

RIGHTS

BUSINESS REPORT

ON THE YEAR ENDING ON 31 DECEMBER 2023

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

The operational environment of Artisjus in 2023

1.1 General conditions of the collection of royalties

The factors affecting the overall operating environment in 2022 (war, galloping inflation) remained dominant in 2023 (with perhaps the exception of energy prices, which were corrected in 2023) with the customer price index rising to a record high of over 17 per cent. This clearly constrained the purchasing power of both the residential and corporate sectors. Consumer behaviour changed across Europe; for example, in Austria, with a much more developed economy and much lower inflation rate, mobile phone sales, i.e. the leading source of blank carrier fees, plummeted by 20 per cent. In 2023, the music industry – as well as the domestic market – saw the emergence of royalty-free services using artificial intelligence, sometimes based on generative AI. These primarily target the background music market and are sporadic; a qualitative leap and the appearance of an offer requiring effective business strategy moves are expected to emerge in 2024.

1.2 Evolution of the legal environment

The rules of the Act on the Collective Management of Copyright (“Kjkt.”) related to tariff chart approval were amended comprehensively by the legislator, effective from 1 July 2023. They stipulate an impact assessment for all new tariff charts, and also for amendments of the ones in force if the amendment:

- establishes a significantly different tariff structure compared to the tariff chart in force,
- contains an increase of royalties for authors’ rights included in the tariff chart per user group which exceeds the consumer price index established by the Hungarian Central Statistical Office for the preceding calendar year, or
- extends the scope of users affected by a payment obligation for the same royalty.

The legislator did not involve either Artisjus or any other collective management organisation in the preparation of these amendments, leaving us only with the possibility to state our position during the general public consultation, at very short notice. During the consultation initiated by Artisjus, the Ministry of Justice accepted our minor proposals (e.g. exemption from the impact assessment in the case of amendments backed by an agreement concluded with the users and interest representation bodies), but they refused to withdraw their proposal in its entirety. The amended rules of approval will determine the strategies of tariff establishment that Artisjus will be able to adopt in the long run.

In the framework of this amendment, the collective management organisations concerned sought to achieve the modification of the long criticised, misguided inflation rule of the “Kjkt.” (i.e. tariffs can only be adjusted to the inflation rate with a two-year delay). We did not succeed despite the fact that the Hungarian Intellectual Property Office (HIPO) fully agreed with our proposal.

1.3 Evolution of our relations with authorities

There is no doubt that the most unpleasant surprise of the year 2023 was that the Minister of Justice refused to approve the entirety of the 2024 tariff charts of Artisjus (and of all Hungarian collective rights management organisations) alleging the Society’s insufficient justification for the planned 14.5% increase in royalties (with an inflation higher than 17 per cent in 2023), presented in a manner identical to that of the previous years. All of that happened despite the fact that HIPO and the Ministry of Culture

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and Innovation had recommended the tariffs for adoption in all cases, and users and significant user interest representative bodies did not raise any objections or made any comments. The Society had not been previously notified of the decisions delivered on 14 December 2023, unprecedented in the history of Artisjus, nor did it receive any notice, call for completion, or other types of procedural request. As the Minister also rejected the 2024 tariff charts of all other Hungarian collective management organisations, and as some of Artisjus's tariff charts (V, K, SZ, Cable I, Ü, Ü-PC) also affect other collecting societies, discussions with the relevant organisations were launched already in 2023 in order to coordinate our moves to seek legal remedy. The 10 applications prepared by Artisjus's Legal Department, challenging the decisions before the court, were submitted in January 2024. The other collective management organisations affected also submitted an application against the decision rejecting their tariff charts.

The justification of the rejection decisions poses a fundamental threat to the possibility of a future increase of royalties approaching the real value of royalties.

The usual comprehensive supervisory audit was carried out by the Hungarian Intellectual Property Office (HIPO) in 2023 as well: it examined the operation of the Society with respect to its compliance with the rules on authors' rights, and made no comment in that respect.

