

Financial Statement and Transparency Report 2022

1.1

The balance sheet, the profit and loss account and the additional annex are enclosed to this report.

1.2.

Activities of FilmJUS in 2022

At the beginning of 2022, we were just emerging from the Covid epidemic when Russia, in a throwback to the old times, wanted to implement its great power ambitions in Ukraine. As a result, the CISAC Board of Directors sent the following letter, or more precisely a request to its member organisations, asking for support to help the victims of the war in Ukraine.

Dear CISAC members!

#CreatorsforUkraine, support for the victims of war has been launched

The global CISAC community is deeply shocked by the brutal attacks by the Russian armed forces against Ukraine. Now is the time to come together and launch #CreatorsforUkraine, a new global initiative to help victims of war, mobilise support and promote Ukrainian culture.

We urgently need strong and concerted action from creators and their organisations around the world. In times of crisis, our community must show strength, unity and humanity.

Ukraine is facing a humanitarian disaster. Among the victims are our fellow Ukrainian creators, friends, colleagues and partners in the creative sector. Hundreds of thousands of people are forced to leave their homes, seek refuge and become refugees in neighbouring countries.

In response to the emergency, our global network is doing everything possible to be of assistance. CISAC has initiated cooperation with international creative councils (CIAM, WDW), GESAC and other organisations.

Relief fund for war victims in Ukraine. Following a proposal from ZAIKS, a special fund will be established for members' donations to contribute to the continued operation of CISAC members working in Ukraine.

The funds will also be used to support the commendable work already done by ZAIKS in Poland to support refugees. In addition, the aid funds will be distributed among associations in Hungary, Romania and Slovakia, who will channel them to trusted local charities providing humanitarian assistance. The fund has been approved by the Ukrainian authorities.

The FilmJUS Rules of Distribution have so far not regulated the possibility of such donations, therefore Mr. György Kabdebó (GyK), President of FilmJUS, made the following proposal electronically on 9 March 2022 (in accordance with Section IX of the Statutes), requesting the resolution of the members of the BOARD. We proposed an amendment to the Rules of Distribution suggesting to provide for donations from the Reserve Fund in specific cases, secondly (if the majority votes in favour of the amendment) we requested the BOARD's approval to donate 100,000 EUR to the account indicated in the CISAC letter.

The BOARD took a written decision within the time limit:

The BOARD adopts the proposed amendment to the FilmJUS Rules of Distribution by 14 votes in favour (one delegate did not reply to the request), without abstention.
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The BOARD taking the advantage of the opportunity given by the amended Rules of Distribution took the following decision:

By 13 votes in favour, with 1 abstention (one delegate did not reply to the question), the BOARD agrees to give a grant of 100,000 Euro to the CISAC Ukraine Solidarity Fund.

We contacted CISAC's Ukraine Solidarity Fund, who informed us that a percentage of the donations would be transferred to the national relief organisations (involved in the refugee aid activities in Ukraine), so it seemed logical to transfer half of the amount voted to the CISAC solidarity fund itself and the other half to the Hungarian Interchurch Aid Organisation. Both organisations thanked us for our support and we also received a report on the use of the donation.

According to the annual report of the Hungarian Interchurch Aid, it has spent around USD 18,89 million (approximately HUF 6,2 Bn) on refugees and war victims of Ukraine since February 2022. Their activities were conducted partly in Hungary, but mainly in Ukraine, where they assisted in care and aid activities in favour of internally displaced people. In this context, they provided significant support in the areas of food, housing and energy in almost all oblasts of Ukraine. Their activities have continued unabated and are ongoing.

At the BOARD' meeting on 19 May 2022, the Supervisory Board for first requested information on the data provided by commercial TV companies. In reply, GyK said that following the agreement with TV2, we regularly receive broadcasting data, unlike RTL Klub, with whom no agreement has been reached to date, mainly because they have not been able to provide usable data. For almost a year they have been promising to provide full data for their own-produced programmes, which they have been unable or unwilling to deliver. For works of other origins partially incomplete data reporting may be acceptable, however for self-produced works it is absolutely not.

The second issue raised is the situation of royalties for encrypted channels. GyK replied that the situation remains unchanged and that nothing will happen until EU level rules allow for the extension of the audio-visual collective rights management to this category of broadcasters. There seems little hope for this at present.

The third question concerned how many encrypted channels are operating in Hungary? Mr Béla Bánhegyesi tried to acquire data on this, mainly from the National Media and Communications Authority. As shown in the data, there are 469 TV channels with broadcasting rights and 137 on-demand AV media services (internet). It is not possible to find out exactly from the National Media and Communications Authority, that how many of these are encrypted and how many are not, but we assume that there are about 100 encrypted channels reaching a household.

A question was also raised about the status of the State Audit Office (SAO) audit concerning FilmJUS. The SAO's website published a closure notice already in March 2022 (also available on the FilmJUS website), stating that as a result of the audit, the relevant rights managers are now operating much better, thanks to the SAO.

