



Transparency Report
Fiscal year 2018

Table of Contents

| | |
|---|-----------|
| INTRODUCTION | 2 |
| 1 ANNUAL ACCOUNTS | 3 |
| 1.1 Balance Sheet | 3 |
| 1.2 Statement of income | 4 |
| 1.3 Cash Flow Statement | 5 |
| 1.4 Notes to accounts | 6 |
| 2 MANAGEMENT REPORT | 13 |
| 3 LEGAL AND GOVERNANCE STRUCTURE | 13 |
| 4 REMUNERATION OF THE BODIES | 13 |
| 4.1 AGICOA Europe a.s.b.l. Management | 13 |
| 4.2 Administrative Board and its President | 13 |
| 5 ADDITIONAL FINANCIAL INFORMATION | 14 |
| 5.1 Royalties collected in 2018 per country, per broadcast period and by type of use | 14 |
| 5.2 Amounts collected (excluding from collecting societies) | 14 |
| 5.3 Amounts to be invoiced to collecting societies | 14 |
| 5.4 Income arising from the investment of rights revenue | 14 |
| 5.5 AGICOA Alliance Management fees | 14 |
| 5.6 Amounts put into distribution by AGICOA Europe a.s.b.l. | 15 |
| 5.7 Distribution plan | 15 |
| 5.8 Payments to rightsholders/ collecting societies | 15 |

Introduction

This is the first transparency report produced by AGICOA Europe a.s.b.l. pursuant to the entry into force of the Luxembourg Grand-Duchy Law of 25 April 2018 on collective management of copyrights and neighboring (the “Law”).

AGICOA Europe a.s.b.l.’s bylaws and governing rules have been reviewed and modified in 2018 so as to ensure full compliance to the Law. The authorization of AGICOA Europe a.s.b.l. granted by the Luxembourg Grand-Duchy’s Ministry of Economy to act as a collective management organization has consequently been renewed in 2018 for a period of three years.

Beyond the above corporate work, AGICOA Europe a.s.b.l.’s activities in 2018 were limited in that its main task was to distribute funds collected from AIPA in Slovenia.

AGICOA Europe a.s.b.l. maintains a strict separation between operational accounts and fiduciary accounts due to rightsholders. This transparency report covers both operational and fiduciary accounts.

Sincerely Yours,

A handwritten signature in black ink, appearing to be 'Tom De Lange', written over a light blue horizontal line.

Tom De Lange
Managing Director

1 Annual accounts

1.1 Balance Sheet

| | Notes | 2018 EUR | 2017 EUR |
|---|-------|------------------|------------------|
| Assets | | | |
| Current assets | | | |
| Cash and term-deposits | | 1 168 518 | 4 821 717 |
| Receivables | 3 | 944 532 | 1 403 |
| | | <u>2 113 050</u> | <u>4 823 120</u> |
| Total Assets | | | |
| Liabilities | | | |
| Capital | | | |
| Profit/Loss for the financial year | | 0 | 0 |
| | | <u>0</u> | <u>0</u> |
| Provisions for liabilities and charges | | | |
| Becoming due and payable within one year | 4 | 297 808 | 0 |
| | | <u>297 808</u> | <u>0</u> |
| Creditors | | | |
| Trade Creditors | | | |
| becoming due and payable within one year | | 57 934 | 1 830 |
| Tax and social security debts | | | |
| Tax debts | | 4 491 | 0 |
| Other Creditors | | | |
| becoming due and payable within one year | 5 | 1 752 817 | 4 821 290 |
| | | <u>1 815 242</u> | <u>4 823 120</u> |
| Total liabilities | | | |
| | | <u>2 113 050</u> | <u>4 823 120</u> |

1.2 Statement of income

| <u>CHARGES</u> | <u>Notes</u> | 2018 | 2017 |
|--|---------------------|-------------------------|-------------------------|
| Use of merchandise, raw materials and consumable materials | | 0 | 1'712 |
| Other external charges | 6 | 103'732 | 3'215 |
| Other operating charges | | 966'785 | 4'978'789 |
| Extraordinary expenses | | 0 | 0 |
| Tax on profit or loss | 8 | 211 | 0 |
| Other taxes | 8 | 4'815 | 1'070 |
| TOTAL CHARGES | | <u>1'075'543</u> | <u>4'984'786</u> |
| | | | |
| <u>INCOME</u> | | | |
| Net turnover | | 960'829 | 4'978'789 |
| Other operating income | 7 | 114'714 | 5'997 |
| Profit/Loss for the financial year | | 0 | 0 |
| TOTAL INCOME | | <u>1'075'543</u> | <u>4'984'786</u> |

