

SOCIETY ARTISJUS HUNGARIAN BUREAU FOR THE PROTECTION OF AUTHORS’
RIGHTS
BUSINESS REPORT
ON THE YEAR ENDING ON 31 DECEMBER 2021

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

1. The operational environment of Artisjus in 2021

1.1 Possibilities of royalty collection in the second year of the pandemic

The year 2021 began under the effect of the government’s restrictive measures of 11 November 2020 introduced due to the pandemic. These measures (i.e. lockdowns), which affected the catering industry, the accommodation sector, commerce and the entertainment industry (within that, music industry for the longest period of time), eventually lasted considerably longer than what we had expected when making our business plan for year 2021 (in October 2020). This fact had a fundamental impact on the operational environment of Artisjus in 2021. These industries and markets, slowly recovering in the spring and summer, were not in an ideal shape at all from the perspective of the royalty collection activity of Artisjus.

1.2 The operation of the work organisation

Since the middle of March 2020, the majority of the work organisation of Artisjus has been continuously performing its tasks through teleworking. Although in 2021, the idea was raised that the entire staff should “return” to the headquarters, the unpredictability of the epidemiological situation never made it possible. Thanks to successful teleworking, this was not necessarily required for the sake of the work efficiency, either. After the multiple and temporary modifications of the employment contracts during the year, finally, by 2022, we had set up the contractual framework for continuous hybrid work.

The staff was severely affected by the cost-cutting measures introduced: in order to reduce our labour costs – after the measures introduced in 2020 on a provisional basis, which caused unpredictability, and were, thus, unsustainable –, we were forced to begin year 2021 by layoffs and the inevitable re-organisation of task performance in an effort to adjust.

1.3 Evolution of the legal environment

The legislator approved the transposition of the EU legal regulatory framework (DSM strategy) with effect from 1 June 2021. On multiple occasions, we gave our opinion on the draft transpositions of the directives (the so-called CDSM and SatCab2), both in the framework of ProArt and separately. The main components of the amended regulation affecting Artisjus are the following:

- clarification of the classification of online platform service providers concerning authors’ rights: according to the legislation in force, these service providers are explicitly considered as users, so they either request a license from the right holders (thus, from Artisjus) for their operation, or they fall under a strict obligation of removal and filtering;
- in relation to one of the technical subcases of multi-stakeholder broadcasting use, the so-called direct feed-in, the law has stipulated that each of the stakeholders performs use subject to licensing;
- modification of the rules of exiting from collective rights management (more accurately: objection to collective rights management): the deadline of objection and the conditions of entry into force have changed.

The Act on the State Audit Office (SAO) was amended in 2021, pursuant to which SAO can now audit the activity of Artisjus (and of other civil society organisations) on a legislative basis.

Monitoring legislation related to the epidemiological situation (and decrees in a state of danger) remains an important task.

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1.4 Evolution of our relations with authorities

In 2021 as well the Hungarian Intellectual Property Office (HIPO) carried out the usual comprehensive supervisory audit, which examined the operation of the Society with respect to its compliance with the regulations on authors’ rights. In the course of the 2021 supervisory procedure, we received several questions on two occasions; the procedure was most likely also affected by the SAO audit carried out simultaneously at HIPO. Based on our responses, the supervisory procedure in 2021, too, ended without the establishment of any infringement.

In 2021, we submitted a detailed comment on the Competition Council’s preliminary position of December 2020 (which included the imposition of a fine of 310 million HUF), in the follow-up procedure launched in 2018 in the context of the competition procedure initiated against Artisjus in early 2014 for establishing empty carrier fees, as mentioned in previous Business Reports. In this comment we also referred to the economic impact on the right holders’ community due to the Covid-19 epidemic, in addition to legal arguments. In 2021, the Competition Council did not make a decision in the end, but returned the case to the investigation phase in order to clarify the facts. In this context, we responded to a total of seven requests for data provision throughout the year. These requests required the explanation of our earlier data provisions, and the drafting, coordination and approval of new expert materials. In July 2021, the Hungarian Competition Authority (“GVH”) appointed another expert, whose expert opinion was only delivered in November 2021. The procedure is pending, and at the time of the drafting of this report, GVH has not yet made its decision.