In 2023, HIPO did not launch a supervisory procedure against Artisjus upon authors' or users' complaint.

The State Audit Office's proceedings called "*Audit of the Copyright System – Audit of the activities of the Hungarian Intellectual Property Office and the accountability and transparency of copyright management organisations*", included in the State Audit Office's first-semester audit plan for 2021, were closed in 2022, and were not pursued in 2023.

The so-called follow-up proceedings, which were launched in 2018 to verify the fulfilment of the commitments made in the competition procedure initiated by the Hungarian Competition Authority (GVH) in early 2014 against Artisjus in relation to the establishment of blank carrier fees, as discussed in detail in previous Business Reports, were finally concluded: the GVH sent its order imposing a 167 million HUF fine on Artisjus in May 2023 and issued a press release in this regard. The GVH did not adopt its order as a decision terminating the procedure, but only as an order imposing a fine, and as a result of that, the Society could only submit an application for judicial review of the order within the 8-day time-limit for seeking legal remedy, as opposed to the 30-day rule of the applicable procedural rule. Nevertheless, the Society prepared and submitted its application against the decision in due time. There were no further substantive developments in the matter in 2023. As challenging the order has no suspensory effect on its enforcement, the Society has been paying the instalments of the fine imposed on a monthly basis, in accordance with the instalment plan authorised in the order.

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2. Royalty collection and administrative costs in 2023

In the year 2023, the total amount of royalties collected by Artisjus was 24,149,645 thousand HUF, which constituted a 1.4 per cent increase compared to the reference value of 2022.

Royalty collection and administrative costs			
	2022 (thousand HUF)	2023 (thousand HUF)	%
Public performance royalties	6,230,389	6,849,376	109.9
Revenue from broadcasting and cable television	6,909,106	6,840,657	99.0
<i>from which cable television revenue</i>	<i>3,059,379</i>	<i>3,106,769</i>	<i>102</i>
Royalties on blank carriers	7,441,625	7,580,888	101.9
Royalties on mechanical and canned music	129,145	129,115	100.0
Royalties on online activities	1,740,351	1,357,012	78.0
Royalties on reprography	6,712	6,544	97.5
Royalties on foreign broadcasting organisations	910,246	904,031	99.3
Royalties from abroad	450,908	482,022	106.9
Total:	23,818,482	24,149,645	101%

Within that, the rates 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 were the following:

The rates 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				
	2022 (thousand HUF)	%	2023 (thousand HUF)	%
Those represented by ARTISJUS	15,789,443	66.29	14,986,942	62.06
Those represented by HUNGART, FILMJUS, EJI and MAHASZ	7,118,793	29.89	8,258,672	34.20
Foreign broadcasting organisations	910,246	3.82	904,031	3.74
Total	23,818,482	100.00	24,149,645	100.00

With its revenues falling 1.7 per cent short of the planned figure, Artisjus was unable to meet its indicative Business Plan for 2023. This could be put down to our revenues from online royalties and blank carrier fees, its reasons will be discussed in detail in the analysis of the specific revenue streams.

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2.1 Live and canned music public performance market

In 2023, public performance revenues surpassed those in 2022 by 10 per cent. To give us an idea of the amount of work behind this figure: the annual public performance royalty income, which was just below 7 billion HUF, was composed of 57,000 HUF invoices (royalty payment notifications) on average. In the last quarter of 2023, a significant, campaign-like effort aimed at collecting our receivables was also necessary to achieve this result, for which non-conventional collection methodology was also employed.

