

(all balances are indicated in thousand HUF unless otherwise specified)

1. The operational environment of Artisjus in 2019

1.1 Legal environment

Artisjus has been continuously adapting to the changing internal legal environment. However, recently, there have been no comprehensive or substantial amendments to the legislation that would have fundamentally determined the operation of our Society. The legal environment is going to change in 2020 with the expected transposition of the EU Copyright Directive as part of the EU's Digital Single Market strategy, and the related Broadcasting, Satellite and Cable Directive. These were approved by the EU in 2019, and member states are to transpose them within three years. In 2019 Artisjus participated in the multiple-round, exemplary talks organized by the Ministry of Justice and the Hungarian Intellectual Property Office (HIPO), which aim to prepare the way for this transposition. The transposition will affect several aspects of the basic collective licensing activities of the Society.

The non-professionally motivated amendment of Act No. LXXVI of 1999 on Copyright (Szt.) in connection with the amendment of the Media Act was arbitrary and unexpected. It would have repealed the rule granting the authorization right of recording for the purposes of repeated broadcast; in other words, this amendment would have simply deprived the right holders represented by the Society from this copyright. In the end, this was not approved in its original form. The amendment was essentially directed against performers' rights, but its relevant provisions also made reference to the "parallel" copyright. As a result of the opinions put forward by Artisjus – among others – and to the action taken by the artists/performers affected, the amendment did not enter into force, but in its stead, a provision negatively affecting the collective rights management of performers was included in the Copyright Act. According to this provision, the collective management organizations of performers may not deduce administrative costs from the royalties collected in connection with the enforcement of claims related to repeated broadcasting. This rule is unprecedented, and it raises concern from the aspect of constitutionality.

1.2 Evolution of our relations with authorities

The usual comprehensive supervisory audit was carried out by the Hungarian Intellectual Property Office (HIPO) in 2019 as well; it examined the operation of the Society with respect to its compliance with the regulations on authors' rights. During the supervisory procedure, the Society was called on to make a declaration regarding the changes in its unpaid royalties payment request portfolio. The authority accepted the information provided by the Society, and the procedure ended without the establishment of any infringements.

In 2019 we were not contacted by the authority in relation to any individual complaints.

The follow-up proceedings launched in 2018 in connection with the competition procedure brought against Artisjus at the beginning of 2014 (concerning the establishment of blank carrier fees), already mentioned in our previous Business Reports, was still in progress in 2019, and it has not yet been closed at the time of the drafting of this report.

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Artisjus submitted its tariff charts for 2020 for approval in due time, by 1 September 2019. Our Society attempted to extend private copying royalties in two areas. In the proceedings conducted through the intermediary of HIPO, the Minister of Justice approved the Ü-PC tariff chart elaborated for integrated PC backups, whereas she rejected our Ü-CLOUD tariff chart because according to the Minister's position, blank carrier fees can be collected only for physical carriers under the Hungarian regulations currently in force. As a novelty among the tariff charts, the formerly uniform cable tariff chart came to be split according to the uses specified in Section 26 (3) and (4), and Section 28 (2) and (3) of the Copyright Act. Following the HIPO's proceedings, the separated tariff charts were equally approved by the Minister of Justice. If only in 2020, the inflation-adjusted public performance tariff charts (for catering, commercial units, accommodation, etc.) marked with V, K and SZ were also approved by the Minister of Justice, despite its non-endorsement by the Cabinet Office of the Prime Minister (acting in its competence for tourism).

1.3 Important litigations

At the beginning of 2019, CloudCasting Ltd. filed a case against Artisjus in the subject matter of the payment of public performance royalties. The event leading up to this litigation was that in 2018 CloudCasting Ltd. sent royalties payment requests to Artisjus, with reference to the computers and other devices located at the Artisjus headquarters that were suitable for the public performance of musical pieces. Cloudcasting Ltd. based its claims on the so-called "televisual presumption", i.e. the decades-long judicial practice established in connection with the collective management of musical rights. In order to avoid the litigation, while maintaining its position that it had not exploited the musical repertoire managed by CloudCasting Ltd. using the devices in its possession, Artisjus paid the modest sum of royalties. In consideration of the fact that in 2018 CloudCasting Ltd. claimed royalties from businesses involved in providing accommodation, with reference to the "televisual presumption", Artisjus lodged a complaint with HIPO against CloudCasting Ltd. and objected to this practice, and it also refused to pay the increased amounts of royalties requests sent to Artisjus by CloudCasting Ltd. Although during the proceedings, HIPO did not condemn CloudCasting Ltd., registered as an independent collective management organization, in providing the reasons for its decision, the authority adopted a position identical to an earlier statement issued by the Expert Body on Authors' Rights: namely that although an independent collective management organization may refer to presumed exploitation, it must prove in case of a dispute – contrary to representative collective management organizations that are entitled to represent the world repertoire – that the exploitation affected the repertoire in its own management.