1.3 Cash Flow Statement

The cash flow statement presented herein uses the direct method.

| | Cash in EUR |
|--|--------------------|
| | 2018 |
| Beginning of year | 4'821'717 |
| Slovenian Royalties before 2010 from AGICOA Geneva | 163'395 |
| Budget annuel 2018 | 89'000 |
| Royalties paid to rightholders | -3'377'722 |
| Payments - suppliers / expenses | -53'464 |
| Payments VAT | -356 |
| Payments Agicoa Alliance Management Fees to Geneva | -383'878 |
| Reimbursement to Agicoa Geneva | -89'838 |
| Bank fees | -336 |
| End of year | 1'168'518 |

1.4 Notes to accounts

Note 1 – General

AGICOA Europe a.s.b.l. (the “Association”) is a not-for-profit association organized in compliance with by-laws of 11 September 2018, as well as the law of Luxembourg dated 21 April 1928, relating to not-for-profit associations and foundations, and its amendments.

The main activity of the Association is to act as a Collective Management Organization on behalf of producers of audiovisual works, their successors in title and entities representing them who are Members and/or Declarants of the Association.

The registered office of the Association is 25-27, Zone d’Activité économique Kehlen, L-8287 Kehlen, Grand-Duchy of Luxembourg.

Note 2 – Significant accounting policies

General

The annual accounts are prepared by analogy with Luxembourg legal and regulatory requirements as well as with generally accepted accounting principles in Luxembourg and in accordance with the Law of 25 April 2018 on collective management of copyright and related rights and multi-territorial licensing of rights in musical works for online use in the internal market and modifying the modified Law of 18 April 2001 on copyright, related rights and database.

Receivables and debts

Receivables and debts are recorded at their nominal value and are subject to value adjustment and provisions for bad debts (shown under Provisions for liabilities and charges) where their recoverability is compromised. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

Income and charges

The royalties of a given broadcasting year are recognized in the Association’s books when the exact amount thereof is known i.e. generally in the fiscal year following the retransmission.

All income regarding a residual collection on old broadcasting years will be recognized in the fiscal year of receipt of such residual collection.

The operating income of the Association is related to fiduciary funds to cover operating expenses.

Foreign currency translation

Income and charges denominated in currencies other than EUR are translated at the exchange rate prevailing at the date of the relevant transaction. Debtors, cash at bank and liabilities denominated in currencies other than EUR are stated at the rate of exchange prevailing at the balance sheet date. Realized and unrealized exchange gains and losses are recorded in the statement of profit and loss.

Note 3 – Receivables

| | 2018 | 2017 |
|--|-------------------|-----------------|
| | EUR | EUR |
| Receivables | | |
| becoming due and payable within one year | | |
| Trade debtors | 912'787.26 | 0.00 |
| Other debtors | 31'745.19 | 1'402.53 |
| Taxes | 0.00 | 0.00 |
| | <u>944'532.45</u> | <u>1'402.53</u> |

Note 4 – Provisions for liabilities and charges

Provisions consist of fiduciary funds put into distribution pending allocation to rightsholders.

Fiduciary funds put into distribution pending allocation to rightsholders are composed of the following provisions which are recorded per country, type of use, per broadcast year and due to rightsholders:

| | 2018 |
|---|----------------|
| | EUR |
| Broadcasts payable inventory | 86 200 |
| Broadcasts pending late claims | 110 978 |
| Broadcasts in conflict | 91 988 |
| Broadcasts on blocked works | 1 315 |
| Other provisions | 7 327 |
| | <hr/> |
| Fiduciary funds put into distribution pending allocation to rightsholders | 297 808 |

These provisions are further detailed below:

Broadcasts payable inventory **EUR 86 200**

This inventory of work-in-progress is composed of amounts released from the broadcast accounts, as a consequence of claims registered, but that have not been allocated / committed to rightsholders.