Within public performance royalties, the revenues from live music exceeded the reference value by 34 per cent. At the same time, revenues from the catering industry, hotels and retail trade, were 2.3 per cent lower than the 2022 reference value. In our view, the reasons for that include the decline in purchasing power due to the high inflation, and the price cap that was still in force in the first half of the year, extended to additional products. Royalties from retail trade were higher than the reference value of the previous year by 3.3 per cent. Within canned music (public performance of music provided or broadcast from sound recording), canned music in catering units has seen a slight nominal decrease for the past more than 15 years now, which can be partly explained by the sector's extremely poor "immunity" and painfully slow recovery after the big crises. Within live music, entertainment music has become virtually exclusive by now (representing more than 96 per cent while its proportion was 64 per cent twenty years ago). The remaining 4 per cent are divided between classical music and catering live music of ever-diminishing importance.

One of the key events of the year 2023 was the review of the classification of music clubs. From the perspective of royalties to be paid to Artisjus, it makes a difference whether a given venue operates primarily as a music club offering only auxiliary catering services, or it is a site of occasional live music performances besides its essentially catering profile. The differing royalty rates had created an unpredictable situation for concert organisers, musical managers and in the end, for authors as well. As a result of a detailed and comprehensive review, nearly two hundred event venues were re-assigned from the category paying a catering flat rate to the one of music clubs having an individual royalty payment obligation after concerts effectively held in these units.

2.2 Broadcasting and cable television market

The royalty income collected in the radio, television broadcasting and cable television (broadcasting) royalty segment amounted to 99 per cent of last year's reference value, practically maintaining our revenue level. This result should be assessed in consideration of the fact that in the year 2022, Artisjus received a significant amount of royalties settling the debts of the previous years. In the domain of *broadcasting royalties*, revenues remained 3 per cent below the 2022 reference value. This could be partly explained by the 2023 payments calculated on the basis of the decreasing revenues of commercial televisions in 2022. *Cable television royalties* amounted to 102 per cent of the 2022 reference value. All outstanding debts were successfully collected. The broadcasting market was further consolidated: instead of the biggest three providers, from 2023 on, there are only two major stakeholders in the market, Magyar Telekom and the 4iG group. Neighbouring rights royalties collected on the account of foreign channels (on the basis of a so-called global contract) were equal to last year's reference value.

In the framework of the audit carried out in 2023, the accounts of 8 radio and 9 television organisations were specifically verified via a commissioned partner. This year, too, auditors were requested to visit sites that had been checked before. The results are reassuring: our auditor found only minor differences, which shows that programme providers are becoming increasingly confident about how they are expected to prepare their quarterly data reports for Artisjus. Our audit activity continues to be paramount

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– not only with respect to the royalties collected as a result of the audits, but also in order to strengthen data provision discipline.

2.3 Private copying fees

In 2023, blank carrier fees compensating for private copying grew by 1.9 per cent compared to the 2022 reference value. The leading product group continues to be mobile phones, with the market of this product line having the most decisive effect on the rate of collectible fees. Compared to the year 2022, which was rather weak, the mobile market stagnated in 2023 both in the domestic and international arena. Several factors rendered the sales of smart phones more difficult in the past two years: parts shortage, a build-up of stocks and the lengthening of the replacement cycle. These problems were further aggravated by the uncertain macroeconomic context. A steady shrinking of the medium and low category segments could also be detected.

At the same time, the traditional desktop PC market showed signs of decline in 2023.

With respect to other carriers, we had predicted a growing trend of steadily dropping consumer demand for “traditional” carriers (USB sticks, memory cards and external HDDs), which still generated substantial revenue, despite the fact that the pandemic brought this trend temporarily to a standstill. Fortunately, these expectations did not materialise in 2023, and coming also as a surprise to us, our revenues from the three above-mentioned groups of devices performed above the planned figures and were able to make up for the significant loss suffered in PC royalties. In the case of tablets too, a substantial drop in revenues could be observed: this segment is also strongly influenced by price sensitivity, and its products have a much longer product life cycle than mobile phones.

As a new market phenomenon, the question of liability emerged in the context of businesses offering online retail market platforms (e.g. eMag) and (micro) suppliers using these platforms that typically operate in a direct customer delivery business model. We began examining this matter in 2023, with a solution expected in 2024.

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

The royalty income of the mechanical market hovered at last year’s reference value.