At the same time, on 16 May 2022, a new call for an SAO audit, "Control of NGOs engaged in activities likely to influence public life", was published, which contains new requests for data, but it turns out that this audit has a very broad scope covering many (or all) associations and foundations. (We have been informed that several defunct associations have also been included in the scattering, and e.g. the First Rabbit Rescue Foundation is also concerned, as an organisation capable of influencing public life.)

A question has been raised as to what can be expected about the change in the amount of the blank tape levy compared to previous years. The reply of Béla Bánhegyesi revealed that the withdrawal of HUAWEI has only rearranged the market for purchases, in which SAMSUNG is still the dominant player, with new manufacturers, especially XIAOMI, trying to break in.

ARTISJUS forecasts that sales in general have not decreased, so the volume of collections is not falling either. However, for the first time in years, FilmJUS will see a small decrease in its share of blank tape levy due to unfavourable market research data for FilmJUS.

The Supervisory Board asked how runaway inflation will affect the management of FilmJUS? GyK replied that the amount of royalties (also known as per minute royalties) is not affected by inflation, as neither the total royalty collected nor the total length of eligible works broadcast is directly affected by inflation (the ratio of the two determines the royalty rate per work).

At the same time, this issue generated a proposal from the President and the Executive Committee to increase employee salaries and fees during the year to take account of inflation. At the BOARD meeting held days earlier (on 16 May), GyK informed BOARD members that we had increased salaries and fees by an average of 5% at the beginning of the year, but in view of runaway inflation, expected to reach double digits, he proposed to increase salaries and fees by another 5%, effective 1 July. With the unanimous support of the Executive Committee, GyK proposes to increase second half salaries and fees by 5% on average. According to the calculations, this will increase the draft annual budget adopted by HUF 2,343,000 plus public charges. The proposal was unanimously supported by those present.

The Supervisory Board raised that more money should be spent on social support.

GyK said that, knowing the financial situation of the Filmjus Foundation, he does not consider it justified to provide additional support at the moment, but promises that if the Foundation needs additional support, he will do his utmost to provide additional support and will submit a proposal for a resolution to the BOARD. The present head of the Board of Trustees of the Filmjus Foundation agreed.

The Supervisory Committee inquired about the impact of the Covid epidemic on royalties, the number of rightholders, the number of broadcasted eligible works and the number of TV viewers.

Béla Bánhegyesi looked into the numbers. The level of royalties showed a slight increase, while the number of rightholders did not change. The average number of connected homes, which determines cable TV royalties, also showed a slight increase for uncoded channels (693,000 homes in 2019, 702,600 in 2020 and 741,200 in 2021), induced by the rise in the number of homes connected to the public service and the two major commercial channels. Our monitoring showed that in 2020, the channels we monitored broadcasted around 3-4% more eligible works, but by 2021 the number had returned to the 2019 level.

The Supervisory Committee asked about our contractual relationship with the National Cultural Fund. The answer is short: we have none. Following the 25% withdrawal of the blank tape levy, Artisjus has repeatedly asked about the use of the money thus withdrawn, but has not received any substantive reply. After the lawsuit against the National Cultural Fund, which was won by FilmJUS, there is practically no contact between the two organisations. After the legal entry into force of the 90% deduction of lapsed royalties, the National Cultural Fund informed us when we made the (first) payment last year that it did not require a separate contract, only an information letter on the rightholders concerned. We do not possess any information on the use of the payment, unless we consider the information published on the National Cultural Fund website to be such.

As an addendum, a change in the relationship with the National Cultural Fund seems to be emerging at the beginning of 2023. During a face-to-face meeting, we were promised regular information on the use of the funds transferred by FilmJUS.

The BOARD meeting in May adopted the submitted report:

The BOARD upon the recommendation of the Supervisory Committee and independent auditors, unanimously with 9 votes in favour, 0 against and 0 abstentions adopts the President's Report on the Association's activities and financial performance, the balance sheet, the profit and loss account and the supplementary annex for year 2021 of FilmJUS, and furthermore adopts the Transparency Report of FilmJUS for 2021 and the special report contained therein.

In the second half of the year, due to the drastic increase in overheads, the management introduced a home office working schedule from 2 November 2022, and provided a monthly allowance of HUF 20,000 to compensate for the additional expenses of employees at home.

The development of the new FilmJUS website was completed by the end of 2022 and will be published in parallel with the old one for the next 1 year, allowing for an easier transition.

During the year, the BOARD amended the Rules of Procedure on the basis of a proposal sent to the members in advance. The amendment clarified the role of the Legal Office in relation to the processing of succession documents and, secondly, regulated the rules on teleworking.

In connection with the amendment of the Rules of Procedure, the BOARD, on the basis of a proposal sent to the members in advance, amended the Rules of Distribution, clarifying the procedure for the confirmation of succession.