In the defence lodged against the case, the Society requested that the court reject the case on the grounds of the lack of legitimacy of CloudCasting Ltd. on the one hand, and due to the lack of evidence for exploitation on the other. In our defence, we also pointed out that the plaintiff was wrong in making reference to the provisions of the Act on Collective Management of Copyright (Kjkt.) as the legal grounds of substantive law, because the personal scope of the legislation does not extend to the independent rights management organizations in this respect.

The Budapest-Capital Regional Court dismissed the actions entirely due to lack of locus standi, and this decision was also upheld by the Budapest-Capital Regional Court of Appeal, proceeding on the appeal of CloudCasting Ltd. Therefore the success of Artisjus is final. The reasons provided for the judgements stated that the substantive law provisions of the Act on Collective Management of Copyright (Kjkt.) do

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not apply to independent rights management organizations, and that they cannot successfully refer to the so-called "televisual presumption", which is tightly related to the legal provisions of the Kjkt. facilitating the collective management of authors' rights. Judging by the behaviour of CloudCasting Ltd. manifested in the course of earlier litigations, it is to be expected that they will file a request for review against the final decision, but we are not aware of such developments yet.

The litigation in course for the payment of private copying royalties against LG Magyar Kft. for the period of 2009–2014 ended with the success of Artisjus at first instance, though the decision is not yet final. LG filed an appeal against the decision. In 2019 we filed a case against LG regarding the post-2014 periods as well. Upon LG's initiative, however, both litigations were settled out of court, as a result of which LG – in addition to paying a significant amount of royalties – withdrew its appeal against the first-instance judgement of the earlier litigation. This latter judgement thereby entered into force to our benefit.

2. Royalty collection and expenditures in 2019

In the year 2019, the total amount of royalties collected by Artisjus was 23,404,785 thousand HUF, which constituted a 12% increase compared to the reference value of 2018.

Royalty collection and administrative costs			
	2018 thousand HUF	2019 thousand HUF	%
Public performance royalties	5,917,988	6,073,026	102.6
Revenue from broadcasting and cable television	4,972,069	6,119,981	123.1
<i>from which cable television revenue</i>	<i>2,270,582</i>	<i>2,564,619</i>	<i>113</i>
Royalties on blank carriers	8,695,731	9,786,527	112.5
Royalties on mechanical and canned music	155,120	153,634	99.0
Online	240,057	338,319	140.9
Royalties on reprography	6,239	6,151	98.6
Royalties on foreign broadcasting organizations	418,216	552,957	132.2
Royalties from abroad	412,230	374,190	90.8
Total:	20,817,650	23,404,785	112%

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Within that, the rate of the royalties collected on behalf of right holders represented directly by Artisjus, on that of Hungarian collective management organizations representing other right holders and of foreign television channels represented by Artisjus was the following:

The rate of the royalties collected on behalf of right holders represented directly by Artisjus, on that of Hungarian collective management organizations representing other right holders and of foreign television channels represented by Artisjus was the following:				
	2018 (thousand HUF)	%	2019 (thousand HUF)	%
Those represented by ARTISJUS	13,156,630	63.20	14,749,073	63.02
Those represented by HUNGART, FILMJUS, EJI and MAHASZ	7,242,804	34.79	8,102,755	34.62
Foreign broadcasting organizations	418,216	2.01	552,957	2.36
Total	20,817,650	100.00	23,404,785	100.00

2.1 Live and canned music public performance market

Whereas the public performance tariffs of Artisjus did not grow in the past seven years (on the contrary, we had reduced our catering industry fees by 19% on average by 2015), the royalties paid for the public performance of live and canned music increased by an additional 2.6% over the 2018 reference value. The shrinking of the proportion of catering industry fees for live music, which could be detected in the revenue structure since 2015, continued in 2019 as well, whereas the royalties paid for live pop music performances have been steadily on the rise.

