A young woman with a raised fist playing an acoustic guitar on a rocky shore. She is wearing a yellow jacket and a beanie. The background is a blue sky with clouds. There are decorative elements: a large red circle containing the title, a yellow circle, a teal circle, and a yellow wavy shape. A yellow line with a red circle at its end loops around the woman. A dotted white circle is also present.

HDS ZAMP SUMMARY ANNUAL REPORT 2020

HDS
ZAMP

Glas autora!

The image features a large, teal-colored circle that is partially cut off on the left and right sides. Inside this circle, there is a smaller, solid teal circle. A dotted teal line forms a circle that overlaps with the larger teal circle. A horizontal dotted teal line passes through the center of the large teal circle, with a solid teal dot at its intersection with the circle's right edge. The year '2020' is written in a bold, teal, sans-serif font across the center of the large teal circle.

2020

HDS ZAMP

SUMMARY


ANNUAL

REPORT

2020



Successfully
preserved
business
stability
and mitigated
decline in income
of all members

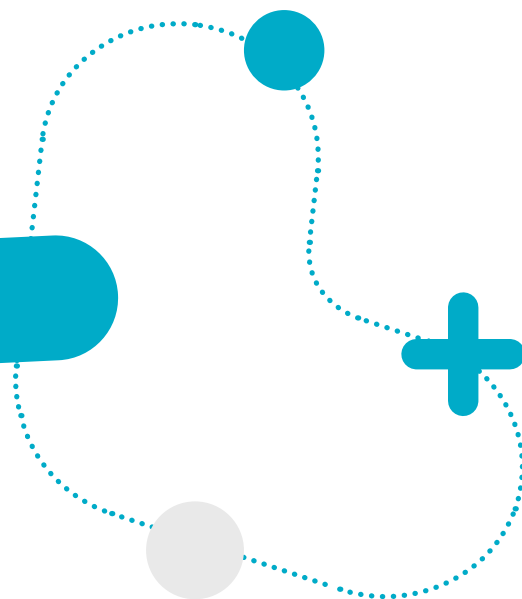




HDS ZAMP in 2020



Nenad Marčec
CEO, HDS ZAMP



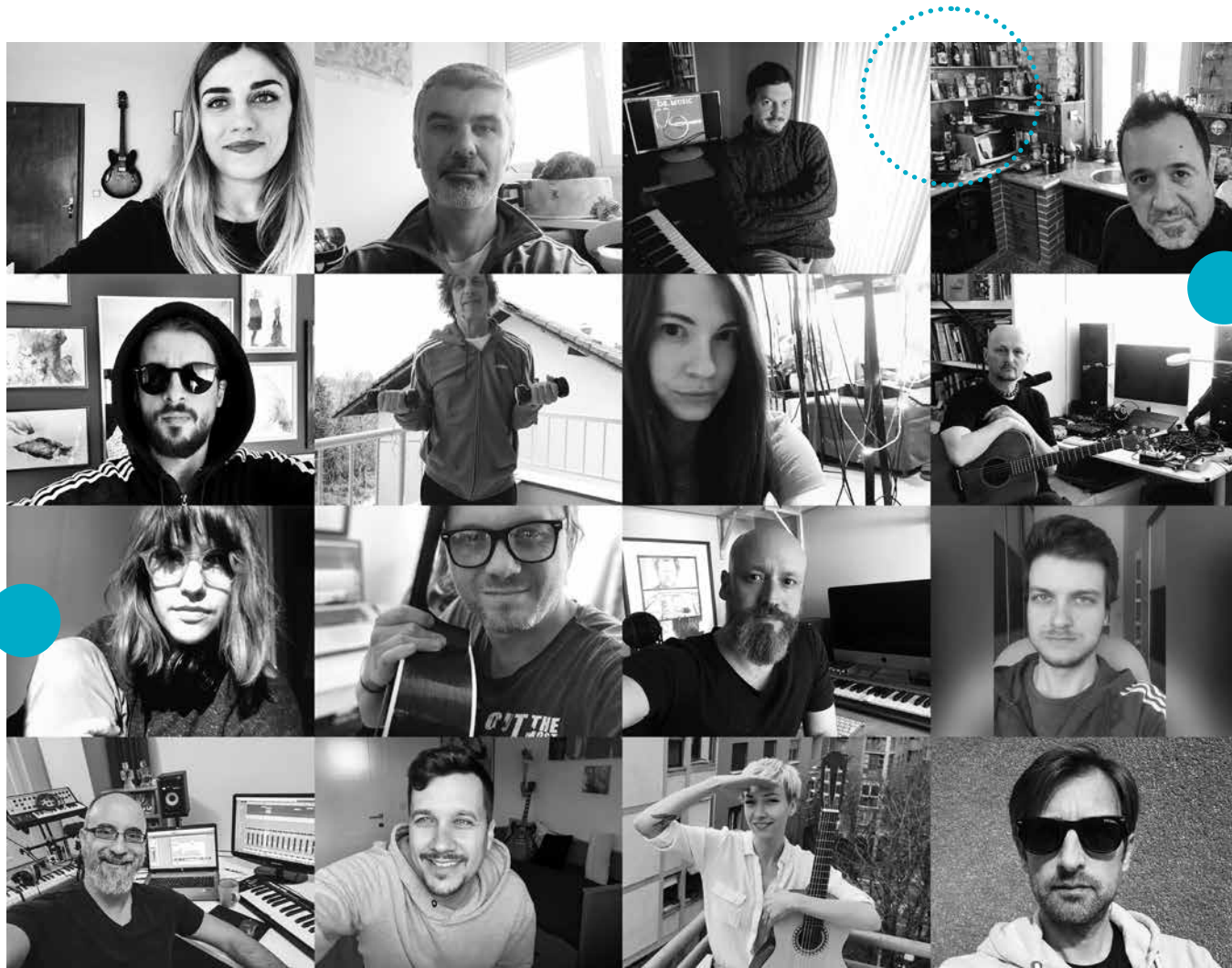
The business of HDS ZAMP in 2020 was, as for all members of the Society, challenging, unpredictable and difficult. Although the first two months heralded a new successful year, the onset of the Covid-19 epidemic in March changed everything. By the end of that shocking year, it was necessary to make many decisions and cope with new circumstances, preserve the stability of business, but also the health of employees and all business associates and try to mitigate the inevitable financial decline in income of all members.

