



WE ENCOURAGE

A

WE COLLABORATE

WE BUILD

I

P

WE SUPPORT

WE CONNECT

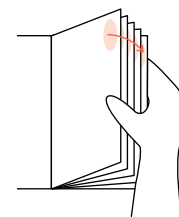
A

WE PROTECT

20 | ANNUAL
22 | REPORT

20 | ANNUAL
22 | REPORT

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1.
**LETTER FROM
THE MANAGING
DIRECTOR**



“We concluded 2022 in the best possible way: excellent business results, updated legislation and the acquisition of new rights authorisations. In 2023, AIPA’s top priority will be obtaining all the remaining rights authorisations for AV creators as stipulated by the new legislation. The sooner they are granted, the more successful we will be – economically and developmentally. Let’s not forget that in all EU member states, the AV industry has already established itself as a strategically important building block of both cultural and economic national identity.”

Gregor Štibernik
AIPA



Among the best in the world in the protection of right holders of AV works

AIPA can encompass 2022 in just a few numbers: 8 employees, in cooperation with 36 international sister organisations, collected 6.3 million EUR and distributed 3,741,862.23 EUR to 2,631 right holders.

More words are necessary to describe the changes to the national business environment: the legislative shift, the successful implementation of the directives, and, above all, the importance of the new licence. We have received one of the most progres-

sive copyright legislations in the AV sector in the EU, and, after 15 years of experience in collective management, the first truly new authorisation, which raises hopes for the future necessary steps by the responsible bodies. If we can understand the newly issued licence for the right to authorise the making available to the public of works as a sign of development and looking towards the future, then it is vital that licences for "old types" of uses (public presentation, broadcasting, retransmission for producers and performers, etc.) should also be issued forthwith, since that is the only way we can bridge the legal (and economic) gap that separates the AV sector from the literary and music sectors.

Historic changes

The day when the new texts of the Copyright and Related Rights Act and the Collective Management of Copyright and Related Rights Act¹ were published in the Official Gazette of the Republic of Slovenia was marked by us at AIPA as the day a decade happened. Namely, the changes brought a quantum leap in the field of rights management of co-authors, performers and producers of AV works. Of course, the changes never come on their own, particularly not in the AV sector, where we deal with the recognition, protection and enforcement of rights which are not perceived as such by society and the users of AV works. The changes are always a consequence of the local social paradigms and the legislation's reaction to an ever-faster technological development.

A decade of synchronised action of all shareholders in the national AV sector was needed to allow Slovenia such a giant step forward. Our resolve, commitment and consistency towards the now-reached goal is best illustrated by a text from the third issue of the AIPA bulletin from 2013:

We are facing several changes in the upcoming years because European legislation is changing and amending to follow the swift technological development – new declarations and conventions in the field of copyright are being adopted. It is, therefore, our mission as right holders and the expert public to clearly present, through expert discussions, our goals and wishes to the decision-makers involved in the legislative changes and to arrive at a good law which will allow (also) the creators in the AV sector proper leverage in managing their remuneration.

Better for all

The laws, adopted on 26 October 2022, have brought changes for the better for all categories of right holders. They recognise new – this time, inalienable – rights of authors and performers, and finally also rights of film producers, who have thus far been able to collectively manage the one and only right.²

In terms of the legislation's contemporaneity, Slovenia is now on par with countries such as Spain, France, Italy, Poland, and Belgium: the collective management system ensures that all shareholders – co-authors, performers, and producers – are equitably remunerated in case of the use of their AV works. It is a fact that in the 21st century, an individual cannot manage their own rights, which is why there are organisations such as AIPA. In Slovenia, AIPA monitors the (simultaneous) use of each AV work in 700,000 households, 7,000 hospitality venues, on 9 platforms and on 60 TV stations.

Today, foreign collective management organisations are looking to the Slovenian legislative solution as an example, thereby confirming that we are on the right path – of confidently engaging in regional and international communities, where we share our experience and accept the knowledge of others.

Satisfaction and optimism with good reason

As mentioned before, to achieve this exceptional goal in 2022, the unity and synchronisation of the entire national AV sector were required. The room for the manoeuvring of a few nay-sayers was so drastically diminished that both laws were adopted (how historic!) without a single opposing vote.