The growing revenues can be put down to the unaltered economic upturn in 2019, which particularly affected markets related to public performance royalties, such as the catering and accommodation industry, and retail trade. Payment discipline was outstanding in 2019, too: 84.2% of the revenues came in already upon delivery of the royalties payment notification, and an additional 10% were paid after the first notice, which means that we collected 94.2% of the public performance royalties without rights enforcement (i.e. without instituting an order for payment procedure).

At the same time, after seven years of unchanged conditions, maintaining the value of the revenues of right holders in real terms necessitated the – at least – inflation-adjusted correction of the respective fees (not calculated in %), for thanks to the economic upturn, royalties are unable to keep up with the market revenues generated through music exploitation.

2.2 Broadcasting and cable television market

In 2019, the sum of royalties collected from radio and television broadcasting as well as cable televisions rose by 23.1 per cent. As an explanation to this figure, we must note here that this increase was mainly due to the fact (as already indicated in our business report last year) that in 2018, we finally

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managed to sign a user agreement with TV2 Group, the second largest commercial television channel. Based on that, in early 2019, the media provider settled the unpaid royalties for 2017 and 2018. These figures thus appeared in the revenues for 2019, and they were also included – along with the relevant turnover data – in the media royalties distributed in 2019.

Moreover, the number of television subscriptions saw an increase in 2019. This growth could be partly put down to the rise in the number of triple-pay subscribers (i.e. those buying “bundled” cable television, Internet and telephone services). Another reason for the increase is concentration: the major telecommunication companies have been expanding their services and territorial coverage by acquisitions. As an example we could mention the fusion of DIGI and Invitel, and the recent merger of Vodafone and UPC.

On the radio market, the key events were the disappearance of Music FM, and the strengthening of Retro Radio and Rádió1.

In 2019 we carried out the inspection of altogether 18 programme providers. Half of the providers inspected by the Society’s partner were radio organizations (9) and half of them were television organizations (9). In some cases, the audit covered multiple years. We discussed the deficiencies in declarations detected with the inspected programme providers, and in those cases where it was justified, we concluded instalment agreements regarding the settlement of outstanding royalties.

On the whole, the operation of the broadcasting market was problem-free in 2019.

The cable market experienced a steady growth: the number of cable television or IPTV retail subscribers continued to increase in 2019. Back in 2018, Artisjus signed a three-year agreement with the Communications Reconciliation Council (HÉT) representing the cable sector, based on which the 20% royalties derogation for the participating cable providers in comparison with the tariff charts announced continued to increase (the derogation will attain 30% in 2020).

2.3 Private copying fees

A significant proportion of the 12.5% increase in the amount of private copying royalties collected by Artisjus for blank video and audio carriers derived from the amicable settlement of the prolonged litigation procedure with LG and the retrospective payment of royalties for a longer period of time. Moreover, there was a substantial increase in turnover – unexpected by the distributors as well – in the sector of mobile phones, and within that, in that of devices with more than 64 GB storage capacities (altogether 10% more mobile phones were sold in Hungary in 2019 than in the previous year). In addition to that, the grey economy shrank by 5–7% in the mobile market according to the figures of GfK Hungária. Similarly to the trends seen in the previous years, the earlier traditional physical carriers (CDs, DVDs, other discs, video and audio cassettes) almost completely disappeared. An increasing diminution can be detected for memory cards, whereas in the case of USB sticks, revenues have been shrinking at a smaller – though steady – rate; only the figures for tablets seem to be stagnating.

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2.4 The (offline mechanical) market of the collection of rights on sound recordings

In 2019 our revenues from the collection of rights on mechanical and canned music remained approximately unchanged (99% of the reference value). Within that, the revenues of BIEM/IFPI and independent publications saw a mild increase, whereas canned music revenues dropped drastically compared to the previous years. The reason for this is that one of the biggest operators significantly reduced the number of its jukeboxes declared.