In 2021, GVH also conducted a sector inquiry completely unrelated to the above: GVH assessed the role of Artisjus in a procedure to review the broadcasting market. (The inquiry was initiated by industry associations representing smaller broadcasters, and Artisjus was included in the scope of the investigation. GVH examined the pricing of programme providers and found that, on the basis of the broadcasters’ statements obtained during the inquiry and the data recorded in the records of the National Media and Infocommunications Authority (“NMHH”), the royalties paid to Artisjus were only a fraction of the costs of the companies.)

Artisjus submitted its *tariff charts* for 2022 for approval in due time by 1 September. The main reason for the modification of the tariffs was the entry into force on 1 June 2021 of the above-mentioned provisions of the Act on Authors’ Rights transposing the CDSM and SatCab2 Directives. In 2021, the provisions of the tariff charts requiring various data reporting were further consolidated and clarified. A new tariff specifically designed for royalties collection from platform services has been introduced in tariff chart I, drawing on the tariffs and licensing experience of foreign collective management organisations. As a subset of the broadcasting right, the incorporation of the direct feed-in into the Act on Authors’ Rights by the transposition of the SatCab2 Directive made it necessary to supplement the Cable II and R-TV tariff charts. The Cable-I tariff chart had to be adjusted to Section 28 of the amended Act on Authors’ Rights.

Further significant modifications in the tariff charts were the following:

- tariff chart I – tariffs for online concerts;
- tariff charts M and I – use of commercially unavailable works by cultural heritage institutions;
- RTV tariff chart – the abolition of the special rate of 2% on subscriber revenues;
- RTV tariff chart and tariff chart I – supplementation of data provision requirements applicable to films;

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- tariff chart V – sorting of the tariff chart item applicable to guesthouses, enlargement of the room number for B&B accommodations and introduction of an annual discount.

In the procedure for approving the tariff charts, when assessing the inflation-adjusted increase, the preceding HIPO did not consider – on the basis of our explanation – whether this would entail a potential increase for individual users, but rather the overall impact of the modification of the relevant tariff point on all users concerned. (Thus, the impact was considered not line by line but with respect to the group of users concerned by the given tariff chart point.)

1.5 Important litigations

No legal action was taken against Artisjus in 2021.

Among the significant disputes with users, we will highlight the case concerning DIGI's satellite broadcasting. In 2021, Artisjus again requested the user who had been reluctant to do so to pay royalties, as a result of which the user paid its retroactive royalties within the limitation period and acknowledged the validity of our claim for the future. We reached a contractual agreement on the amount of royalties to be paid for use in the years 2016–2020 and 2021, thus avoiding a long and costly dispute.

It is worth noting here that, after the disputes characteristic of previous years, we managed to conclude agreements with the major commercial media providers in 2021 as a result of which the consolidation of the royalty level began.

2. Royalty collection and administrative costs in 2021

In the year 2021, the total amount of royalties collected by Artisjus was 21,167,463 thousand HUF, which constituted 113% of the reference value of 2020.

Royalty collection and administrative costs			
	2020	2021	
	(thousand HUF)	(thousand HUF)	%
Revenue from public performance royalties	4,103,429	4,160,962	101.4
Revenue from broadcasting and cable television	5,522,369	6,635,666	120.2
<i>from which cable television revenue</i>	<i>2,460,841</i>	<i>3,049,296</i>	<i>124</i>
Royalties on blank carriers	7,653,798	7,783,028	101.7
Royalties on mechanical and canned music	112,673	121,784	108.1
Online royalties	405,273	1,188,439	293.2
Reprography royalties	6,169	5,875	95.2
Foreign broadcasting organisations	630,846	897,760	142.3
Royalties from abroad	379,230	373,949	98.6
Total:	18,813,787	21,167,463	113%

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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 organisations 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 organisations representing other right holders and of foreign television channels represented by Artisjus:				
	2020 (thousand HUF)	%	2021 (thousand HUF)	%
Those represented by ARTISJUS	11,468,093	60.96	13,172,388	62.23
Those represented by HUNGART, FILMJUS, EJI and MAHASZ	6,714,848	35.69	7,097,315	33.53
Foreign broadcasting organisations	630,846	3.35	897,760	4.24
Total	18,813,787	100.00	21,167,463	100.00

Despite the market difficulties caused by the prolonged lockdowns, Artisjus successfully met the total amount of its Business Plan for 2021, bringing its revenues within “visible distance” of the 2019 revenues prior to the pandemic.