On the day the laws were published, AIPA quietly celebrated its anniversary in the background of this colossal legislative bang. We consider 11 October 2010 our birthday since we received our licence from the Slovenian Intellectual Property Office (SIPO) on that day and thus became a collective management organisation.

The idea of AIPA was first supported as far back as 2006 by the Slovenian Association of Dramatic Artists, the Association of Videographic Industry of Slovenia, the Association of Phonographic Industry of Slovenia, the Section of Film Distributors with the Chamber of Commerce and Industry of Slovenia, the Designers Society of Slovenia, the Directors Guild of

Slovenia, and the Slovenian Filmmakers Association, joined a few months later by the then only functioning body of film producers, the Economic Interest Group of Slovenian Film Producers.

It should be said that it is evident from the application and decision of the SIPO that the individuals cooperating in the process of establishing AIPA were simply representatives of their particular AV association. Unfortunately, some have later tried (or are still trying) to present their former mandate as individual “ideas” and petitions of natural persons. However, the actual process of obtaining the authorisation is described in detail in the AIPA licence issued on 11 October 2010.³

A unique concept

When setting up its organisational structure, AIPA, of course, looked to existing successful solutions. However, at its core, there was a challenge: Would the creators in the AV sector manage to come together and find an original – and for the Slovenian context the most appropriate – form of the collective management of copyrights? Looking back, the most precious act connected to the foundation of AIPA was undoubtedly when right holders surpassed the outdated politics of division and partial interests, and the AV authors, producers and performers joined under one roof.

Some individuals anticipated a swift dissolution of AIPA, saying that the copyright and related rights legislation is unnatural. The opposite happened – by

expanding its membership, AIPA has grown stronger year by year, becoming a shining model of cooperation at home and abroad, particularly in countries where the collective management systems for AV sectors are being set up from scratch.

If indeed AIPA was unique at the start, it now plays a key role in global, e.g., AVACI, SCAPR and AGICOA, as well as European organisations, e.g., SAA, FERA and AEPO-ARTIS.

Today’s modern and inclusive AIPA, particularly the legislative framework of copyright and related rights, are both the result of consistent efforts, overcoming countless hurdles and, above all, a joint effort of all who believed in our common idea. Naturally, the work and challenges are always plentiful. Alongside its primary mission and strengthening AIPA’s international role, we wish to further bring the attention of the public to the importance of Slovenian AV creators for preserving and developing our national culture.

This way, we can indirectly strengthen the realisation that someone who brings beauty into our lives with their creative achievements is worth getting paid fairly. As are all others who contribute to the growth of our society with our daily endeavours.

Gregor Štibernik
Managing director of AIPA



¹ Both Acts were amended to facilitate the implementation of the EU directives.

² <https://aipa.si/si/Novice/2022/Oktober/AIPA-dobila-novo-dovoljenje>

³ <https://aipa.si/si/about-aipa/licence>





2. BASIC INFORMATION ON AIPA





Members of the Supervisory Board

left:

Ludvik Bagari
Katarina Čas
Klemen Dvornik

right:

Danijel Hočevnar
Matevž Luzar
Tina Smrekar



An important aspect of socially responsible behaviour is also open and timely communication with our members, the wider AV community, decision-makers and the public.

After 30 years, Slovenia
has once again found
itself at the world peak
of copyrights.

AIPA, k. o.

COLLECTIVE MANAGEMENT ORGANISATION OF AUTHORS,
PERFORMERS AND PRODUCERS OF AUDIOVISUAL WORKS
OF SLOVENIA, K.O.