In the market of physical sound recordings, petrol station kiosks continue to act as a significant and popular distribution channel, and they have been served by the same circle of distributors for years. In the case of the productions with the biggest number of issues, cover mount sales were typical in 2019, too.

Besides the inspection of the annual sales figures, in 2019 we began the audit of the major publishers with the support of the BIEM Audit Group and along the recommendations elaborated by BIEM.

2.5 Online music market

In 2019 the revenues of Artisjus from the collection of online musical rights grew by 40.9% over the reference value. The bulk of these revenues still come from the video-on-demand market. The shift of linear media services towards non-linear ones continued at an accelerating pace. The year 2019 was a milestone in the life of traditional content producers. In addition to the self-operated platforms of cable providers and film producers, exclusive contents also appeared on the non-linear platforms of programme providers. By 2019 nearly all the major studios had launched their own streaming platforms. SVOD services became one of the primary platforms of the contents of film producers. In addition to Netflix, Apple Tv+ also penetrated the Hungarian market, and Vodafone, too, is envisaging the launch of its own SVOD platform. One market actor settled its substantial outstanding debt, which also contributed to the relatively high revenue increase.

The financial effects of the EU Directive – mentioned in the section on the changes of the legal environment –, which will establish the online platforms' liability, will be felt only in years from now.

A prerequisite of the latter is the proper and uniform transposition of the directive in the EU member states, and also the assumption that the post-Brexit British legislation will not offer a "safe harbour" for these platforms from which they could safely (i.e. without having to pay royalties) skim the EU's internal market.

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2.6 Administrative costs

In the year 2019, the administrative costs deducted by Artisjus effectively for its operation (i.e. excluding the obligatory payment of social contribution after copyright) amounted to 17.92 per cent.

Administrative costs: indicators of administrative costs effectively deducted for operation				
		2018 (thousand HUF)	2019 (thousand HUF)	%
1	Net sales revenue:	20,925,463	23,310,356	111
2	Accrued administrative costs of the distribution of royalties for the year following the target year:	1,005,018	1,143,225	114
3	Administrative costs for the target year:	3,473,090	3,888,330	112
4	Administrative costs of the distribution of royalties collected in the year prior to the target year:	1,069,966	1,005,018	94
5	*Revenue from miscellaneous sales:	42,866	43,778	
(3+4) 6	Total administrative costs	4,543,056	4,893,348	107
(1+2-4-5) 7	Adjusted net sales revenue	20,817,650	23,404,785	112
8	Authors' social contribution tax (earlier: healthcare contribution)	641,194	698,171	109
(6-8) 9	Operational administrative costs	3,901,862	4,195,177	108
(6/1) 10	Total administrative costs in proportion to net sales revenue	21.71%	20.99%	
(9/7) 11	Operational administrative costs in proportion to corrected sales revenue	18.74%	17.92%	

* From the financial year of 2018, revenue from re-invoicing and rentals must be indicated in this revenue category.

The ratio of the amount collected and the amount effectively spent on the operation of Artisjus is shown by the so-called **total expense ratio**, calculated with the methodology prescribed by HIPO. Its rate was **14.7%** for the year 2019.

3. Relations with members and right holders, communication

3.1 Renewal of offices

Held in accordance with the Statutes, the renewal of offices in the Delegates' Meeting and the Supervisory Board took place from 25 November to 16 December 2019, and the members could also exercise their voting rights electronically, in compliance with the law. The development of the electronic voting system and the organization of the renewal of offices was a priority task in 2019,

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which was carried out by the Legal Department in close cooperation with the Department of Relations with Authors, the Business Transformation Department and the IT Department.