Although stagnating in their amount, royalty revenues changed in terms of structure: payments by BIEM publishers grew by 10 per cent while royalties paid by independent publishers went down by 21.5 per cent. The reasons for the decrease in the number of publications in independent publishing are the ailing market of physical carriers, manufacturing difficulties, and changes in distribution regulations, which no longer drive payments from publishers with copyright interests.

No more significant shifts are expected in the mechanical market: in 2023, too, CDs and DVDs were typically distributed at concerts, MOL petrol stations, webshops, electronic stores and as cover mounts.

2.5 Online music market

After a successful year in 2022 closed with a 46 per cent increase, 2023 brought a correction in online rights collection: the online royalty revenues of Artisjus collected in 2023 show a 21 per cent decrease compared to the amount received in 2022. This can be put down to the fact that on the one hand, certain important revenues planned for 2023 (HBO, Apple TV, Disney+) have been postponed to 2024, and on the other, the technical launch of the collection procedure carried out on the basis of the agreement signed with French musical collective management organisations SACEM and SDRM (i.e. the takeover

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of the Hungarian repertoire with the appropriate right owner structure), has taken more time than expected.

In online revenues, the weight of prepaid film services continues to be predominant. In the case of the latter, rights are collected not only after our own repertoire due to the territorial establishment of copyright. In 2022, our royalties collected with retrospective effect were significant. Newly emerged stakeholders reshuffled the market, attracting many subscribers from established providers with a contract. Due to the characteristic lead times, we could not round up our negotiations with the new providers in 2023 in a way that would have allowed us to collect retrospective revenues as well. Consequently, rights collection from the dynamically growing Disney+ and SkyShowtime having a vigorous start has shifted to 2024. Online royalties coming in from cable providers have been shrinking simultaneously with the expansion of film streaming service providers. Another reason for this decline is the reshuffling of the cable market where the consolidation of services is still under way, a situation expected to be consolidated by the end of 2024.

In recent years, significant resources were tied down in the effort to create an efficient background to online traffic processing and distribution. As a result of this effort, we have become capable of handling, processing and distributing huge quantities of traffic data, and getting on top of our backlog. With the outsourcing of SACEM, new tasks have appeared. The transition caused a temporary setback in efficiency in terms of rights collection depending on traffic processing; nevertheless, the rate of royalties for this period of exploitation grew in the case of more than one provider. The benefits from the SACEM cooperation are expected to materialise in the following years.

2.6 Administrative costs

In the year 2023, the administrative costs deducted by Artisjus effectively for its operation (i.e. excluding the obligatory payment of health contribution after copyright) amounted to 18.07 per cent.

Administrative costs: Indicators of administrative cost effectively deducted for operation			
	2022 (thousand HUF)	2023 (thousand HUF)	%
1 Net sales revenue	23,684,037	24,166,811	102
2 Accrued administrative costs of the distribution of royalties for the year following the target year	1,087,398	1,107,578	102
3 Administrative costs for the target year	3,901,161	3,948,312	101
4 Administrative costs of the distribution of royalties collected in the year prior to the target year	926,524	1,087,398	117
5 *Revenue from miscellaneous sales	26,429	37,346	
(3+4) 6 Total administrative costs	4,827,685	5,035,710	104
(1+2-4-5) 7 Adjusted net sales revenue	23,818,482	24,149,645	101
8 Authors' healthcare contribution (EPÜ-518100)	412,775	672,632	163
(6-8) 9 Operational administrative costs	4,414,910	4,363,078	99

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(6/1) 10	Total administrative costs in proportion to net sales revenue	20.38%	20.84%	
(9/7) 11	Operational administrative costs in proportion to corrected sales revenue	18.54%	18.07%	

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

Our only expense that went significantly over our plan was the fine imposed by the Hungarian Competition Authority (in the category of "Miscellaneous expenditure"), but as a preliminary special-purpose reserve had been created for this potential expenditure, it did not cause a problem in our business operations.