1.3

Information on the user call for tender

Activities of FilmJUS are characterised by the fact that, unlike in case of musical works, the licensing of cinematographic works is in the vast majority of cases not within the competence of the copyright management body, but license rights of works remains with the producers.

As a result, FilmJUS did not receive any user request or offer in 2022, so there are no problems or obstacles to report in this regard.

1.4

The legal and governance structure of FilmJUS

The operational activities of the Association are managed by the Director, in cooperation with the President, and supervised by the Executive Committee and the Association's main decision-making body, the BOARD.

The BOARD of FilmJUS, which is the supreme decision-making body of the Association, and the members of its Supervisory Board are elected for a four-year term by the renewal General Assembly. The BOARD elects the Executive Committee, including the President.

The Director shall be appointed for an indefinite term by the Executive Committee with the consent of the BOARD.

The Legal Office is responsible for handling the Association's legal affairs and international relations, with the engagement of a contracted lawyer if necessary.

1.5

Information on organisations owned or controlled by FilmJUS

The Association has no ownership relation with any other company or other organisation.

The Association exercises founding rights over the following foundations:

- **FILMJUS Foundation** (registered office: 1092 Budapest, Ráday u. 31/ B., Budapest-Capital Regional Court – reg. number: 01-01- 0008275)
- **FILMESHÁZ Foundation** (registered office: 1092 Budapest, Ráday u. 31/ B., Budapest-Capital Regional Court – reg. number: 01-01- 0011535)

1.6

Executive allowances in 2022 (gross, HUF)**Director's annual salary and other allowances**

Salary: 12,253,000
+ 100,000 - school starting allowance

President and 4 members of Executive Committee:

Honorarium (annual): 22,392,000
+ use of car for the President

Supervisory Board (3 members):

Honorarium (annual): 5,368,200

FilmJUS did not pay any other remuneration (excluding royalties for their works of authorship) to the executives.

1.7

For financial information according to Annex 1 of Act XCIII of 2016, see point 2.

1.8

The FilmJUS Association does not directly engage in cultural or social support activities, for this purpose the Filmjus Foundation was created in 2001.

In 2021, the FilmJUS Association (as in previous years) provided support exclusively for social purposes through its Filmjus Foundation. The amount of the annual grant given to the Foundation is decided annually by the BOARD, simultaneously with the adoption of the annual budget of FilmJUS. The source of the grant is a separated part from the lapsed royalties for the year in question. For the fiscal year 2022, the BOARD, when adopting the budget, set the planned social grant at HUF 30 million.

In accordance with its founding documents, the Foundation may use this amount exclusively for the social support of people working in (or retired from) the film and TV industry, on the basis of decisions taken by its Board of Trustees. The social support includes, firstly, a one-off cash grant on the basis of need, secondly, regular monthly pension supplements for colleagues with low pensions and, thirdly, support for colleagues who retire within ten years as beneficiaries by means of regular private pension contributions.

The Foundation is classified as a public benefit organisation and is included on the list issued by the National Tax and Customs Administration (NTCA), which allows individuals to donate 1% of their tax.

The activities of the Foundation's Board of Trustees are supervised by the Supervisory Board, its balance sheet is audited by an independent auditor and it reports on its activities annually in a public benefit report, accessible to the public.

In 2022, FilmJUS did not provide any financial support to the FilmesHáz Foundation, who covered its operations from its own revenues.

Due to the exceptional situation in Ukraine, we have given a donation of 100,000 euros to help war refugees and victims, based on the relevant decision of the BOARD. More details can be found in the "FilmJUS activities in 2022" section of this report.

2. Financial information

2.1.

Royalty income in fiscal year 2022, broken down by type of property right managed

	royalty type	origin	collecting org.	HUF thousand
1	Blank tape levy	Domestic	ARTISJUS	618,979
2	Cable	Domestic	ARTISJUS	511,350
3	Foreign cable (secondary rights)	Foreign	Own collection	1,627
4	Reproduction	Domestic	Own collection	238
5	Public performance	Domestic	Own collection	9,215
6	Terrestrial broadcasting	Domestic	Own collection	44,176
7	Terrestrial broadcasting (from abroad, personalized)	Foreign	Own collection	35,957
8	Making available to the public	Domestic	Own collection	4,324
9	Encrypted broadcasting/ webcasting (M3.hu)	Domestic	Own collection	18,000
10	Cable (for foreign producers) AGICOA	Domestic	ARTISJUS	103,598
				1,347,464

FilmJUS invests the royalties not paid yet from the previous year's royalty distributions, the royalties collected and not yet distributed and its other financial assets in various short and long-term bank securities (government bonds, fixed deposits) in strict compliance with the Investment and Risk Management Policy.

Supplementary note: At the beginning of 2023, in order to diversify the funds, about half of the deposits were placed in a bank account opened with MKB (Hungarian Commercial Bank) with favourable interest rates.