2.1 Live and canned music public performance market

As previously indicated, the public performance market is the sector most exposed to the market impact of the pandemic among the revenues streams of Artisjus.

The year 2021 started with a restriction that was several months longer than the 2020 closures: despite the epidemiological restrictions in force since the previous November, the third wave of Covid-19 produced more cases than ever before, resulting in a prolonged lockdown due to the lack of vaccine. For a long time before the epidemic, the best way to describe the operation of the sectors that account for the bulk of our public performance revenues – including in particular catering, accommodation services and event management – was “dormant”: in the first quarter, only 3 per cent of catering units and only about one seventh of hotels were billable. At the start of the second quarter, it became clear that all the big summer festivals and major scheduled concerts were cancelled, dealing a major blow to our live music revenue hopes.

The reopening, after a brief further tightening in March, began in *May* and was carried out in several stages. At that time, entire groups of units had to be re-mapped almost from scratch across the country, as only a fraction of them had voluntarily indicated that they would re-launch their music service. The flow of information with this group of users had been, of course, completely disrupted during the months of the lockdown. Not only did this require months of tremendous territorial and administrative work, but also responsible decisions had to be made in terms of customer information and billing, with a view to revenue, customer relations and the good reputation of Artisjus.

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Although the first four months of 2020 were already characterised by a loss of around 20 per cent on a pro rata temporis basis, our figures in 2021 were even lower at the same time of the year, by more than 50 per cent.

The first positive sign following the availability of vaccines was the rapid increase in vaccination coverage, as this was accompanied by an increase in consumer access. With the immunity certificate, almost all the consumption options that had been available before the epidemic became once again accessible to the population, but the take-up of the opportunities offered by the opening of the economy was far from what it had been before, and was very slowly approaching previous levels. Vaccination coverage stagnated at around 60 per cent, and the caution that persisted even with vaccination, the changed financial situation (unemployment, depletion of reserves, rebuilding process), as well as the limited capacity of some venues also negatively affected our public performance markets.

In addition, there was a slow and creeping revival of tourism, which is still not as strong as it used to be, especially in the capital and in spa and resort areas also popular with foreigners.

Thus, the recovery of turnover did not start at anywhere near the pace of the gradual lifting of the closure, or even of the summer reopening after spring 2020. All in all, based on our customer relations and the experience gathered by regional managers during on-site spot checks, we expected a slow, gradual recovery lasting for months, even six months to a year, with significant variations by sector.

At the time of the re-opening, we expected the catering industry to be the fastest in the short term, but the slowest in the long term, extending beyond a year, in terms of returning to its "usual" pre-coronavirus royalty generating capacity. (We had seen the same phenomenon in the wake of the crisis in 2008.) Catering units are predominantly run by small businesses with low capitalisation and below average creditworthiness with short term reserves, some of which cannot survive even a few months of closure or a one- or two-year recession. For those that do succeed, it is vital to reopen as soon as possible and to boost turnover (note that after the lockdown, catering units, restaurants, pubs, etc. were a major target destination for the population to experience a sense of 'escape'), while the units that closed down for good, businesses that had gone bankrupt, are in most cases replaced only very slowly, in the phase of a marked resurgence of consumption, by new catering businesses with new operators.

By the end of the year, compared to 2020, the following results could be achieved thanks to the intense fieldwork and back office activity (invoicing, litigation) after the re-opening:

- the mid-year revenue shortfall of background music in catering units was reduced to below 5 per cent;
- the similar shortfall of hotels diminished to almost zero;
- our concert revenues came close to the reference value by 5 per cent;
- royalties from retail commercial units exceeded the figures for the previous year by 10 per cent;
- our revenues from litigations also surpassed the reference value by 10 per cent.

2.2 Broadcasting and cable television market

In 2020, the sum of royalties collected from radio and television broadcasting as well as from cable televisions amounted to 120.2 per cent of the reference value of 2020 (a figure that had barely decreased compared to the high figure in 2019). Although there were some expectations that the media market would be hit by the Covid-induced economic crisis in 2021 and that spending on advertising –

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the basis for royalties – would drop, these predictions did not materialise: the media market performed well. This was also due to the fact that we were able to consolidate our tense relationship with commercial televisions, which had been fraught with years of litigation, and to steer the royalty level on a predictable upward path.