| Country | Period of Broadcast | Type of use | Total in EUR |
|----------|---------------------|-------------|--------------|
| Slovenia | 2005 | Cable | 1'675 |
| Slovenia | 2006 | Cable | 2'514 |
| Slovenia | 2007 | Cable | 4'936 |
| Slovenia | 2008 | Cable | 6'361 |
| Slovenia | 2009 | Cable | 11'889 |
| Slovenia | 2010 | Cable | 1'587 |
| Slovenia | 2011 | Cable | 8'400 |
| Slovenia | 2012 | Cable | 11'373 |
| Slovenia | 2013 | Cable | 10'176 |
| Slovenia | 2014 | Cable | 17'407 |
| Slovenia | 2015 | Cable | 7'350 |
| Slovenia | 2016 | Cable | 2'532 |

Broadcasts pending late claims

EUR 110 978

Rightsholders have to register their audio-visual works and rights in order to claim their entitlement to AGICOA Europe a.s.b.l. rights revenue. Following the first distribution AGICOA Europe a.s.b.l. holds a provision for rightsholders to make late claims during a period of minimum three years until a final distribution is run. Any non-distributed amount remaining following the final distribution is allocated to the general reserve. As from 2018, such non-distributable amount shall be allocated to the general reserve pending decision of the General Assembly as their use. To be noted that there is no such amount in 2018.

| Country | Period of Broadcast | Type of use | Total in EUR |
|----------|---------------------|-------------|--------------|
| Slovenia | 2010 | Cable | 6'447 |
| Slovenia | 2011 | Cable | 24'008 |
| Slovenia | 2012 | Cable | 22'741 |
| Slovenia | 2013 | Cable | 13'947 |
| Slovenia | 2014 | Cable | 13'500 |
| Slovenia | 2015 | Cable | 19'952 |
| Slovenia | 2016 | Cable | 10'383 |

Broadcasts in conflict

EUR 91 988

In case of double claims the amounts are blocked for payment until conflict resolution and pay-out to the entitled rightsholder.

| Country | Period of Broadcast | Type of use | Total in EUR |
|----------|---------------------|-------------|--------------|
| Slovenia | 2005 | Cable | 4'244 |
| Slovenia | 2006 | Cable | 4'740 |
| Slovenia | 2007 | Cable | 3'111 |
| Slovenia | 2008 | Cable | 4'422 |
| Slovenia | 2009 | Cable | 4'976 |
| Slovenia | 2010 | Cable | 7'713 |
| Slovenia | 2011 | Cable | 10'839 |
| Slovenia | 2012 | Cable | 17'033 |
| Slovenia | 2013 | Cable | 10'062 |
| Slovenia | 2014 | Cable | 10'518 |
| Slovenia | 2015 | Cable | 10'699 |
| Slovenia | 2016 | Cable | 3'631 |

Broadcasts on blocked works

EUR 1 315

During the clarification or completion of audiovisual works data the payments are temporarily blocked on the work until proper matching with the broadcast data can be performed.

| Country | Period of Broadcast | Type of use | Total in EUR |
|----------|---------------------|-------------|--------------|
| Slovenia | 2005 | Cable | 11 |
| Slovenia | 2006 | Cable | 5 |
| Slovenia | 2007 | Cable | 14 |
| Slovenia | 2008 | Cable | 296 |
| Slovenia | 2009 | Cable | 687 |
| Slovenia | 2010 | Cable | 98 |
| Slovenia | 2012 | Cable | 204 |

Other provisions

EUR 7 327

These temporary provisions cover essentially amounts blocked in relation to series, seasons, episodes with missing information regarding the episode broadcast and/or requiring clarification on the rights.

| Country | Period of Broadcast | Type of use | Total in EUR |
|----------|---------------------|-------------|--------------|
| Slovenia | 2010 | Cable | 505 |
| Slovenia | 2011 | Cable | 1'856 |
| Slovenia | 2012 | Cable | 1'059 |
| Slovenia | 2013 | Cable | 494 |
| Slovenia | 2014 | Cable | 1'526 |
| Slovenia | 2015 | Cable | 1'489 |
| Slovenia | 2016 | Cable | 398 |

Note 5 – Other Creditors

Other creditors consist of fiduciary funds to be put into distribution, payables to rightsholders and partner organisations, and other fiduciary provisions:

| | |
|---|------------------------|
| | 2018 |
| | EUR |
| Fiduciary funds to be put into distribution | 1 648 837 |
| Payable to Rightsholders | 25 205 |
| Other fiduciary provisions | 77 172 |
| Payable to other partner organization | 1 603 |
| | <hr/> 1 752 817 |

Fiduciary funds to be put into distribution **EUR 1 648 837**

The collection of royalties per country, per broadcast year and per type of use is in general put into distribution the following year. The distribution of some amounts collected prior to 2018 was postponed pending clarification.