Pursuant to the Statutes, the delegates and the members of the Supervisory Board are elected directly every four years by the membership by secret ballot. The last elections in 2015 were held according to the old rules: that is, during a one-day electoral assembly and solely on the basis of the votes cast on site by the members present at the electoral assembly. Section 24 (2) of Act XCIII of 2016 on the Collective Management of Copyright (Kjkt.) (in force since 2016) prescribes as a mandatory provision for collective management organizations that the exercise of membership rights must be ensured electronically as well (this was not a requirement before). Simultaneously to that, the requirements for the renewal of offices established by the Statutes were also amended. Accordingly, instead of the one-day electoral assembly, members can exercise their voting rights in the electoral period designated by the Board, within which they can nominate candidates from their own department during the five-working-day nomination period, and in the subsequent three-working-day voting period, they may vote (electronically if they wish, in accordance with Section 24 of the Kjkt.) for those candidates from their own department who have been admitted into the final list of candidates. Due to the unfortunate death of László Melis, the electronic voting platform had already been developed as an electoral module within Artisjus's Authors' Information System (AIS) for the extraordinary Supervisory Board Board elections (i.e. for the election of one Supervisory Board member) held in May 2018, which thus served as the first live test of the complete online voting system. The elections affecting the entire membership – to be held according to the new rules – were organized simultaneously to the renewal of offices in November–December 2019. The election period took place smoothly, without any technical impediments, nor complaints made by the members. There had never been so many voters before in the history of Artisjus: there were altogether 642 society members who voted (twice as many as on the last occasion), and it corresponds to a 30% rate of participation. 95% of the voters cast their votes online, through AIS.

Delegates elected (33 persons)

Department of Pop Music Composers

1. ZSOLT BÍRÓ
2. ZOLTÁN CZUTOR
3. ENIKŐ HODOSI
4. RÓBERT HRUTKA
5. ALAJOS NÉMETH
6. JÁNOS PÉTER
7. ÁGNES SZABÓ
8. ANDRÁS BÁLINT SZABÓ
9. ÁRON SZABÓ
10. ANDRÁS SZEKERES
11. ISTVÁN TABÁR
12. SZABOLCS TÓTH

Department of Classical Music Composers

1. MÁTÉ BALOGH
2. GYULA BÁNKÖVI
3. BÉLA FARAGÓ

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4. MÁTÉ HOLLÓS
5. MÁRTON KERÉKFY
6. ZOLTÁN KOVÁCS
7. IVÁN MADARÁSZ
8. ENDRE OLSVAY
9. LÁSZLÓ SÁRY
10. MIKLÓS SUGÁR
11. LÁSZLÓ TIHANYI
12. ANDRÁS GÁBOR VIRÁGH

Department of Literary Authors

1. GUSZTÁV BÁGER DR
2. ISTVÁN KEMSEI
3. BALÁZS SZÁLINGER
4. ÁKOS SZILÁGYI
5. ENDRE SZKÁROSI

Department of Music Publishers

1. EDITIO MUSICA BUDAPEST
2. SCHUBERT MUSIC PUBLISHING KFT.
3. TIZENKÉTHANG KFT.
4. UNIVERSAL MUSIC PUBLISHING EDITIO MUSICA BUDAPEST KFT.

Board members elected at the inaugural meeting of Delegates' Meeting in early 2020 (10 persons)

Gyula Bánkövi
Zoltán Czutor
Máté Hollós
Iván Madarász
Alajos Németh
Áron Szabó
Endre Szkárosi
István Tabár
László Tihanyi
Universal Music Publishing Editio Musica Budapest Kft.

At the inaugural meeting, the Board re-elected **Iván Madarász** as President of the Society for another 2 years.

3.2 Membership data

At the end of 2019, the society members entrusting Artisjus with the collective administration of their rights amounted to 2,147. At the same time, the number of non-society members entrusting Artisjus with the collective administration of their rights was 20,036. The Artisjus's Authors' Information System (AIS) has more than 12,000 registered users.

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3.3 Events, communication programmes and channels

Day of Songwriters (#köszriadalt): the large-scale Day of Songwriters, featuring stars and presenting short films, which was introduced in 2018, was celebrated in 2019 as well – we directed as much attention as possible to songwriters throughout this day and week in social media. (In 2019, our 2018 “big campaign” introducing the Day of Songwriters won as many as three professional communication awards: it was awarded the silver medal at the Online Video Awards and the Prizma PR Contest, and it won the Sándor Imre PR Award.)

We organized the second **Songwriting Expo**, “DEX”, at Budapest Music Center on 18–19 February 2019. The focus of the event remained the same: DEX continues to be a professional event primarily aimed at songwriters. The workshops, “short meetings” and professional counselling provided at the event allow for a professional networking that had been impossible earlier in Hungary, thus the Songwriter Expo is a much-needed initiative not only in the East-Central European region but also on a pan-European level.