The BOARD (the main decision-making body of FilmJUS) decides on the use of the total annual interest income. The BOARD, when adopting the draft budget for the year, establishes in nominal terms the portion that can be used for operating purposes in the subject year, the additional residual interest income will increase the royalty income available for the next secondary rights royalty distribution.

The distribution and use of interest income in this way shall be decided annually by the BOARD and published on the FilmJUS website.

2.2.

Costs of services provided to rightholders

FilmJUS only carries out collective rights management activities for its rightholders in accordance with the provisions of the **CRM Act**. Qualification: **representative collective rights management organisation**.

Its activities consist of the following parts:

- takes over from Artisjus the so-called blank tape levy and cable TV royalties (collectively known as secondary rights) in the framework of the mandatory collective rights management;
- concludes so-called reciprocity agreements with foreign partner organisations, and as provided therein takes over from them the so-called secondary rights due to Hungarian rightholders, and pays them the royalties due to rightholders of films from that country broadcasted in Hungary;

- collects royalties in accordance with its accreditation for voluntary collective rights management, in line with tariffs approved annually by the competent minister (e.g. reproduction, public performance, broadcasting, making available to the public [collectively known as “primary rights”] and webcasting according to individual agreements);
- keeps records (sorted into database) as required by the CRM Act, *firstly* annually on the cinematographic works broadcasted on monitored channels (classified as national by the National Media and Communications Authority) (so-called projection data), *secondly* on the country of production, the authors (director, director of photography, film writer, set and costume designer, and in the case of foreign films dubbing director and dubbing translator) and producers of the cinematographic works concerned, the length of the work and its genre, the year of production, *thirdly* on the contact details and personal data of the cinematographic authors and producers which allows them to receive the royalty payments, and *fourthly*, in the case of foreign films on the collective rights management bodies representing the authors;
- carries out the so-called royalty allocation in case of mandatory collective rights management and prepares the so-called tariffs broken down by rightholders;
- in the course of voluntary collective rights management, FilmJUS distributes the so-called primary rights royalties collected by itself, if possible immediately after the receipt of the royalty, and prepares the tariffs;
- sends the aforementioned tariffs to all domestic rightholders whose contact details are known and pays the royalty in accordance with the provisions of the applicable tax laws;
- prepares a breakdown of the royalties due for works of foreign origin by country of origin and sends these lists to the collective rights management organisations of the countries with which we have reciprocity agreements, these collective rights management organisations check and correct these lists, thus FilmJUS can pay the corresponding royalties based on the adjusted lists to the competent collective rights management organisation;
- places on a so-called pending account royalties for the authorship of those broadcasted works for which we do not know the contact data, royalties for those works for which we do not know the country of origin, and royalties for countries with which we do not have reciprocity agreements, and in the next 3 years FilmJUS does its best to get to know the author or the country of origin so that we can pay out the royalties (for this search FilmJUS employs dedicated staff). After the limitation period (3 years according to FilmJUS rules), royalties that despite the search could not be paid expire and will increase the total amount of the following year's royalty distribution;
- provides legal advice on copyright issues for members contacting the Legal Office;
- keeps register for its members' own works, this is the so-called "protection process";
- issues a so-called “no-debt certificate” at the request of members, for those members not indebted to FilmJUS, which they can use for their applications

2.2.1

From the above outline of the set of activities it is clear that operational and financial costs cannot be directly attributed (allocated item by item) to each of the activities. There is no other option than to allocate the operating and financial costs in proportion to the royalty income (managed according to property rights) in the subject year.

The royalties collected and paid to Agicoa have not been included in the revenues since according to a tripartite agreement signed by Artisjus-FilmJUS-Agicoa and countersigned by the Hungarian Intellectual Property Office, the so-called cable TV (simultaneous retransmission) royalties due to producers of foreign works broadcasted in Hungary are paid by Artisjus directly to Agicoa, therefore not inducing any management cost income on FilmJUS side.

The sum taken into account for costs is the sum shown in the profit and loss account, excluding royalty payments, social contributions related to royalty payments and the amount of social support.

Total operating and finance costs in the income statement:

	thousand HUF
Use of services	41,854
Expenditure on personnel	150,270
Depreciation	16,682
Other expenditure	18,808
Total operating costs:	227,614

Operating costs allocation of the 2022 royalty income excluding management costs (excluding Agicoa), broken down by property rights:

	thousand HUF		allocation
Royalty revenues (excluding management costs)			
Blank tape levy	526,132	49,23%	112,054
Cable	434,647	40,67%	92,571
Blank tape levy and cable (foreign coll.)	1,546	0,15%	341
Reproduction	226	0,02%	46
Public performance	8,754	0,82%	1,866
Terrestrial broadcast	41,967	3,93%	8,945
Terrestrial broadcast (from abroad, personalized)	34,160	3,20%	7,284
Making available to the public	4,108	0,38%	865
Encrypted broadcast/ webcasting (M3.hu)	17,100	1,60%	3,642
Total:	1,068,640	100%	227,614

2.2.2.