Today, I am glad to see that the business of HDS ZAMP itself has been very successfully adapted to the financial turmoil and serious revenue decline that has occurred. Namely, contrary to forecasts, the year did not end with a loss, but a small surplus of revenues over expenses was realized. This is the result of a significant reduction in operating costs, which was accompanied by a decrease in revenue.

In 2020, the amount distributed to our members reached HRK 86,391,702.17 - although we predicted a much steeper decline in the first months of the outbreak, it is just 14.9 percent less than the previous, record breaking 2019.

Complete revenues in 2020 amounted to the total of HRK 119,650,177.27 which is also an inevitable drop of 15.3 percent compared to the previous 2019. The difference between the two amounts (total income and the amount to be distributed) goes to the Society's social and cultural projects (8.3 percent of total income) and the operating costs (21.2 percent) in that year.

The first major challenge for HDS ZAMP was the reduction of operating costs: salaries reductions and, unfortunately, dismissal of a significant number of employees. There was a significant drop in live music revenues, but other sources were relatively stable with a significant growth in digital revenues. Still, the absence of live public events left a significant hole in the revenue so HDS ZAMP established a so called „first aid kit“: 800.000,00 HRK (roughly 106.000 EUR) planned for the celebration of the 75th anniversary of Croatian Composers' Society was transferred to Solidarity fund aimed for the members of CCS.



We also formed the Anti Covid-19 fund - extracted from the operating costs, unallocated funds from the complaints fund and from savings on CCS music projects, 4 million HRK (roughly 530.000 EUR) was distributed to members participating in royalties payout in December 2020.

According to all the information and feedback we received so far, all this has contributed to the fact that most members of the Society who primarily live from composing music or writing lyrics and arrangements still consider music as their vocation. And they did not give up, despite all difficulties.

HDS ZAMP's day-to-day business was adjusted to work from home, zoom meetings, working in two shifts, regular meetings and consultations. A solidarity with business users (HORECA) was needed so we proposed tariff changes and adjustments, discounts, waiver of payment - although resulting with a 38% decline in HDS ZAMP's income, we are glad that the sector welcomed and recognized our intentions.

2020 was HDS ZAMP's year of „drawers cleaning“: with a steep decline in live music revenue (57%), we turned to collecting the arrears from previous years which due to the irresponsibility of the organizers or other difficulties were not collected - this resulted in positive financial effect for our members!

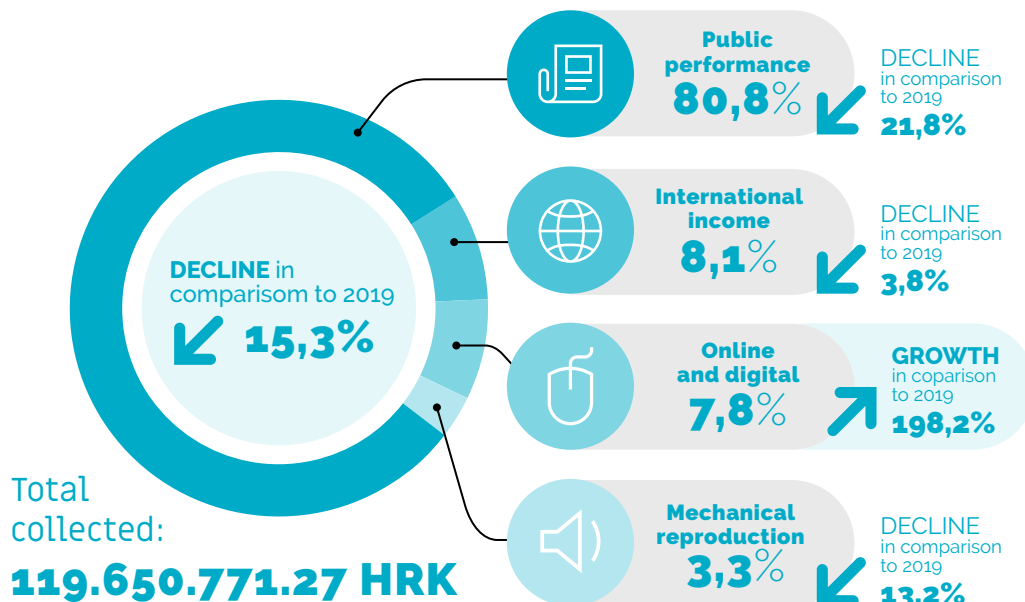
To conclude, the business of HDS ZAMP was very successfully adapted to financial disruptions and severe income reductions - contrary to our predictions, the year ended with a small surplus of revenues over expenses and positive media image.