In 2019 we turned the Expo into a two-day event so that even more programmes and presenters could be included, and the programmes attracting equal interest from the public would not have to run simultaneously to each other. We reinforced our regional co-operations as well: even more presenters were delegated by the collective management organizations of the neighbouring countries (AKM – Austria, HDS – Croatia, SOZA – Slovakia, OSA – Czechia). English-language talks represented an even greater proportion compared to 2018: DEX had six foreign presenters in 2019. 18% of the tickets were purchased by foreign nationals.

Cooperation between authors was also enhanced by the **two international camps for songwriters** held with the support of Artisjus: the Swedish-organized Budapest Songwriting Camp, and the Songbook Songwriting Camp organized by Zeneszöveg.hu.

In 2019 we once again appeared at the classical music site of the **Valley of Arts** festival.

Dal+Szerző magazine, the free, quarterly cultural publication of Artisjus, saw its eighth edition. We persist in our conviction that in addition to online communication, print magazines represent a more personal and more valuable form of relationship, and they also have less “background noise” to compete with. Regarding its content structure, this magazine changed only slightly: besides our traditional columns, we continued the series presenting the legendary director generals of Artisjus (Boytha–Ficsor–Gyertyánfy).

In addition to the above, the Artisjus website was optimized for mobiles in 2019, and the number of its visitors has been growing steadily (by 14% over 2018).

In 2019 we dedicated more attention (and financial resources) to the consistent foregrounding and advertising of our **Facebook** posts in order to ensure that we reach the followers of the website. In 2019 Facebook served as the communication channel for sharing the posts of the Dal+Szerző blog; furthermore, we published the latest information, news and job vacancies related to Artisjus on this forum.

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In 2019 the **Dal+Szerző blog** discussed the latest developments in the music industry; we published own interviews, and contents “for songwriters on songwriting” received more focus. The blog has become an authoritative and reliable source of information for the music industry and songwriters, as well as a reference point for the press. These contents also provide fresh content for the artisjus.hu website.

In addition to that, Artisjus is continuously present on **Twitter** and **Instagram**.

Sponsoring was a new element in our communication in 2019. Several project owners turned to us for support from the funds dedicated to professional assistance serving the interests of right holders, projects that put composers and songwriters in the limelight: they present their work in an entertaining and high-quality form, encourage artists to compose new music, or seek to provide for the new generations of composers. The organization presented each of these requests to the Board, which decided to support the initiatives in the following cases:

- Dalfutár – a programme by András Hajós
- Modern Art Orchestra – MAO Master Class
- Liszt Ferenc Academy of Music – Classical Music Roadshow

In the framework of **user-centred communication**, we came out with a sub-brand (**Zenével jobb!**) associated with Artisjus and intended at music users, as well as a new website named after this brand (www.zeneveljobb.hu), with a view to reinforcing our service side.

3.4 Right holder centred developments

In 2019 we developed and in early 2020 we launched a service that had been long in demand by right holders: we publish the processed **radio and television turnover data in the Authors' Information System (AIS) before distribution**, thus providing right holders a detailed insight into them. By the preliminary disclosure of data, we make it possible to uncover deficiencies and obtain the missing data with the help of the authors even before the distribution in May, so that we could reduce the number of authors not receiving their due royalties from the distribution.

AIS has been extended with a new, **complaint module** allowing for signalling broadcasting data left out from the distributions. As a first step, we created an online form for submitting data in a structured manner, a form on which the complainant must provide the information essential for the handling of complaints. The form adapts dynamically to the data registered (e.g. by displaying the year of exploitation after which claims can be enforced for the given type of exploitation, by offering a selection from an RTV channel list). With the help of the mandatory fields, complaints giving only incomplete information, which used to require several rounds of phone calls and e-mails, can be eliminated.

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4. Distribution and documentation

In 2019 distributions took place in order and in due time, without any incident.