The method for allocating the total (with management costs) royalty income corresponds to the method applied in section 2.2.1, as the reasons are identical too. Here we have also not taken into account the royalties paid by Artisjus directly to Agicoa, and the total operating, financial costs do not include the payable social contribution charged as an expense.

	thousand HUF		allocation
Royalty revenue			
Blank tape levy	618,979	49,76%	113,261
Cable	511,349	41,11%	93,572
Cable (collected from abroad, sec. rights roy.)	1,627	0,13%	296
Reproduction	238	0,02%	46
Public performance	9,215	0,74%	1,684
Terrestrial broadcast	44,176	3,55%	8,080
Terrestrial broadcast (from abroad, personalized)	35,958	2,89%	6,578
Making available to the public	4,324	0,35%	797
Encrypted broadcast/ webcasting (M3.hu)	18,000	1,45%	3,300
Total:	1,243,866	100%	227,614

2.2.3.

Operational and financial costs for services other than collective rights management, including services provided for the benefit of the community of the rightholders.

FilmJUS does not provide other services than those qualifying as collective rights management, nor does it provide direct social or other support, thus having no related costs.

2.2.4.

Sources used to cover costs

To cover the costs, FilmJUS uses two sources,

1. the management fee for the royalties collected, which in 2022 is 15% for mandatory collective rights management (so-called secondary rights) and 5% for voluntary collective rights management and royalties collected from foreign collective rights management organisations; these percentages are set annually by the BOARD
2. the share of interest income earned in the subject year, as determined by the BOARD when approving the budget for that year;

2.2.5.

FilmJUS applies exclusively a management cost deduction to burden royalty income. The rate is set out in the previous point. The management costs deducted in 2022 are set out in the table below:

thousand HUF

Royalty types	Management cost
Blank tape	92,847
Cable	76,702
Blank tape and cable (foreign coll.)	81
Reproduction	12
Public performance	461
Terrestrial broadcast	2,209
Terrestrial broadcast (from abroad „personalized”)	1,798
Making available to the public	216
Encrypted broadcast/ webcasting (M3.hu)	900
Total deducted management cost:	175,226

2.2.6.

FilmJUS does not provide any services other than collective rights management or directly related free services (copyright consultancy, issuing a “no-debt certificate” for applications, protection of works for members), therefore has no other costs.

2.3.

Information on the sums to which rightholders are entitled

2.3.1.

Information on the total amount distributed to rightholders

In 2022, the so-called secondary rights (blank tape levy and simultaneous retransmission [cableTV]) for the 2021 royalty year have been distributed respectively. Similarly, the royalties for broadcasted films on the webcasting channel (M3.hu) were distributed in the year following the year of collection, at the same time as the so-called secondary rights.

Royalties collected under voluntary collective rights management are distributed as soon as possible after receipt of the royalty.

Royalty types	Royalty sum (thousand HUF)
2021 royalty blank tape	704,015
2021 royalty cable TV	506,574
Reproduction	226
Public performance	8,754
Terrestrial internal broadcast	41,967
Terrestrial broadcast (from abroad „personalized”)	32,595
Making available to the public	4,108
Encrypted broadcast (channel M3, 2020 royalty year)	17,100
Total distributed royalty:	1,315,339

2.3.2.

 Total sum of royalties paid to rightholders in 2022

Paid royalties	thousand HUF		
	Domestic rightholders	Foreign rightholders	Total
Blank tape levy	257,861	416,750	674,611
CableTV	196,848	248,911	445,759
Cable (producers, Agicoa)		103,598	103,598
Reproduction	268		268
Public performance	2,514		2,514
Terrestrial internal broadcast	25,421		25,421
Terrestrial broadcast (from abroad personalized)	30,150		30,150
Making available to the public	2,879		2,879
Encrypted broadcast/webcasting M3.hu	11,818		11,818
Paid from reserves (sec.rights-primary rights) inland	881		881
From a separate envelope (sec.rights-primary rights) inland, abroad	2,693	31,027	33,720
Total:	531,333	800,286	1,331,619

Note: in case of foreign rightholders, the royalties paid are usually generated in earlier years, so their amount may not match the annual revenues, as payments are made after a lengthy and very complex reconciliation process. FilmJUS endeavours to ensure that foreign royalties are paid earliest possible, with payments in 2022 being higher with HUF451,666 thousand compared to the previous year.

2.3.3.