FINANCIAL RESULTS

	A	B	C	D	E	F	G	H
COLLECTED IN 2020 - HRK	COLLECTED IN TOTAL	EXPENSES	EXPENSES %	FOR DISTRIBUTION (A-B)	DEDUCTIONS FOR SOCIAL AND CULTURAL PURPOSES	DEDUCTIONS %	NET FOR DISTRIBUTION	%
PUBLIC PERFORMANCE RIGHTS								
RADIO STATIONS	17,361,172.31	4,043,883.05	23.29%	13,317,289.26	1,331,728.93	10.00%	11,985,560.33	69.04%
TELEVISION STATIONS	30,237,746.38	6,921,915.24	22.89%	23,315,831.14	2,331,583.11	10.00%	20,984,248.03	69.40%
CABLE RETRANSMISSION	14,016,003.71	2,625,163.59	18.73%	11,390,840.12	1,139,084.01	10.00%	10,251,756.11	73.14%
CONCERTS	6,497,778.04	1,169,600.05	18.00%	5,328,177.99	0.00	0.00%	5,328,177.99	82.00%
HOTELS, CLUBS, CATERERS, TRANSPORTERS, ETC...	26,291,628.60	6,627,854.21	25.21%	19,663,774.39	1,945,984.21	9.90%	17,717,790.18	67.39%
LIVE MUSIC	2,297,051.64	580,924.32	25.29%	1,716,127.32	171,612.73	10.00%	1,544,514.59	67.24%
TOTAL	96,701,380.68	21,969,340.46	22.72%	74,732,040.22	6,919,992.99	9.26%	67,812,047.23	70.13%
MECHANICAL REPRODUCTION RIGHTS								
DISCOGRAPHY	539,078.34	97,034.10	18.00%	442,044.24	0.00	0.00%	442,044.24	82.00%
PRIVATE COPYING	3,400,339.65	578,057.74	17.00%	2,822,281.91	846,684.57	30.00%	1,975,597.34	58.10%
TOTAL	3,939,417.99	675,091.84	17.14%	3,264,326.15	846,684.57	25.94%	2,417,641.58	61.37%
ONLINE AND DIGITAL								
ONLINE MUSIC AND (S)VOD PLATFORMS	8,747,471.13	1,749,494.23	20.00%	6,997,976.90	0.00	0.00%	6,997,976.90	80.00%
OTHER (DIG. ARCHIVES, RECORDERS, DJS, MP3, ETC.)	592,300.91	118,436.86	20.00%	473,864.05	13,008.09	2.75%	460,855.96	77.81%
TOTAL	9,339,772.04	1,867,931.09	20.00%	7,471,840.95	13,008.09	0.17%	7,458,832.86	79.86%
INTERNATIONAL								
REVENUE FROM ABROAD	9,670,200.56	967,020.06	10.00%	8,703,180.50	0.00	0.00%	8,703,180.50	90.00%
TOTAL (1+2+3+4)	119,650,771.27	25,479,383.45	21.29%	94,171,387.82	7,779,685.66	8.26%	86,391,702.17	72.20%

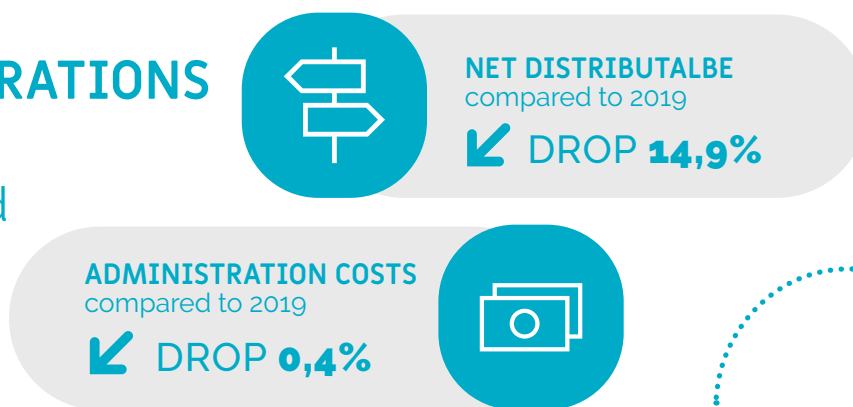
Total collections by RIGHTS IN 2020

compared to 2019 in percentage



Total REMUNERATIONS IN 2020

compared to 2019



ADMINISTRATON COSTS IN % of gross income collected

last 5 years:

2016	22,5%	↙
2017	22,3%	↙
2018	21,6%	↙
2019	21,7%	↗
2020	21,3%	↙

Total REMUNERATION COLLECTED

last 5 years:

2016	124,4 million HRK	↗
2017	127,3 million HRK	↗
2018	137,6 million HRK	↗
2019	141,3 million HRK	↗
2020	119,7 million HRK	↙

ROYALTIES FROM ABROAD

Top 5 societies / countries per total royalties for HDS members in 2020

01
SOKOJ
Serbia

02
SAZAS
Slovenia

03
ARTISJUS
Hungary

04
PRS
United
Kingdom

05
AKM
Austria

TRANSPARENCY REPORT HIGHLIGHTS

| Data for 2020 in accordance with Art.168(d), §3 of the CRRL:

NET DISTRIBUTABLE	88.293.774,81 kn
PAID OUT	96.046.085,31 kn
TO OUR MEMBERS	72.106.040,62 kn
TO SISTER SOCIETIES	23.940.044,69 kn
NOT ALLOCATED	944.833,19 kn
PAID IN SURPLUS	7.752.310,50 kn

Note:

Payments to HDS ZAMP's members include payments to our members from abroad who have conferred the management of their rights to HDS ZAMP for the territory of Croatia, as well as payments to sub-publishers of major foreign publishers (EMI, BMG, SONY, UNIVERSAL, etc).

In 2020, there remains the amount of **944.833,19 HRK** that has not been allocated. This amount refers to the remuneration collected from concerts and live music events of popular music (**731.109,10 HRK**) and of serious music (**213.724,09 HRK**). The organizers and/or promoters of these events have not fulfilled their legal obligation of delivering programmes and setlists for these events, necessary for distribution of royalties to shareholders.

In 2020, more remunerations were paid out than the revenue was generated. These remunerations are, for the most part, remunerations for sister societies abroad relating to previous calendar year.

The payment frequency per rights' categories and usage types, prescribed by the Art.168(d), §3 of the CRRL, is detailed in HDS' Art.83 of Regulations on the management of economic rights of authors.

FINANCIAL DATA on cooperation with foreign CMOs

| Revenue from abroad, received by HDS from foreign CMOs in 2020:

SOCIETY	TERRITORY	MECHANICAL RIGHTS	COSTS	OTHER RIGHTS	COSTS	TOTAL
ACUM	Israel	225,83	22,58	5.444,95	544,50	5.670,78
AKKA-LAA	Latvia	0,00	0,00	1.545,43	154,54	1.545,43
AKM	Austria	0,00	0,00	478.758,90	47.875,89	478.758,90
AMCOS	Australia	17.739,75	1.773,98	0,00	0,00	17.739,75
AMUS	Bosnia and Hercegovina	0,00	0,00	67.145,70	6.714,57	67.145,70
APRA	Australia	0,00	0,00	45.612,55	4.561,26	45.612,55
ARTISJUS	Hungary	60.253,26	6.025,33	975.947,92	97.594,79	1.036.201,18
ARTISJUS	HUNGARY	1.980,38	198,04	29.321,43	2.932,14	31.301,81
ASCAP	USA	0,00	0,00	15.999,50	1.599,95	15.999,50
AUME	AUSTRIA	34.327,28	3.432,73	0,00	0,00	34.327,28
AUTODIA	Greece	210,89	21,09	49.720,96	4.972,10	49.931,85
BMI	USA	0,00	0,00	84.026,41	8.402,64	84.026,41
BUMA	Netherlands	0,00	0,00	47.602,03	4.760,20	47.602,03
CASH	Hong Kong	12,66	1,27	590,98	59,10	603,64
EAU	Estonia	0,00	0,00	461,19	46,12	461,19
GEMA	Germany	65.813,83	6.581,38	254.099,90	25.409,99	319.913,73
IMRO	Ireland	0,00	0,00	4.659,19	465,92	4.659,19
JASRAC	Japan	1.800,07	180,01	29.557,54	2.955,75	31.357,61
KODA	Denmark	0,00	0,00	21.312,80	2.131,28	21.312,80
KOMCA	South Korea	67,77	6,78	765,36	76,54	833,13
LATGA	Lithuania	0,00	0,00	4.144,81	414,48	4.144,81
MCPS	United Kingdom	8.296,77	829,68	0,00	0,00	8.296,77
MESAM	Turkey	41,85	4,19	4.297,81	429,78	4.339,66
MUSICAUTOR	Bulgaria	9,41	0,94	33.663,40	3.366,34	33.672,81
NCB	Scandianvian countries	5.695,22	569,52	0,00	0,00	5.695,22
OSA	Czech Republic	5.274,68	527,47	21.059,29	2.105,93	26.333,97
PRS	United Kingdom	0,00	0,00	563.528,04	56.352,80	563.528,04
SABAM	Belgium	7.151,07	715,11	18.121,79	1.812,18	25.272,86
SACEM	France	8.147,67	814,77	42.453,94	4.245,39	50.601,61
SAMRO	South African Republic	0,00	0,00	925,72	92,57	925,72
SAZAS	Slovenia	17.135,55	1.713,56	2.638.698,39	263.869,84	2.655.833,94
SGAE	Spain	2.631,34	263,13	14.988,19	1.498,82	17.619,53
SIAE	Italy	0,00	0,00	34.023,02	3.402,30	34.023,02
SOCAN	Canada	8.152,64	815,26	33.100,78	3.310,08	41.253,42
SOKOJ	Serbia	5.045,47	504,55	3.093.441,55	309.344,16	3.098.487,02
SOKOJ	Serbia	0,00	0,00	48.199,51	4.819,95	48.199,51
SOZA	Slovakia	6.994,76	699,48	42.158,74	4.215,87	49.153,50
SPA	Portugal	508,62	50,86	4.320,63	432,06	4.829,25
STEMRA	Netherlands	6.358,87	635,89	0,00	0,00	6.358,87
STIM	Sweden	0,00	0,00	135.509,53	13.550,95	135.509,53
SUISA	Switzerland	10.760,04	1.076,00	222.261,53	22.226,15	233.021,57
TEOSTO	Finland	0,00	0,00	22.927,41	2.292,74	22.927,41
TONO	Norway	0,00	0,00	14.845,67	1.484,57	14.845,67
UCMR	Romania	342,02	34,20	27.653,45	2.765,35	27.995,47
ZAIKS	Poland	11.871,89	1.187,19	250.397,55	25.039,76	262.269,44
ROYALTY SOLUTIONS CORP	USA	57,48	5,75	0,00	0,00	57,48
TOTAL:		286.907,07	28.690,71	9.383.293,49	938.329,35	9.670.200,56