We also adapted to the unique trends of the radio market: the year 2021, too, was characterized by centralisation (the expansion of Radio1 and Best FM through the integration of radio programme providers in larger rural towns into the central network or their acquisition). In response to this, we developed a rights collection practice different from previous years, the main element of which is that both the music content generated by the network and that produced by the central radio station's own airplay are licensed separately, so that the royalty calculation is also based on the programme provider's own airtime revenue.

In 2021, we continued our media market audit activities: we audited a total of 12 programme providers (6 radios and 6 television channels). Although the market is becoming increasingly transparent, there were some shortcomings in the declarations.

In the cable TV market, revenue-based tariff charts have still not been introduced due to a lack of reliable data. Thus, temporarily, for the year 2021, we extended the framework agreement that had expired at the end of 2020.

2.3 Private copying fees

The blank carrier area managed to stabilize its revenues at 101.7 per cent of the 2020 reference value in the second year of the coronavirus epidemic, although the first three quarters were weak, and this could still essentially be put down to the following reasons:

- due to the pandemic, there was a significant drop in demand, primarily in the mobile phone segment making up the bulk of our revenues;
- the pandemic caused major disruptions in the global supply chain and shortages of components (chips and motherboards);
- the international sanctions against Huawei were sustained;
- LG discontinued its mobile phone business in the first quarter of 2021.

Compared to 2020, the steep decline in some carriers (memory cards, USB sticks, external HDDs) somewhat decreased, but the drop in demand, also due to the epidemiological situation, is still noticeable. At the same time, optical disks continued to plummet (by 50 per cent on average). The mobile phone segment diminished by 16 per cent compared to 2020, but that was largely offset by royalty revenue from desktop and laptop computers.

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

Our revenues from the collection of rights on sound recordings and canned music amounted to 108.1 per cent of the revenues of the (plummeting) reference value in 2020.

Despite the epidemiological situation, publishers with BIEM-IFPI contracts increased their share compared to independent publishers, presumably due to their greater economic stability. Parallel to that, the revenues of independent author's editions and canned music also decreased. Several independent publishers reported that the market for manufacturers was also shrinking, with foreign manufacturers now committing to produce CDs with a deadline of several months, making it

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impossible to publish works. Due to the economic difficulties, we received indications from several publishers that they intended to overcome the crisis either by closing down their activities, or by selling their companies.

2.5 Online music market

After the nearly 20 per cent expansion in 2020, we collected 293.2 per cent of the 2020 reference value for online uses in 2021. Due to the closures, the year 2021 was characterized by the consolidation of the digital transformation trends that had accelerated in 2020. Streaming subscription numbers increased, while download services and cable movie rentals declined. The significant growth in revenue is mainly due to retroactive recoveries: in the streaming music services sector, recovery is conditional on multiple rounds of processing of turnover, settling disputed claims in an international process, which gained momentum in 2021 for international providers thanks to IT improvements. Rapid changes in the online usage environment continue to place high IT development demands on the organisation, and we have been looking out for opportunities to rationalise the costs incurred through increased international cooperation. After assessing our options in this regard, we may be able to make a more serious and informed decision in 2022.

2.6 Administrative costs

In the year 2021, the administrative costs deducted by Artisjus effectively for its operation (i.e. excluding the obligatory payment of health contribution after copyright) amounted to 18.73 per cent.

Total administrative costs: Administrative cost indicators effectively deducted for operation			
	2020 (thousand HUF)	2021 (thousand HUF)	%
1 Net sales revenue:	19,121,170	21,124,462	110
2 Accrued administrative costs of the distribution of royalties for the year following the target year:	860,304	926,524	108
3 Administrative costs for the target year:	3,120,307	3,497,030	112
4 Administrative costs of the distribution of royalties collected in the year prior to the target year:	1,143,225	860,304	75
5 *Revenue from miscellaneous sales:	24,462	23,219	
(3+4) 6 Total administrative costs	4,263,532	4,357,334	102
(1+2-4-5) 7 Adjusted net sales revenue	18,813,787	21,167,463	113
8 Authors' social contribution tax:	635,128	392,994	62
(6-8) 9 Operational administrative costs:	3,628,404	3,964,340	109
(6/1) 10 Total administrative costs in proportion to net sales revenue:	22.30%	20.63%	
(9/7) 11 Operational administrative costs in proportion to corrected sales revenue:	19.29%	18.73%	

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

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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 **15.37 per cent** for the year 2021.