Mandatory collective rights management (so-called secondary rights) and the encrypted channel royalties are distributed once a year, after which rightholders are immediately notified, by sending out a personalized tariff domestically and lists of works by authors represented by the collective rights management organisation abroad. Once the rightholder/collective rights management organisation confirms that he/she is the author of the films included in the tariff or that they represent them (and the confirmation does not conflict with the declaration of any other potential rightholder collective rights management organisation), the royalty is being paid. It is the responsibility of dedicated personnel to find unknown rightholders, or those living in an unknown location, who strive to locate the rightholders before the expiry of the limitation period. The limitation period starts on 1st January of the year following the distribution of royalties and lasts for three years. After that date, the unknown author's royalty claim will lapse and the remaining amount will be added to the amount available for the first subsequent royalty distribution. In respect of lapsed royalties FilmJUS shall act in accordance with paragraphs 41-45 of the CRM Act. Royalties subject to voluntary collective rights management are distributed earliest possible after receipt and a tariff is sent to the author concerned.

2.3.4.

 Total of collected royalties not yet distributed

FilmJUS receives the advance payment of the royalties derived from the mandatory collective rights management for the reference year from Artisjus in the second half of the (reference) year, these royalties will be distributed only in the first half of the following year, after the receipt of the full amount

for the royalty year and the monitoring of the royalty year has been completed, the so-called “small royalties” from abroad have been received, and becomes known the amount of lapsed royalty and that of the interest income FilmJUS had for the (royalty) year in question.

The distribution of royalties for the webcasting channel (M3.hu) is similar to the mandatory collective rights management, the total amount of royalties becoming known only at the beginning of the year following the reference year, so it is managed only as an advance until then.

In the case of voluntary collective rights management, there is no such “time discrepancy”, as all the data necessary for the distribution is available as soon as the royalties are received, so the distribution can be made immediately.

In 2022 fiscal year, the following royalty advances have been collected, which are to be distributed only in the following calendar year.

thousand HUF		
Economic rights	Collected royalty	Year of coll.
Blank tape levy	351,335	2022
Simultaneous retransmission (cableTV)	189,915	2022
Foreign coll. so-called secondary rights	1,546	2022
Interest to be distributed	126,420	2022
Webcasting channel royalty	8,550	2022
Terrestrial broadcasting from abroad (personalized)	9,478	2022
Total:	687,244	

2.3.5.

Allocated royalties to be paid and on suspense account, broken down by year of receipt (in thousand HUF)

	2022	2021	2020	2019	2018	2017	Previous years	Total
Blank tape levy	203,638,305	437,925,631	228,948,298	69,405,346	34,355,578	7,914,035	12,523,988	994,711,180
Cable	195,827,314	254,272,280	114,121,972	55,653,977	18,600,607	2,604,401	13,648,945	654,729,496
Reproduction	32,816	221,743	220,191	5,518,541	1,143,906	95,486	0,000	7,232,682
Public performance	7,657,665	1,592,342	9,543,011	8,880,819	3,027,461	20,357	0,000	30,721,654
Terrestrial broadcasting	38,828,384	11,431,036	6,063,051	10,421,036	248,052	2,574,270	0,000	69,565,830
Making available to the public	1,944,954	309,135	281,110	29,850	227,021	8,568	0,000	2,800,637
Encrypted broadcasting	0,000	8,332,764	10,048,364	2,278,195	59,772	1,758,158	0,000	22,477,253
	447,929,437	714,084,931	369,225,996	152,187,763	57,662,397	14,975,274	26,172,933	1,782,238,732

2.3.6.

Reasons of delays in payment or non-payments

Our Association does its utmost to ensure that payments are made to the rightholders, however, this sometimes comes up against obstacles, which are basically:

- The identity of resident author rightholder cannot be identified - In defiance of the provisions of the CRM Act, some commercial TV stations still refuse to report mandatory data, making it difficult to obtain data on the identity of authors, reliable sources are not always available and the validity of the data obtained is sometimes questionable;
- The known author rightholders are not available;

In both of the above cases at FilmJUS a dedicated official is charged with the identification of authors and establishing contacts with them.

In order to finding authors, a constantly updated search list of these unknown authors is available on the FilmJUS website, which made it possible to reach many authors, some of whom have already registered.

A particular problem is to identify the so-called dubbing authors (translators and directors), unfortunately there is no obligation for dubbing companies to provide data, and many foreign works have been dubbed several times and it is almost impossible to identify which dubbed version was broadcasted on a TV channel at a given occasion.

To obtain this data, FilmJUS has set up an interactive dubbing-database where authors can register their own works, and a mailing list operated by FilmJUS allows authors to clarify conflict situations themselves.

Payments are also hampered by the lack of notification of succession - our Association is continuously taking all possible steps to find successors and to verify succession (obtaining probate orders).

The payment of royalties for works of foreign origin, which is the most significant part of unpaid royalties, can be delayed for two main reasons.

Each year, we send to the collective rights management organisations of countries with which we have reciprocity agreements a list of films that we believe originate from that country and ask our partners to identify the films whose authors they actually represent. This correspondence results in several iterations, in many cases, most notably in the case of co-production films, several collective rights management organisations apply to represent the same work or a given category of authors.

