of the Collecting Societies Act contained in the annual transparency report as well as the content of the special report referred to in point 1 (h) of the Annex (to Sec. 58 (2) VGG) of the Collecting Societies Act have not been prepared, in all material respects, in accordance with the requirements of the Annex (to Sec. 58 (2) VGG) of the Collecting Societies Act.

Basis of accounting and restriction on distribution and use

Without modifying our conclusion, we draw attention to point 1 (g) of the Annex (to Sec. 58 (2) VGG) of the Collecting Societies Act and point 1 (h) of the Annex (to Sec. 58 (2) VGG) of the Collecting Societies Act, describing the reporting requirements and reporting content. The Transparency report have been prepared for Provision of information to entitled persons according to the legal requirements of VGG. As a result, the Transparency report and information contained therein may not be suitable for any other purpose than the purpose referred to above.

Our review report is intended solely for Gesellschaft zur Verwertung von Leistungsschutzrechten mit beschränkter Haftung (GVL) and should not be distributed to third parties without our consent herein and should not be used by third parties.

Limitation of liability

In accordance with section 9 para. 2 of these General Engagement Terms for Wirtschaftsprüfer und Wirtschaftsprüfungsgesellschaften [German Public Auditors and Public Audit Firms] as of 1 January 2017, attached as Appendix, our liability for an individual case of damages caused by negligence, with the exception of damages resulting from injury to life, body or health, as well as for damages that constitute a duty of replacement by a producer pursuant to section 1 German Product Liability Act [Produkthaftungsgesetz – ProdHaftG] is limited to EUR 4 million. This limitation of liability shall apply to all addressees respectively third parties (hereinafter: “recipients”), which receive our report as intended by us. These recipients are joint and several creditors within the meaning of section 428 German Civil Code [Bürgerliches Gesetzbuch – BGB] and the amount of liability of EUR 4 million for each case of damage is only available once to all recipients together.

We do not accept any responsibility, liability or other obligation in relation to other third parties.

Berlin, 11 June 2021

sgd. Thorsten Schmidt
Wirtschaftsprüfer
[German Public Auditor]

Warth & Klein Grant Thornton AG
Wirtschaftsprüfungsgesellschaft

sgd. Mirko Ludwig
Wirtschaftsprüfer
[German Public Auditor]

List of Abbreviations

AV	Audiovisual
BVMI	Bundesverband Musikindustrie e.V. [Federal Association of the Music Industry (registered association)]
DOV	Deutsche Orchestervereinigung e.V. [German Orchestra Association (registered association)]
GEMA	Gesellschaft für musikalische Aufführungs- und mechanische Vervielfältigungsrechte [German copyright management organisation for musical performing and mechanical reproduction rights]
FY	Financial Year
GVL	Gesellschaft zur Verwertung von Leistungsschutzrechten mit beschränkter Haftung [German Collective Management Organisation for Neighbouring Rights]
GWFF	Gesellschaft zur Wahrnehmung von Film- und Fernsehrechten mbH [German Collective Management Organisation for the Perception of Film and TV Rights]
GÜFA	Gesellschaft zur Übernahme und Wahrnehmung von Filmaufführungsrechten mbH [German Collective Management Organisation for Film Production Companies and Copyright Holders]
HGB	Handelsgesetzbuch [German Commercial Code]
HRB	Handelsregister Abteilung B [German Commercial Register, Department B]
IDW	Institut der Wirtschaftsprüfer in Deutschland e.V. [Institute of Public Auditors in Germany (registered association)]
IFPI	International Federation of the Phonographic Industry
NrsTT	neuerschienene Tonträger ohne relevante Sendenutzung – „nicht relevant gesendete Tonträger (nrsTT)“ [newly released sound recordings with extraneous broadcasting use – “extraneous broadcast sound recordings”]
TT	Tonträger [sound recordings]
TTH	Tonträgerhersteller [producers of sound recordings]
TWF	Treuhandgesellschaft Werbefilm [German Collective Management Organisation for Commercial/Advertising Films]
UrhG	Urheberrechtsgesetz [German Copyright Act]
VC	Videoclip
VFF	Verwertungsgesellschaft der Film- und Fernsehproduzenten mbH [German Collective Management Organisation for Film and TV-Producers]
VG	Verwertungsgesellschaft [Collective management organisation]
VG Bild- Kunst	Verwertungsgesellschaft BILD-KUNST, Rechtsfähiger Verein kraft staatlicher Verleihung [German Collective management organisation for Imaging Artists]
VGf	Verwertungsgesellschaft für Nutzungsrechte an Filmwerken [Collective management organisation for usage rights in cinematographic works]
VGG	Gesetz über die Wahrnehmung von Urheberrechten und verwandten Schutzrechten durch Verwertungsgesellschaften [German Act on Collective Management Organisations]
VG WORT	Verwertungsgesellschaft WORT, Rechtsfähiger Verein kraft Verleihung [German Collective management organisation for Usage rights in literary works]
ZBT	Zentralstelle Bibliothekstantieme, Gesellschaft bürgerlichen Rechts [German Central Library Levy Organisation]
ZPÜ	Zentralstelle für private Überspielungsrechte, Gesellschaft bürgerlichen Rechts [German Central Organisation for Private Copying Rights]