The ratio of the amount collected and the amount effectively spent on the operation of Artisjus is shown by the so-called **actual operating cost indicator**, calculated with the methodology prescribed by HIPO. Its rate was **15.17%** for the year 2023 (see Point 23 of the supplementary annex). (When closing this Business Report, we have international comparative data only for the year 2022: according to the figures of CISAC, collective rights management organisations in the East-Central European region operate with a 21.31 per cent administrative cost on average, and this figure is 17.35 per cent for Europe on the whole.)

The amount deducted for operation but actually unused is distributed in its entirety by the Society among the right holders.

3. Relations with members and right holders, communication

3.1 Renewal of offices

The ordinary, four-year election of the delegates, and members of the Supervisory Board took place from 6 November to 18 December 2023. All Artisjus members were entitled to take part in the election. According to the Statutes, the members of the Society elect the delegates and the members of the Supervisory Board directly every four years, and the previous ordinary elections were held at the end of 2019. The members of the Society may exercise their right to vote during the election period designated by the Executive Board, during which they may nominate candidates from their own department over a five-working-day nomination period, and then vote (including electronically) for candidates from their own department on the final list of candidates over the subsequent three-working-day voting period. Members could take part in the nomination and election process either in person, during the designated hours of customer service in the headquarters of Artisjus, or online, via their registered account in the Authors' Information System (AIS). Those voting electronically could submit their nominations and cast their votes all day long on the designated days, up until the end of the last day of the nomination and voting periods, that is, till midnight. The second electronic renewal of offices in the history of Artisjus was carried out seamlessly, without any incidents. Participation was an all-time high of Artisjus elections with 39 per cent of the membership (828 persons) having cast their vote. Ninety-nine per cent of the participants took advantage of the possibility to vote online and cast their votes in AIS, while one percent chose to vote personally at the Budapest office of Artisjus.

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As a result of the elections, the following members of the Society have been included in the bodies in question:

General Assembly:

Department of Classical Music Composers:

1. MÁTÉ BALOGH
2. GYULA BÁNKÖVI
3. BÉLA FARAGÓ
4. MÁTÉ HOLLÓS
5. MÁRTON KERÉKFI
6. ZOLTÁN KOVÁCS
7. IVÁN MADARÁSZ
8. ENDRE OLSVAY
9. LÁSZLÓ SÁRY
10. MIKLÓS SUGÁR
11. LÁSZLÓ TIHANYI
12. ANDRÁS GÁBOR VIRÁGH

Department of Light Music Composers:

1. ÁGNES SZABÓ
2. RÓBERT HRUTKA
3. ENIKŐ HODOSI
4. ESZTER MAJOR
5. ALAJOS NÉMETH
6. ANDRÁS SZEKERES
7. PÉTER DOROZSMAI
8. MÁRTON LOMBOS
9. ÁRON SZABÓ
10. ANDRÁS BÁLINT SZABÓ
11. ZSOLT BÍRÓ
12. JÁNOS PÉTER

Substitutes:

SZABOLCS TÓTH
SUBSTITUTE SZABOLCS OLÁH

Department of Literary Authors:

1. ÁKOS SZILÁGYI
2. FERENC CZINKI
3. PÉTER BOZSIK
4. IMRE PÉNTEK
5. SIMON SERFŐZŐ

Substitute:

DR GUSZTÁV BÁGER

Department of Music Publishers:

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

Substitute: MAGYAR ZENEMŰKIADÓ
KFT.