MECHANICAL RIGHTS

| Revenue sent abroad to foreign CMOs in 2020:

SOCIETY	TERRITORY	NET DISTRIBUTED	COSTS
AMCOS	Australia	305,08	54,91
AMUS	Bosnia and Hercegovina	4.388,69	789,96
ARTISJUS	Hungary	879,41	158,29
AUME	Austria	1.227,76	221,00
GEMA	Germany	16.987,08	3.057,67
JASRAC	Japan	11,99	2,16
MCPS	United Kingdom	1.448,64	260,76
MSG	Turkey	22,56	4,06
MUSICAUTOR	Bulgaria	885,47	159,38
NCB	Denmark	622,22	112,00
OSA	Czech Republic	23,70	4,27
PAM CG	Montenegro	167,14	30,09

SOCIETY	TERRITORY	NET DISTRIBUTED	COSTS
SABAM	Belgium	747,16	134,49
SACM	Mexico	35,89	6,46
SADAIC	Argentina	57,33	10,32
SAZAS	Slovenia	9.606,65	1.729,20
SDRM	France	18.073,16	3.253,17
SGAE	Spain	520,87	93,76
SODRAC	Canada	422,86	76,11
SOKOJ	Serbia	21.545,32	3.878,16
SOZA	Slovakia	91,10	16,40
STEMRA	Netherlands	1.111,88	200,14
SUISA	Switzerland	4.982,49	896,85
UCMR ADA	Romania	9,09	1,64
ZAMP MAC	North Macedonia	917,76	165,20
TOTAL		85.091,30	15.316,43

OTHER RIGHTS

| Revenue sent abroad to foreign CMOs in 2020

SOCIETY	TERRITORY	NET DISTRIBUTED	COSTS	CULTURE FUNDS
ABRAMUS	Brasil	20.139,91	4.493,03	1.431,67
AKKA-LAA	Latvia	1.568,07	349,82	111,47
AKM	Austria	121.645,34	27.137,94	8.647,29
AMRA	USA	202.419,42	45.157,89	14.389,21
AMUS	Bosnia and Hercegovina	390.979,91	87.223,98	27.793,24
ARTISJUS	Hungary	42.244,00	9.424,24	3.002,96
ASCAP	USA	5.370.770,84	1.198.169,05	381.787,14
AUME	Austria	27.714,18	6.182,78	1.970,09
BMI	USA	3.782.949,04	843.940,76	268.915,08
BUMA	Netherlands	411.961,01	91.904,67	29.284,70
EAU	Estonia	1.446,17	322,63	102,80
GEMA	Germany	1.328.899,26	296.465,07	94.466,26
IMRO	Ireland	102.244,38	22.809,77	7.268,15
JASRAC	Japan	6.760,26	1.508,15	480,56
KODA	Denmark	115.342,16	25.731,76	8.199,22
LATGA	Lithuania	520,72	116,17	37,02
MCSC	PR China	808,19	180,30	57,45
MSG	Turkey	5.238,13	1.168,58	372,36
MUSICAUTOR	Bulgaria	6.360,15	1.418,89	452,12
NCB	Denmark	62.165,69	13.868,59	4.419,12
OSA	Czech Republic	21.060,65	4.698,44	1.497,12
PAM CG	Montenegro	56.261,18	12.551,35	3.999,39
PRS	United Kingdom	6.638.019,39	1.480.880,42	471.870,89
SABAM	Belgium	102.575,14	22.883,56	7.291,67
SACEM	France	1.216.063,42	271.292,44	86.445,20
SACM	Mexico	20.351,10	4.540,14	1.446,68
SADAIC	Argentina	20.744,11	4.627,82	1.474,62
SAMRO	South African Republic	5.695,24	1.270,56	404,85
SAZAS	Slovenia	195.773,36	43.675,22	13.916,76
SGAE	Spain	197.879,97	44.145,18	14.066,51
SIAE	Italy	671.652,98	149.839,53	47.745,19
SOCAN	Canada	471.641,68	105.218,87	33.527,17
SOKOJ	Serbia	1.795.029,88	400.454,48	127.601,67
SOZA	Slovakia	4.372,25	975,41	310,81
STEF	Iceland	14.205,24	3.169,06	1.009,80
STIM	Sweden	188.528,68	42.059,00	13.401,77
SUISA	Switzerland	114.621,43	25.570,98	8.147,99
TEOSTO	Finland	18.441,52	4.114,13	1.310,94
TONO	Norway	59.770,02	13.334,13	4.248,82
UCMR ADA	Romania	9.546,75	2.129,79	678,64
ZAMP MAC	North Macedonia	30.542,58	6.813,77	2.171,15
TOTAL		23.854.953,39	5.321.818,34	1.695.755,54