Further details per country, broadcast periods and type of use are provided below.

| Country | Period of Broadcast | Type of use | Total in EUR |
|----------------|----------------------------|--------------------|---------------------|
| Slovenia | 2005 | Cable | 256 |
| Slovenia | 2006 | Cable | 199 |
| Slovenia | 2007 | Cable | 15 |
| Slovenia | 2008 | Cable | 17 |
| Slovenia | 2009 | Cable | 169 |
| Slovenia | 2010 | Cable | -2'852 |
| Slovenia | 2011 | Cable | -14'390 |
| Slovenia | 2012 | Cable | -343'895 |
| Slovenia | 2013 | Cable | 222'287 |
| Slovenia | 2014 | Cable | 239'823 |
| Slovenia | 2015 | Cable | 174'568 |
| Slovenia | 2016 | Cable | 459'853 |
| Slovenia | 2017 | Cable | 912'787 |

| | |
|---|------------------------|
| | 2018 |
| | EUR |
| Royalties to be invoiced | 912 787 |
| Royalties collected in 2017 | 736 050 |
| | <hr/> 1 648 837 |
| Fiduciary funds to be put into distribution - end of year | |

The total amount payable to rightsholders at the end of 2018 is EUR 25 205

| Country | Period of Broadcast | Type of use | Total in EUR |
|----------|---------------------|-------------|--------------|
| Slovenia | 2005 | Cable | 2'363 |
| Slovenia | 2006 | Cable | 2'734 |
| Slovenia | 2007 | Cable | 957 |
| Slovenia | 2008 | Cable | 821 |
| Slovenia | 2009 | Cable | 3'653 |
| Slovenia | 2010 | Cable | 684 |
| Slovenia | 2011 | Cable | 506 |
| Slovenia | 2012 | Cable | 4'254 |
| Slovenia | 2013 | Cable | 2'676 |
| Slovenia | 2014 | Cable | 1'796 |
| Slovenia | 2015 | Cable | 2'111 |
| Slovenia | 2016 | Cable | 2'650 |

Other fiduciary provisions

EUR 77 172

General reserve

69 418

Other fiduciary provisions

7 754

77 172

The general reserve has the prime purpose to fund the operating costs to run off AGICOA Europe a.s.b.l.'s fiduciary liabilities in the event activities are discontinued. The general reserve is also providing cover for unforeseen claims from third parties as well as errors and omissions after final distributions have been processed. This general reserve was increased with the non-distributable amounts prior to 2018.

| Country | Period of Broadcast | Type of use | Total in EUR |
|----------|---------------------|-------------|--------------|
| Slovenia | 2005 | Cable | 6'150 |
| Slovenia | 2006 | Cable | 8'726 |
| Slovenia | 2007 | Cable | 7'352 |
| Slovenia | 2008 | Cable | 12'796 |
| Slovenia | 2009 | Cable | 22'404 |
| Slovenia | 2010 | Cable | 11'990 |

In 2018, there are no non-distributable amount generated because AGICOA Europe a.s.b.l. did not run any final distribution.

Note 6 – Other external charges

Other external charges are composed of administrative and legal expenses for EUR 103 732.

Note 7 – Other operating income

For the year 2018 and according to its statutes, the operating income of the Association is set out in a budget granted by its General Assembly and income from fiduciary funds dedicated to cover operating expenses. This income is deducted from the revenues collected on behalf of and on the account of its members or other rightsholders.

The 2018 operating income of EUR 114.714,69 is composed of the approved budget of EUR 89.000 as well as legal costs financed from royalties collected of EUR 25.714,69.

Note 8 – Taxes

The Association is subject to the general tax regulations in Luxembourg.

Note 9 – Subsequent event

On December 10, 2018, a court decision regarding a litigation against TELEKOM Slovenije decided that the Association is entitled to receive an amount of EUR 2.2 million.