Supervisory Board:

Department of Classical Music Composers:

1. ISTVÁN MÁRTA
2. BÁNK SÁRY

Department of Light Music Composers:

1. ATTILA HORVÁTH
2. GÁBOR NÉMETH

Substitute:

NORBERT SZÜCS

Department of Literary Authors:

1. ISTVÁN VÖRÖS

Substitute:

BALÁZS LÁZÁR

Department of Music Publishers:

1. KONCERT 1234 KFT

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The General Assembly elected the following persons as members of the Executive Board for the next four years:

	Member of the Executive Board	Department
1.	Zsolt Bíró	Light Music
2.	Alajos Németh (“Lojzi”)	Light Music
3.	Ágnes Szabó	Light Music
4.	Áron Szabó (“Vasaló”)	Light Music
5.	Gyula Bánkövi	Classical Music
6.	Máté Hollós	Classical Music
7.	Iván Madarász	Classical Music
8.	László Tihanyi	Classical Music
9.	Simon Serfőző	Literature
10.	Universal Music Publishing Editio Musica Budapest Kft. represented by Tünde Mózes-Szitha	Music Publishers

At the inaugural meeting, the Board re-elected Alajos Németh as President of the Society for another 2 years.

3.2 Membership data

At the end of 2023, the number of society members/music publishers entrusting Artisjus with the collective administration of their rights amounted to 2,097. At the same time, the number of non-society members/music publishers entrusting Artisjus with the collective administration of their rights was 26,143. On 31 December 2023, the number of the registered users (individuals/music publishers) of the Artisjus Authors' Information System (AIS) attained 20,674.

3.3 Communication of Artisjus in 2023

In 2023, we renewed the **DEX Songwriting Expo**, which moved to the Artisjus headquarters and was transformed into a series of 4–4 events in the spring and autumn. Our objective was to enable authors to increasingly associate the DEX brand with Artisjus as well as to build a more direct relationship with us.

The programme of the events had four components:

- an “official” keynote lecture delivered by Artisjus staff members presenting current projects and information about copyright
- an exclusive mentoring workshop held by a guest speaker
- a master course held by a guest speaker
- at the end of the programme, an informal discussion and coffee break in the lobby of Artisjus where the participants could ask questions from Artisjus assistants for authors.

Three of the eight events were held in English. The master course of Miklós Malek was streamed online, whereas that of Maria Broberg was organised in cooperation with Budapest Showcase Hub, at a BUSH venue – thereby maintaining DEX's international relevance in 2023, too.

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We supported Artisjus's relations with authors and the music industry by organising **meetings between musical managers and music publishers**.

This year's topic in the music industry too was the rapid development and take-up of artificial intelligence. Our **audience campaign held on Songwriters' Day** was also built around this topic.

Dalfutár and Artisjus's public vote on **"Who should this year's songwriter be?"** attracted a high number of visitors online. Never before had the **Dal+Szerző blog** had as many visitors as in 2023, boasting as many as 28 blogposts that year with more than a thousand readers.

In 2023, the number of Artisjus followers continued to grow on Facebook and Instagram.

Artisjus awards were handed over in the framework of a successful event with many visitors, held once again in the House of Music Hungary.

In 2023, too, the **Artisjus Spring Songwriting Camp** welcomed a highly versatile international team with lyricists, composers and producers from eleven countries (in addition to Hungary, from Austria, Czechia, Croatia, Latvia, the Netherlands, Norway, Poland, Slovakia, Ukraine, and the United States).

Artisjus was present in the **Valley of Arts Festival** of Kapolcs, once again in the framework of the programme series entitled Völgykomolyzene.

We organised our **Membership Reunion** with personal attendance in the Artisjus Theatre Hall on 2 November 2023. All members and clients of Artisjus were invited to this event. The most important achievements and changes of the past one-year period were presented by the working organisation while our colleagues from the Department of Authors' Relations could be approached with individual questions in the entrance hall.

In the traditional "print" category, the platform for the written communication of Artisjus continues to be provided by our free publication on music industry and culture, **Dal+Szerző magazine**, now published for the twelfth year. In 2023, we came out with two numbers, one in the winter and one in the summer. There were no changes in the column structure of the magazine; with a few exceptions, the interviews were made with Artisjus laureates.