Top 10

earners:

(in alphabetical order)



Croatia

Ante **Pecotić**

Branimir **Mihaljević**

Husein **Hasanefendić Hus**

Miro **Buljan**

Miroslav **Drljača - Rus**

Neno **Belan**

Predrag **Martinjak**

Tonči **Huljić**

Vjekoslava **Huljić**

Zlatan **Stipišić**

World

.....Bruce **Springsteen**

.....Ed **Sheeran**

.....George **Michael**

.....Gordon Matthew Sumner (**Sting**)

.....Mark **Knopfler**

.....Martin Karl Sandberg (**Max Martin**)

.....Michael **Jackson**

.....Paul **McCartney**

.....**Prince**

.....Ryan B.**Tedder**

Top 10 works by Croatian authors:

(according to the number of broadcasts in 2020)



Mali krug velikih ljudi	Ivan Dečak / Ivan Dečak / Ivan Dečak, Jura Ferina, Pavao Miholjević, Massimo Savić	Massimo
Sva naša ljeta	Ivan Dečak / Ivan Dečak / Ivan Dečak, Mario - Robert Kasumović, Robert Kelemen, Mihael Kurjančić, Srđan Sekulović, Tomislav Franjo Šušak	Vatra
Samo nek' ona sretna je	Marko Kutlić / Aleksandar Čubrlić, Marko Kutlić / Marko Vojvodić, Igor Ivanović	Marko Kutlić
Ne daj na nas	Aljoša Šerić / Aljoša Šerić / Ante Gelo	Pavel feat. Tedi Spalato
Voli me	Tonči Huljić / Vjekoslava Huljić / Tonči Huljić, Leo Škaro, Petar Grašo	Petar Grašo
Sve dok sanjaš	Branimir Mihaljević / Nenad Ninčević, Jadran Ninčević	Franka Batelić
Sva blaga ovog svijeta	Vjekoslav Dimter, Damir Bačić, Mia Dimšić / Vjekoslav Dimter, Damir Bačić, Mia Dimšić / Vjekoslav Dimter, Ante Gelo	Mia Dimšić i Marko Tolja
Da biram	Ante Pecotić / Ante Pecotić / Predrag Martinjak, Bojan Šalamon, Nina Badrić	Nina Badrić
Ova ljubav	Ante Pecotić, Ivan Hilje / Ante Pecotić, Ivan Hilje / Bojan Šalamon	Zsa Zsa feat. Hiljson Mandela
Prvi osjećaj	Branimir Mihaljević / Nenad Ninčević, Jadran Ninčević	Franka Batelić

Top 10 works by foreign author:

(according to the number of broadcasts in 2020)



Blinding lights	Ahmad Balshe, Oscar Thomas Holter, Max Martin, Jason Matthew Quenneville, Abel Tesfaye	The Weeknd
Physical	Clarence Bernard Coffee, Jason Gregory Evigan, Sarah Theresa Hudson, Dua Lipa	Dua Lipa
Don't start now	Caroline Ailin, Ian Eric Kirkpatrick, Dua Lipa, Emily Warren Schwartz	Dua Lipa
Dance monkey	Toni Watson	Tones and I
Ride it	Alan Mark Sampson, Sean Jay, Quentin Michel Volant	Regard
Breaking me	Molly Irvine, Rene Mueller, Alexander Michael Tidebrink Stomberg, Tobias Topic	Topic & A7S
Senorita	Charlotte Emma Aitchison, Karla Camila Cabello, Magnus Høiberg, Benjamin Joseph Levin, Shawn Mendes, Jack Robert Patterson, Ali Tamposi, Andrew Watt	Shawn Mendes & Camila Cabello
Rain on me	Martin Joseph Leonard Bresso, Jeremiah Burden, Matthew James Burns, Nija Aisha-Alayja Charles, Stefani Germanotta, Ariana Grande, Bessie Regina Norris, Alexander Ridha; Michael Tucker, Vernetta Lynn Williams, Rami Yacoub	Lady Gaga & Ariana Grande
Break my heart	Andrew Charles Farriss, Michael Kelland Hutchence, Jordan Kendall Johnson, Stefan Adam Johnson, Dua Lipa, Ali Tamposi, Andrew Watt	Dua Lipa & Ariana Grande
What's love got to do with it	Terry Britten, Graham Hamilton Lyle	Kygo & Tina Turner