22. 6. 2007

organisation established

31. 12. 2007

entered into the court
registry

11. 10. 2010

licence issued for the
collective management of
copyright and related rights

18. 12. 2019

the general assembly
adopted the statutes and
other acts in conformity with
the Collective Management
of Copyright and Related
Rights Act

AIPA, k. o.

seat: Ljubljana

address: Dvořakova ulica 5, Ljubljana

registration no.: 2346907000

tax ID: SI93521812

MAIN GOAL AND MISSION

the collective management and protection of the rights of authors,
performers and producers of audiovisual works

standard classification of activities:

94.999

otherwise unclassified membership organisation

AIPA COLLECTIVELY MANAGES THE RIGHTS OF:

1. co-authors of audiovisual works, i.e., the author of the adaptation, the author of the screenplay, the author of the dialogue, the director of photography, the principal director, the composer of music specifically created for use in the audiovisual work, and the principal animator, if animation is an essential element in the audiovisual work:
 - a the right to equitable remuneration for making sound and visual recordings of audiovisual works done within the scope of private and other internal use (PC)
 - b the right of rebroadcasting in the case of cable retransmission (CR)
 - c the right of making available to the public of audiovisual works ((MA) since 20. 10. 2022)
2. performers whose performances are used in audiovisual works:
 - a the right to equitable remuneration for making sound and visual recordings of audiovisual works done within the scope of private and other internal use (PC)
 - b the right of making available to the public (MA) of performances recorded on videograms (since 20. 10. 2022)
3. film producers:
 - a the right to equitable remuneration for making sound and visual recordings of audiovisual works on videograms done within the scope of private and other internal use (PC)
 - b the right of making available to the public (MA) of videograms (since 20. 10. 2022)



AIPA'S TASKS

licenses

the use of works from the repertoire of protected works under similar conditions for similar types of uses

informs

the users of the proposed royalty fees and concludes agreements with them about the conditions of the use of protected works

concludes agreements

with foreign collective management organisations

publishes

royalty and remuneration tariffs

controls

the use of works from the repertoire

collects

royalty and remuneration tariffs

distributes

collected funds to right holders in accordance with the previously determined rules of disbursement

accepts

mandates for collective management of copyright and related rights from co-authors of audiovisual works, from performers whose performances were used in audiovisual works and from film producers

enforces

the protection of copyright and related rights on audiovisual works before the courts and other state bodies



Employees (from left):