The above figures, which can be considered low in light of recent years, are clearly driven – in addition to a significant curbing of the cost of fixed assets, investments and developments – by a reduction in payroll costs in 2021 through redundancies.

3. Relations with members and right holders, communication

3.1 Membership data

At the end of 2021, the number of society members entrusting Artisjus with the collective administration of their rights amounted to 2,123. At the same time, the number of non-society members entrusting Artisjus with the collective administration of their rights was 23,146. In 2021, the number of the registered users of the Artisjus Authors' Information System (AIS) exceeded 17,500.

3.2 Relations with independent rights management organisations

The Spanish company UNISON came forward with a proposal for a reciprocal representation agreement in summer 2020. The Spanish UNISON, which has recently emerged from the somewhat turbulent Spanish collective rights management situation, has undertaken to represent right holders who have withdrawn their musical repertoire from SGAE's management. UNISON operates as a business organisation, as an independent management organisation (IMO). It joined CISAC in December 2020 as a so-called "rights management entity" (which is a special membership status created for IMOs), and will have access to numerous CISAC services from now on. This opens up the possibility for Artisjus to conclude a representation agreement with the company. One of the prerequisites for this is that, once that CISAC membership is obtained, the repertoire represented must also be properly identifiable in the international database. Negotiations with UNISON continued in 2021. The parties agreed on the content of the representation agreement, and UNISON sent Artisjus an online withdrawal notice from the multi-territorial licensing of the repertoire of the rights management organisations, most of whom do not have a representation agreement with Artisjus. The representation agreement under negotiation is unique in that it is the first time that a representation agreement would be concluded with an organisation that qualifies as an independent management organisation. Unfortunately, neither the relevant EU legislation, nor the Act on the Collective Administration of Copyrights ("Kjkt.") regulates the relationship between independent management organisations and collective management organisations, so special care is needed to elaborate the appropriate structure. However, Unison has not responded to Artisjus's opinion on the draft for several months, while at the same time (or instead) it offered its online right management and processing services to Artisjus in early 2022, with the assistance of its domestic partner Digijus Ltd.

3.3 Communication of Artisjus in 2021

While in 2020, the biggest annual live events of Artisjus (awards ceremony, DEX) could be held (before the outbreak of the pandemic) thanks to timing them at the usual dates, the second year of the pandemic was in fact the first year in communications when we had to find a new format for our

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events in a changed environment. There was no single good solution, different ways worked for each event: the annual press conference summing up the previous year was held entirely online; the Artisjus awards ceremony was postponed to autumn and held with a “family-style” attendance and with a reduced budget; the two days of DEX were split into an online day and an “offline” day; while the Songwriting Camp could be held nearly the same way as before – of course with Artisjus providing PCR testing, separate rooms, masks, etc. for the participants.

In general, it should be noted that the 2021 figures are worth comparing to the 2019 figures: 2020 was an extraordinary year with an exceptional amount of communication; compared to this, 2021 shows signs of consolidation in several cases. The exceptions to this are the Song+Composer blog, Facebook and Instagram – for these we are still seeing steady and stable growth thanks to the interesting and relevant articles and their appropriate promotion in social media. We also saw a steady growth in press communications: with fewer topics (and consequently, less work), we generated just as many appearances as in 2019. This is also true for Dalszerzo.hu: although we shared less content, the site had more visitors on the whole than ever before.

DEX: The unpredictability due to the epidemic and the specific nature of the event requiring personal presence made it challenging for us to find the right format. Owing to the restrictions introduced because of the epidemiological situation, we decided to split DEX into two separate days: we had a one-day online event in May, and postponed the real, in-person event till September.

The new format required a different type of communication and support. The online event in May was live, with many participants, but still interactive, and it was the first time that we did something like this at that level.

The second day was held in the middle of September. Due to “splitting” the awards ceremony and DEX, and also to having fewer ticket buyers because of the epidemiological situation, we changed the venue: we held the event at the more cost-effective Muzikum club instead of the BMC.