It also takes a long time to reconcile data on the works of unknown origin. This requires sending out separate lists, reconciling and recording the returned data, and in case of conflicts to reconcile again. The response from foreign collective rights management organisations often requires repeated reminders and further requests.

As a result, payments to foreign collective rights management organisations are often significantly delayed for reasons beyond our control.

Despite this, as can be seen in the financial part of the report, 2022 was a year in which foreign payments increased significantly compared to the previous year, confirming the above, 2022 was a year in which foreign payments were condensed.

2.3.7.

The total value of non-payable sum under Article 42(1) of the CRM Act, and its use

The Association handles the non-payable sum in accordance with the law, the procedure is regulated by the FilmJUS Rules of Distribution, according to which the BOARD determines annually, together with

the adoption of the annual budget the amount to be used **for social purposes** from the lapsed royalties, which then will be transferred to the FilmJUS Foundation during the year.

The lapsed royalties cover the amount of **social contribution deducted from royalties** paid during the year, which is advanced by the Association and paid to the tax authorities during the year. This corresponded to HUF40,933,343 in the reference year. Deducting also from the royalties subject to limitation FilmJUS gives a **social grant** to the Filmjus Foundation. In 2022 this corresponded to HUF30 million. Based on the decision of the BOARD the amount for social support purpose is determined at 30% of the amount subject to statute of limitation. Finally, the royalties paid out from the **Reserve Fund**, as required by the law, must be “replenished” so that the measure of the reserve equals again to HUF50 million, the level set by the BOARD in 2019.

Also, the BOARD shall – as stipulated in the Rules of Distribution – add the remaining part of the amount subject to statute of limitation in full to the amount to be distributed in the reference year, and shall distribute it and pay it out to the new rightholders.

Act CXIII of 2016 on the Collective Management of Copyright and Related Rights (CRM Act, in Hungarian: Kjekt.) introduced new rules on the operation of collective (and independent) rights management organisations. One of these new rules is diverting 90% of the royalties classified as “non-payable” from the rights management organisations. The legal provision reads as follows:

*CRM Act Article 42(1) “If the collective rights management organisation is unable to pay the royalties to the rightholder within three years after the end of the year in which they were collected, due to the fact that the rightholder or the rightholder's whereabouts are unknown, despite the fact that it has fulfilled its obligations in order to search and trace the rightholder in accordance with paragraph 41., such royalties shall be **deemed to be non-payable. 90% of the royalty income deemed to be non-payable shall be transferred** by the collective rights management organisation **to the National Cultural Fund** (hereinafter referred to as the NCF) pursuant to Article 45(3).”*

The law entered into force on 27 June 2016. Its transitional provisions include the following rule for the application of the above provision:

Article 159(1) The provisions of this Act (...) c) relating to the management of royalties paid to rightholders who are unknown or are in an unknown place shall apply to royalties collected after the entry into force of this Act.

After a short consultation and the opinion of the Hungarian Intellectual Property Office, the collective rights management organisations decided to apply the provision for the whole year of 2016. So, for FilmJUS, the provision will apply for the first time to royalties that are deemed to be unpayable at the end of 2020, and will be applied continuously from then on. This is because the royalties collected by Artisjus in 2016 will reach FilmJUS in 2017 (in 2016 only advances will be received), so the three years will start on 1 January 2018 and therefore end on 31 December 2020.

In 2016, FilmJUS amended its Rules of Distribution to provide that royalties are subject to a 3-year limitation period, so that royalties expire after 3 years starting from the year of distribution. Thus, under these two regulations, at the FilmJUS, the residual royalty becomes both lapsed and “non-payable” at the same time. Up to now, this royalty has been rolled back into the next year's distribution, but from now in FilmJUS disposes only of 10% of it.

Based on this, the total sum of royalties that are considered to be non-payable, i.e. lapsed on 31 December 2022 is HUF62,154,620, 90% of which equals to HUF55,939,158, which will have to be

transferred to the NCF after the adoption of this report. Pursuant to the NCF information, the transfer does not require an agreement, but a simple transfer and a covering letter describing which authors' works and which authors should be supported with the transferred amount.

2.4.

Relations with other collective rights management organisations

2.4.1.

Amounts received from other collective rights management organisations and amounts paid to other collective rights management organisations

		thousand HUF
Economic rights	Rights manager	Collected royalty
Blank tape levy	Artisjus	618,979
Simultaneous retransmission (cableTV)	Artisjus	614,947

FilmJUS does not take over from or transfer royalties to other domestic collective rights management organisations.