REPORT OF FACTUAL FINDINGS DELOITTE 2020

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REPORT ON FINDINGS

Representatives of the Croatian Composers' Society (hereinafter: Society):

We have executed the procedures as stipulated in our agreement with you, which are outlined below, concerning the General calculation of collections and distribution of funds to rightsholders (hereinafter: General calculation of collections and distribution) for the period from 1 January to 31 December 2020 prepared by the Croatian Composers' society (hereinafter: Society).

This report was prepared for the purpose of examining and assessing the General calculation of collections and distribution, pursuant to the Act on Copyrights and Other Related Rights (OG 16703, 79/07, 80/11, 141/13, 127/14, 62/17 and 96/18; hereinafter: Act).

These procedures were executed pursuant to the International Standard on Related Services 4400, which is applicable to agreed-upon procedures engagements. The responsibility for the sufficiency of the said procedures lies exclusively with the Society. Accordingly, we hereby give no statements as to the sufficiency of the procedures outlined below for the purpose for which this report was requested, or for any other purpose.

The procedures applied include the following:

- 1) We examined the standards documents of the Society pursuant to which the Society performs the tasks of copyright protection, the collection and distribution of fees, in order to assess whether the provisions of the documentation are aligned with the requirements of the Act. The documentation reviewed within the scope of our procedures includes the Society Statute (adopted 27 February 2018), Ordinance on copyright entitlement (of 8 March 2018, 19 June 2018, 13 February 2019, 4 November 2019, 7 July 2020 and 8 October 2020), Price list and Ordinance on fees for public performances and public display of a musical work, and the Decision on protection costs (of 10 September 2013). We considered the provisions listed in the above documents in order to understand the rules of calculation and distribution, and the percentages used in the calculation of the legally stipulated allocation from the distribution mass within the General calculation of collection and distribution from Appendix 1.
- 2) Since the Society system automatically calculates the amount of debt for those required to pay (the calculation rules are defined within the Ordinance on fees for public performances and public displays of musical works), we used a selected sample to test whether the amount owed is properly calculated and whether the correct invoice is issued in accordance with that debt. We also examined whether the debt is properly shown in the Society information system.

- 3) On the basis of the selected sample, we examined the accounting records and bookkeeping documents that represent the basis for the calculation of rights for the distribution of funds to authors, in order to check the credibility of the same and their applicability in developing the General calculation of collections and distribution.
- 4) Since the distribution of collected fees for the revenues of the Society and transitory items intended for payout to authors is automatic within the information system, based on the percentages stipulated in the normative documents listed under point 1, we requested an overview of claims as of 31 December 2020, and selected a representative sample upon which we conducted a verification of data of the issued invoices with the data entered into the system, based on which the invoices are automatically issued periodically. During testing and comparison of data entered into the system and those on the invoice, we recalculated and checked the amounts pertaining to author fees, performer fees and recording fees.
- 5) Since the Society information system automatically issues invoices based on the entered data (value of points and number of points), and each paid invoice is distributed into the Fund for the promotion of copyrights and combatting piracy, costs of protection, Fund for culture, Fund for complaints and ultimately the obligations towards authors, the information system audit department (Deloitte ERS, *Enterprise Risk Services*) was engaged in testing the automatic booking system. In the recalculations, we examined whether the Society applies the defined parameters for drawing up and distributing the paid invoices, and whether the Society applies the defined percentages (allocation from the distribution mass) in the manner defined by the normative documents from point 1 and the provisions of the Act.

Our findings were as follows:

- a) With regard to point 1, we established that the determinants of the Society's normative documents pursuant to which the tasks of copyright protection, collection and distribution of fees are performed, and which directly concern the General calculation of collection and distribution, are in accordance with the requirements of the Act.
- b) With regard to point 2, we observed no irregularities or errors in the process of calculating debts of those required to pay or in the invoice issuing process.
- c) With regard to point 3, based on the selected sample, we established that the accounting records and bookkeeping documents that form the basis for the calculation of rights for distribution of funds to authors is regular and credible, and that as such it can serve to develop the General calculation of collections and distributions from Appendix 1.
- d) With regard to point 4, based on the selected sample, we did not establish any differences between the amounts obtained from the Society calculation and the amounts obtained by manual recalculations.
- e) With regard to point 5, we confirm that the Society conducts allocation from the distribution mass in the manner established by the normative documents from point 1 and the provisions of the Act. We did not establish any differences between collected amounts, as listed in the bank statements, the amounts used in the General calculation of collection and distribution, and the amounts listed in the Society accounting records. We observed no irregularities or errors in the automatic process of calculating fees (within the information system) to be paid out to authors.