Such amount is due to be paid in 12 instalments of EUR 183 333.33 each from January 2019 till December 2019. Apparently contrary to Slovenian Law, the agreed instalment payments are been made by TELEKOM Slovenije but with a deduction of withholding tax. The Association thus needs to go back to court to clarify the situation and the actual amount to be received. In addition, these EUR 2.2 million need to be split among the Association and other entities (EBU, VG Media and SAZAS).

Consequently, the Association will recognize the relevant exact amount when definitively known.

2 Management Report

AGICOA Europe a.s.b.l.'s bylaws and governing rules have been reviewed and modified in 2018 so as to ensure full compliance to the Law. The authorization of AGICOA Europe a.s.b.l. granted by the Luxembourg Grand-Duchy's Ministry of Economy to act as a collective management organization has consequently been renewed in 2018 for a period of three years.

Beyond the above corporate work, AGICOA Europe a.s.b.l.'s activities in 2018 were limited in that its main task was to distribute funds collected from AIPA in Slovenia.

3 Legal and governance structure

AGICOA Europe a.s.b.l. is a not-for-profit association organized corporately in compliance with its By-Laws of 11 September 2018 as well as the Luxembourg Law dated 21 April 1928, relating to not-for-profit associations and foundations, and its amendments.

AGICOA Europe a.s.b.l.'s bodies are the following:

- A. The General Assembly
- B. The Executive Board and its President
- C. The Managing Director
- D. The Auditor

The General Assembly is composed of all founding, institutional and individual members.

4 Remuneration of the bodies

4.1 AGICOA Europe a.s.b.l. Management

No remuneration was paid to the Management team in 2018.

4.2 Administrative Board and its President

In 2018, no remuneration was paid to any member of the Administrative Board nor to the President.

5 Additional financial information

5.1 Royalties collected in 2018 per country, per broadcast period and by type of use

The fiduciary funds are accounted for by year of broadcast, by country of collection and by type of use.

A distribution for a specific broadcast year is deemed to have started when the value of the broadcast on channels which are part of the said distribution is calculated and when first payments to rightsholders have been released. The royalties earned are accounted for on an accruals basis.

AGICOA Europe a.s.b.l. has recorded for the fiscal year 2018 **EUR 912 787**

During 2018, AGICOA Europe a.s.b.l. did not refuse to issue a license to any user.

5.2 Amounts collected (excluding from collecting societies)

No collection in 2018. **EUR 0**

5.3 Amounts to be invoiced to collecting societies

At the end of 2018, AGICOA Europe a.s.b.l. recorded one invoice to be issued to AIPA.

| Country | Period of Broadcast | Type of use | Total in EUR |
|----------|---------------------|-------------|--------------|
| Slovenia | 2017 | Cable | 912'787 |

5.4 Income arising from the investment of rights revenue

Investment income over rights revenue collected to be put into distribution is added to the rights revenue put into the first distribution. The income arising from investments on any other liabilities is attributed to the general reserve.

AGICOA Europe a.s.b.l. is very prudent and is holding the fiduciary assets essentially on current accounts.

5.5 AGICOA Alliance Management fees

The AGICOA Alliance Management fees correspond to the annual single rate deductions applied to all new rights revenue put into distribution for a given year. For 2018, this percentage was of 8.35% under the general mandate, as per AGICOA's General Assembly's resolution dated December 12, 2017.

AGICOA Alliance Management fees deducted **EUR 383 878**

5.6 Amounts put into distribution by AGICOA Europe a.s.b.l.

The rights revenue is distributed on the basis of the distribution plan approved by the Administrative Board.

Amount put into distributions (net of management fees) EUR 3 623 856

| Country | Period of Broadcast | Type of use | Total in EUR |
|----------|---------------------|-------------|--------------|
| Slovenia | 2010 | Cable | 77'555 |
| Slovenia | 2011 | Cable | 388'403 |
| Slovenia | 2012 | Cable | 984'879 |
| Slovenia | 2013 | Cable | 514'275 |
| Slovenia | 2014 | Cable | 586'931 |
| Slovenia | 2015 | Cable | 642'369 |
| Slovenia | 2016 | Cable | 429'444 |

5.7 Distribution plan

The distribution plan 2018 has been fully realized at the end of December 31.

5.8 Payments to rightsholders/ collecting societies

At the end of the year 2018, AGICOA Europe a.s.b.l. has paid out 3 377 722 EUR out of which 3 377 468 EUR were paid out to collecting society AGICOA Geneva.