Royalties transferred to foreign collective rights management organisations:

		in HUF
Type of use		Collected royalty
Blank tape levy		434,794,023
Simultaneous retransmission (cableTV)		261,894,932
	Total:	696,688,955
Simultaneous retransmission (foreign produced cableTV) (Artisjus transfers directly to Agicoa)		103,598,149
	Total:	800,287,104

Royalties transferred by FilmJUS to foreign collective rights management organisations, other representative organisations, broken down by organisation (foreign producers, cableTV excluding Agicoa via Artisjus directly):

Right man.org.	Royalty
560Media	13,860
AGICOA	45,889
ALCS	35,179
ASDACS	9,292
AWGACS	6,972
CBS	13,609
COMPACT	20,943
CSCS	4,208
DAMA	3,188
DASC	451
DGA	81,597
DHFR-HDS ZAMP	197
DILIA	1,255
Directors UK	32,017
Disney	28,968
DRCC	8,622
FINTAGE	17,025
GEDIPE	414
IFTA	1,720
Kaplan	1,877
KOPIOSTO	47
LITA	1,945
LITERAR-MECHANA	9,978
MGM	649
OOA-S	1,185
Paramount	2,198
SABAM	98
SACD	55,179
SCAM	11,072
Screenrights	941
SGAE	12,597
SIAE	24,570
Sony	3,817
SUISSIMAGE	723
Universal	8,030
VDFS	13,787
VG BildKunst	79,156
VG Wort	45,830
Warner	8,392
WGA	80,630
ZAPA	8,581
Total:	696,689

Royalties taken over from foreign rights management organisations, broken down by type of use:

thousand HUF	
Type of use	Collected royalty
Blank tape levy	10,640
Simultaneous retransmission (cableTV)	26,945
Total:	37,585

Royalties received from foreign collective rights management organisations, other representative organisations, broken down by organisation:

thousand HUF	
Rights man.org.	Royalty
AGICOA	8,503
AGICOA Europe Brussels	267
ALCS	442
AVCS	1,758
DGA	27
DILIA	262
EAÜ	398
LITA	353
OOA-S	669
SABAM	4
SACD	1,057
SGAE	3,379
SIAE	7,946
SPA	1,319
SUISSIMAGE	2,465
SWISSPERFORM	224
VDFS	547
VEVAM	284
VG BILD KUNST	1,145
VG WORT	3,646
VGBK	2,636
ZAPA	250
Total:	37,585

2.4.2.

Our Association pays out royalties only to foreign collective rights management organisations and other representative organisations and does not deduct any additional management fees from these payments, as the management costs are deducted from the royalty income before the royalties are distributed.

2.4.3.

Our Association receives royalties from Artisjus in the frame of **mandatory collective rights management** (see point 2.1). A special case is the so-called cableTV royalty paid to producers for works of foreign origin transferred by Artisjus directly to Agicoa, which is included in the revenue, but for which FilmJUS does not deduct management costs.

In the frame of the **voluntary collective rights management** FilmJUS collects, distributes and pays royalties for works that are (1) reproduced, (2) publicly performed, (3) terrestrially broadcasted (4) broadcasted to the public, and broadcasted under contract on a webcasting channel.

Management costs deducted from royalties collected from foreign organisations are as follows:

thousand HUF	
Right man.org.	Royalty
AGICOA	425
AGICOA Europe Brussels	13
ALCS	22
AVCS	88
DGA	1
DILIA	13
EAÜ	20
LITA	18
OOA-S	33
SACD	53
SGAE	183
SIAE	397
SPA	12
SUISSIMAGE	123
SWISSPERFORM	11
VDFS	27
VEVAM	6
VG BILD KUNST	57
VG WORT	182
VGBK	132
ZAPA	12
total:	1,879

2.4.4.

Royalties taken over from a domestic rights management organisation (Artisjus), after deduction of management costs, directly distributed during 2022 (for the 2021 royalty year)

royalty type	collected by	thousand HUF
Blank tape	ARTISJUS	174,797
CableTV	ARTISJUS	244,732

Royalties received from a foreign collective rights management organisation and directly distributed during 2022, broken down by type of use (after deduction of management costs, where applicable)

royalty type	thousand HUF
Blank tape	5,552
CableTV	19,130

Royalties taken over from a foreign rights management organisation and directly distributed during 2022, broken down by foreign rights management organisation:

	thousand HUF
Right man.org.	Royalty
AGICOA	7,884
AGICOA Europe Brussels	61
ALCS	420
AVCS	1,367
DILIA	249
LITA	335
SACD	1,005
SGAE	3,027
SIAE	3,311
SUISSIMAGE	395
SWISSPERFORM	29
VDFS	519
VEVAM	111
VG WORT	3,464
VGBK	2,504
Total	24,681

3. Special report

Deduction for community purposes of rightholders, expenses:

FilmJUS does not provide cultural grants and no such deduction has been applied in 2022.

Deduction for social purposes was made in accordance with point 2.3.7, amounting to HUF30 million.

No specific costs were incurred for this deduction.

Budapest, 24th April 2023

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György Kabdebó