Pursuant to the performed procedures on the selected samples and the established findings, we hereby assess that the General calculation for collection and distribution is performed in compliance with the Act on Copyrights and Other Real Rights, and other normative documents as listed in point 1.

Limitations

- Since the said procedures are neither an audit nor a review pursuant to the International Audit Standards and International Business Review Standards, we do not express our conclusions in light of the applied procedures.
- Had we applied additional procedures pursuant to the International Review Standards or International Business Review Standards, or other relevant national standards or practices, we might have observed other issues, of which you would have been notified.
- This report is intended exclusively for the purpose listed in the second paragraph of the report, and for your information. The report pertains only to the above listed items, and not to any financial reports of the Society in their entirety.
- During the execution of our procedures, we were limited to the data provided by the Society.
- During the planning and execution of our procedures, we relied, among other things, upon the statements of the responsible persons of the Society.
- In the event of additional information or data which were not provided to us, or in the case of misleading verbal or written statements or explanations, our findings, interpretations and conclusions in our report with our independently expressed beliefs, may be incomplete or may result in the need for additional procedures which were not included within the scope of this engagement.

/signature/

Marina Tonzetic

Director

Deloitte d.o.o

7 May 2021

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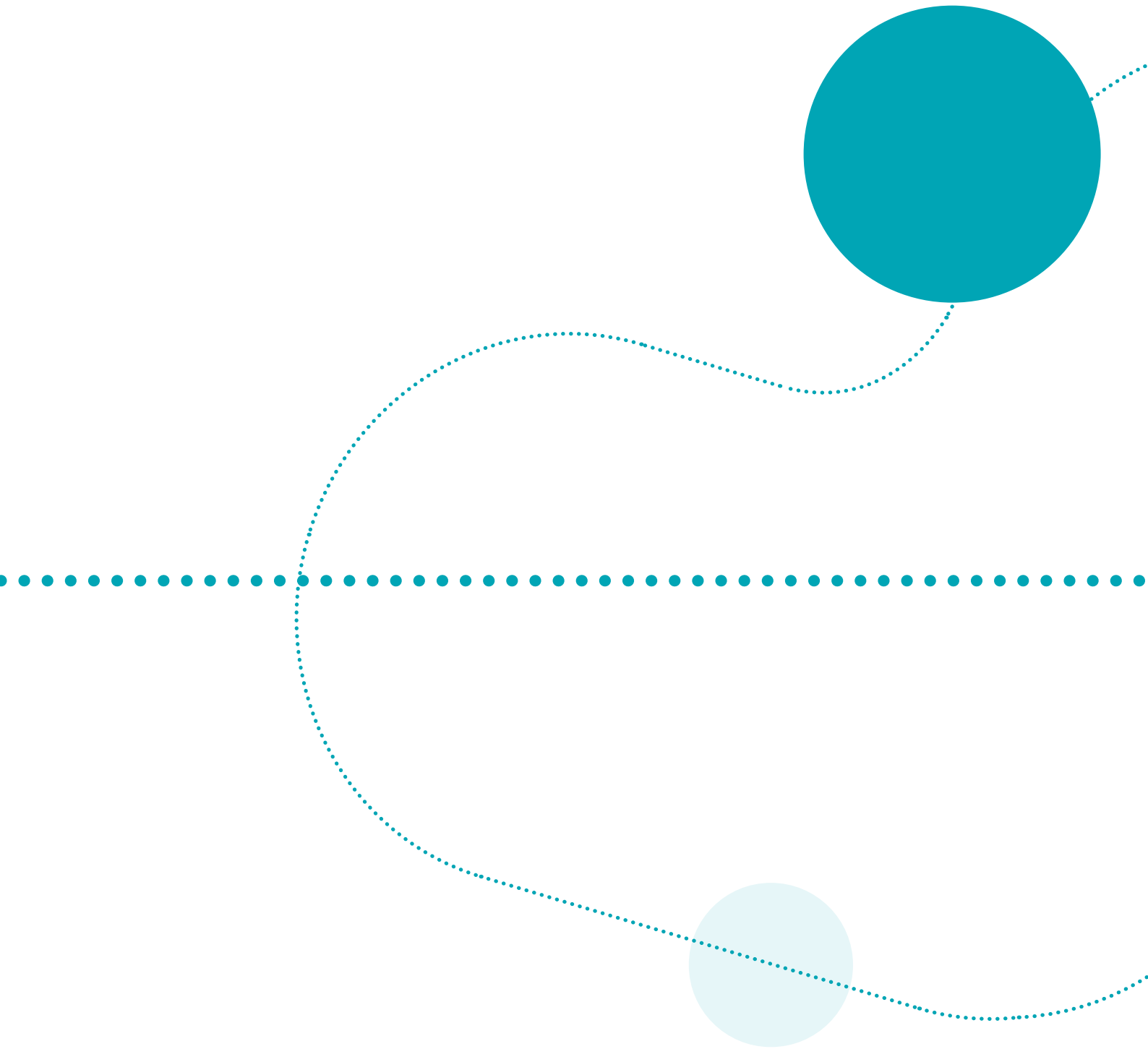
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