In 2019 the main amendments of the Distribution Regulation were the following (by topic):

- Extension of the Genres Classification Committee (+1 pop music composer)
- Approval of the new, reworked score tables by genre
- Official sources of film music cue sheet
- Electronic declaration of works for music publishers
- Settlement of authors' legal disputes (works of mixed authorship)
- Extension of TV payment coefficient by free-to-air cable royalties
- Distribution of mechanical royalties with insufficient data
- Modification of the distribution of disc-based canned music and ÜK (private copying) royalties

5. Social, cultural and professional activities

In harmony with the governing legal frameworks from 2012, Artisjus is only entitled to provide allowances (through its foundations: Artisjus Music Foundation and Artisjus Literary Foundation) as a supplement to pension or as a social benefit for persons in need. The amounts deducted for cultural purposes were transferred by Artisjus to the National Cultural Fund in 2019 as well. In accordance with our Support Policy and the provisions of the Act on Copyright (Szt.) and the Act on Collective Management of Copyright (Kjkt.), our professional support activities were carried out directly by the Society. 25% of royalties due to unknown right holders or right holders whose residence is unknown, which were collected more than 3 years earlier, may be used for purposes designated by the Support Policy. The purpose that this amount is to be used for is determined by the Executive Board of the Society. The specific supports paid in 2019 are presented under Point 24 of the Supplementary Annex of the Business Report for 2019 as well as under Point 1.8 of the Transparency Report for 2019.

6. International environment

Artisjus continues to take part in the work of the global confederation of rights management organizations (CISAC) and the European regional organization (GESAC) as a member of the board of both bodies. Moreover, Artisjus is represented in the legal committees of both organizations by our delegate, Dr. Gábor Faludi. Through several years of preparatory work and lobbying, both organizations played a major role in the adoption of the already mentioned EU legal reform package on copyright. Furthermore, the representatives of our individual professional fields participate actively in the international professional information exchange of collective management organizations. In 2019 again, Artisjus hosted the international seminars and trainings organized by the European regional directorate of CISAC/BIEM. In addition to that, CIAM, the CISAC Music Creators' Council held its congress and executive board meeting at Artisjus, which were attended by approximately 80 authors from all over the world.

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7. Progressive developments and projects

7.1 Business Intelligence (BI) activity

Ever since the reorganization of the work organization in 2018, there has been a special officer in charge of strategic data processing and data management (BI). In line with one of the key strategic objectives of Artisjus, a priority task for the year 2019 was the creation of a data warehouse structure. The data warehouse is the chief storage place of the historical data of an organization. It takes over data from other IT systems within the organization (or source systems to use data warehouse terminology), and its aim is to supply data to systems such as decision support systems, executive information systems, and data mining software. The data warehouse contains appropriately aggregated and organized data in a format optimized for executives and corresponding to executive information needs, and it allows for running multiple queries and performing high-level analytical operations. On the whole, it enhances the efficiency of financial and strategic planning. Moreover, the Artisjus BI is also an important source for the Pro Art Music Industry Report aggregating sectorial data.

7.2 Revamping the IT system

In 2019 Artisjus began the assessment of business functions, processes and IT support needs with the involvement of an external consultant, and we reviewed our IT operational safety and cyber safety in the framework of a special audit. As a result of the audit to be completed by the end of 2020, we will have a development strategy and a system of requirements on the basis thereof, which will allow us to start the module-by-module replacement and renewal of the by-then 15-year-old integrated IT system of Artisjus.

8. Miscellaneous issues

The Society pursues no research and development.

The Society has a single business location (1016 Budapest, Mészáros utca 15–17.). Moreover, it has local offices in the following towns:

- Debrecen
- Győr
- Miskolc
- Pécs
- Szeged
- Zalaegerszeg

In 2019 the Society had altogether 182 active full-time employees.

The Society has projected a net royalty income of 17,307,523 thousand HUF (without VAT and basic administrative fee) for the year 2020.

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ON THE YEAR ENDING ON 31 DECEMBER 2019

(all balances are indicated in thousand HUF unless otherwise specified)

Due to the extraordinary situation caused by the coronavirus pandemic, the Society has introduced a royalties payment relief from 17 March to 30 April 2020 in the sectors most at risk (catering, live music); that is, it does not issue any royalties payment requests.

In consequence of the state of danger, we are expecting a 50% drop in our revenues from public performance royalties, a 17% drop in blank carrier fees, and a 6% drop in broadcasting and cable television royalties in comparison with our planned revenues for 2020.

30 April 2020, Budapest



Dr. András Szinger
Director General