4. Distribution and documentation

An important background operational change to the distribution activity was the transition in 2021 to the – musical – fingerprint-based processing of commercial radio playback data. On the basis of our long-standing cooperation, this technology will be provided by BMAT, a Catalan music technology company, on the platform of which our colleagues will be able – after automatic identification – to manually identify the works and recordings that the system cannot automatically match. Based on the automatic identification data of the first period, it seems that the fingerprint technology has lived up to our expectations.

The main amendments to the Society’s Distribution Regulation adopted by the General Assembly in 2021:

- modification of the rules of distribution for individual concerts under the agreement with the British collective management organisation PRS;
- restriction of royalty payments by post;
- introduction of fingerprint identification in radio broadcasting distributions;
- modification of TV commercial music distributions (use of a new, authentic external data source (Nielsen) in addition to current data sources);

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- differentiation between films and programmes in television broadcasting distributions (clarification of definitions);
- increasing the percentage rate of royalties for the Individually Distributed Canned Music category;
- modifications in the distribution of royalties on Music Played at Live Music Venues (simplification of the algorithm, reduction of the canned music distribution);
- extension of the effect of temporary distribution rules in the context of the pandemic-related trends;
- modification of the radio and television turnover processing rules (referring the decision on the channels to be processed into the competence of the Executive Board);
- supplementing the calculation of the payment coefficient for radio stations by taking into account audience figures and, in this context, increasing the radio distribution point value of classical music genres;
- abolition of the radio limitation (turnover of less than three plays are equally to be processed);
- distribution rules for royalties from online events (along the lines of online streaming uses).

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 2021 as well. In accordance with our Support Policy and the provisions of the Act on Authors' Rights ("Sztj.") and the Act on the Collective Management of Copyrights ("Kjkt."), our professional support activities were carried out directly by the Society.

6. International environment

Artisjus continues to take part in the work of the global confederation of rights management organisations (CISAC) and the European regional organisation (GESAC) as a member of the board of both bodies. Moreover, Artisjus is represented in the legal committees of both organisations by our delegate, Gábor Faludi.

Following the DSM package adopted thanks to the effective work of our international organisations, as described earlier, the EU is not currently planning any major sectoral legislation specifically on copyright (although the current main objective of GESAC is to have the EU legislator introduce a rule restricting the Anglo-Saxon practice of the buy-out contracts with right holders for audiovisual works). However, among the broader rules, the rules on digital services (Digital Services Act – DSA) will most likely set the standard: they are currently in the proposal stage. In the more distant future, possible EU legislation on artificial intelligence may also affect the sector.

In the near future, the EU legal framework also governing Artisjus will be shaped in particular by relevant case law decisions of the European Court of Justice.

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7. The long-term renewal of the Society's IT system (the so-called *AiR Reload* project)

The replacement of the Oracle-based AiR system, which has supported the Society's work organisation for more than 17 years, has become timely. This multi-year process is currently under preparation, and it includes the following main steps:

- in 2021, a high-level list of system requirements was prepared on the basis of our previously assessed workflows and IT support needs;
- in accordance with this, we first assessed the domestic IT development market through a Request for Information (RFI): based on the bids received, it was striking (as expected) that market players lacked substantial industry development experience: their Artisjus-specific (e.g. documentation or turnover processing) solutions were therefore based on high-risk estimates, and the question was consequently raised whether we could reduce development costs by replacing these elements and modules with an experienced international partner and its possibly already – if only partially – existing product;
- against this background, still in 2021, we defined the functions, modules and processes to be supported, for which we considered it feasible to seek IT support from developers and service providers supporting international CRMOs instead of a “greenfield” domestic development, following the guidance of a CISAC veteran international consultant;
- when it became clear that there were several players on the international market with turnkey and/or upcoming solutions, Artisjus launched a two-round international tender for the “package” thus defined, which was successfully concluded in 2021, and we will start working with the selected supplier to customise the software components to Artisjus' needs;
- for the remaining modules of the system, we have announced a domestic tender, including the precise criteria of coexistence with a known foreign provider's product, the result of which will become known in 2022; the subsequent contracting and the detailed design and development process is expected to start in 2022.

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

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On 31 December 2021, the Society had altogether 162 active full-time employees.

The Society has projected a net royalty income of 16,564,183 thousand HUF (without VAT and basic administrative fee) for the year 2022.

Budapest, 24 April 2022

Dr. András Szinger
Director General