In 2023, we took an active part in the shaping and reviewing of the programme of the **Music Hungary conference** organised under the motto of "Artificial vs Natural Intelligence". We contributed to the following roundtable discussions and talks as guests / initiators / organisers:

- Adduction and abduction: Will Hungarian radio broadcasting and streaming ever meet?
- What can Hungarian authors learn from the strike of Hollywood writers and actors?
- Artificial vs Natural Intelligence in the creators' world: Áron Sebestyén on the experiment carried out on Songwriters' Day
- How right is copyright? Music clubs vs musical managers vs Artisjus
- The development of and new solutions in digital rights management: Artisjus vs Digijus

As a significant innovation of Artisjus's daily communication practice, we extended our phone availability for both authors and (public performance) users, relying on the services of an external contracted call centre. With the help of the call centre, the number of lost calls dropped drastically while more complex questions continue to be answered by the staff members of the work organisation.

4. Distribution and documentation

The main amendments to the Society's Distribution Regulation adopted by the General Assembly in 2023:

- Catering live music: The separate distribution of this royalty type was terminated and it was integrated into the distribution of pop music concerts and events. Due to the small quantity of data, a clearly detectable behaviour emerged on behalf of authors/performers by their playing

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their own compositions and providing accurate data about them, so there was a need for a distribution of data/royalties on a greater basis.

- Obsolete degression rules pertaining to classical music and light music live performances were phased out.
- The rules of individually distributed concerts were modified (raising of limits, identical treatment of classical music events, determining the proportion between the opening band and the main performer), and in connection with that, the distribution rules of light music concerts and events were also amended.
- The conditions of distribution for DJ performances were modified in an effort to adjust to the change in copyright practices of music clubs.
- The rules of right holders' possibility to seek legal remedy before the Supervisory Board were amended. The rules of advance payments on royalties were modified.
- The rules of individually distributed concerts based on a representation agreement were further amended: distribution of royalties in the ratio of 80 vs 20 per cent between main performers and other performers.

At the end of 2023, an important four-year General Assembly / Executive Board term came to an end, during which numerous fundamental amendments were carried out in the Distribution Regulation. Most of these changes were concerned with the phasing out of outdated rules as the market environment had changed (e.g. the number and role of public media channels, the importance of sound recording edition vs their online exploitation, the declining role of catering live background music). It is in the face of such disappearing solutions that new rules had to be set up providing for balance, together with authors and music publishers. We believe that Artisjus made notable progress in this time period towards the application of timely and realistic distribution results.

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 (NKA) in 2023 as well. In accordance with our Support Policy and the provisions of the Act on Authors' Rights ("Szjt.") and the Act on Collective Management of Copyright ("Kjkt."), our professional support activities were carried out directly by the Society.

6. International environment

Artisjus continues to participate in the work of CISAC, the global confederation of rights administrators and the European regional organization, GESAC. The Artisjus Director General is one of the Vice-Presidents of GESAC, as well as a board member of both organisations, with Gábor Faludi playing an active role in the legal committees of both entities. Business Transformation Director Péter Benjamin Tóth takes part in the work of technical and communication committees.

Artisjus continues to participate as an invited partner in the so-called Open Music Europe (OpenMUSE) project executed from EU funding. The Open Music Observatory, which will be created as a result of the project, will seek to provide a common and open platform for the entire music ecosystem, including better measurement of exploitations that are currently data-poor and receive no copyright or are not rewarded at their real economic value. The project includes the Slovakian SOZA and the Bulgarian

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

Musicautor among the European collective rights management organisations, as well as academic participants from Finland, Italy, Slovakia and the Netherlands (IVIR Institute of the University of Amsterdam) among the altogether 15 project members. In 2023, the project was facilitated by the Artisjus Legal Department and staff members in charge of communication.

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

On 31 December 2023, the Society had altogether 171 active full-time employees.

The Society has projected a net royalty income of 20,725,285 thousand HUF (without VAT and administrative costs) for the year 2024.

Budapest, 30 April 2024



Dr. András Szinger
Director General