Anita Mežnaršič

Assistant in documentation department

Ana Lampret

Office manager

Peter Kep

Head of operations

Marjeta Čemažar

Head of documentation

Simon Bergant

IT solutions developer

Andreja Kralj

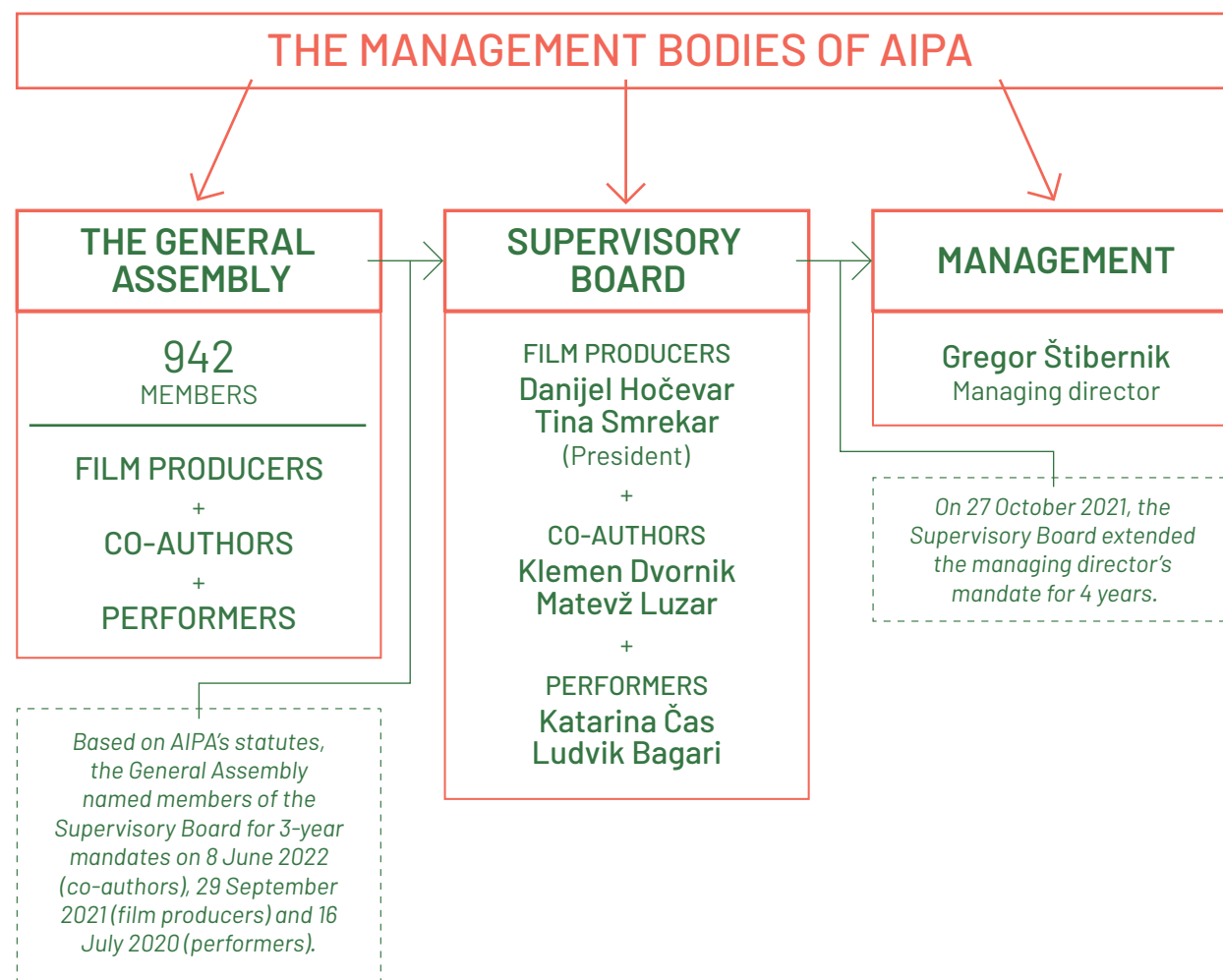
Head of distribution

Špela Plazonik

Head of finance

Gregor Štibernik

Managing director



The rights of creators will be merely empty words on paper if we do not recognise and manage them.



3. THE TOP 5 EVENTS THAT MARKED 2022



The
TOP 5
EVENTS
that marked
2022

1.

Implementation of EU directives

If the Slovenian legislation on the audiovisual sector was outdated and practically unamended for three decades, now, after the implementation of the EU directives, the legislator has managed to perform a home run since, as far as the audiovisuals go, we now have one of the most modern legislative solutions in the world: it solves the issues of performers and co-authors of AV works in the digital market, and allows the right holders on AV works to manage more and more of their rights collectively. With this proactive approach, Slovenia has joined countries like Spain, Italy, Poland and France.

Nevertheless, these rights will remain mere letters on paper unless we manage them in practice.

AIPA, which has been representing performers, producers and co-authors of AV works for the past 12 years, submitted applications for the newly defined rights of these right-holder categories as soon as it was possible.

The implementation process was done according to summary procedure rules, which meant the amendments only applied to a limited number of articles. Even though the conditions for AV creators regarding their rights have improved significantly, we need to

endeavour to “reopen” the Collective Management of Copyright and Related Rights Act, which is one of the most rigid laws regarding the question of dedicated funds. These funds can only be distributed to individuals, even though funds which allow the development and support of projects are the precondition for a strong and growing AV sector.

2.

New licence and new jurisdiction

AIPA received licence for the right of making available of works to the public on 21 October 2022, which came into power on 22 October 2022. The right of making available to the public is the right to make a work available to the public, by wire or wireless means, in such a way that members of the public can access these works from a place and at a time individually chosen by them.

The licence is given for co-authors, producers and performers of AV works.

3.

Strengthening international connections

As a socially responsible collective management organisation,

AIPA actively cooperates in shaping the international, global AV community and focuses primarily on strengthening its position in the region and the EU. In line with our confirmed development goals, we expect an increase in the workload in the following years, so we decided to lease additional business premises, which can also be used by guilds and members as needed.

To ensure all our members, the wider AV community, decision-makers and other types of publics are precisely and timely informed about our activities, we have added new communications channels to the already existing classical printed media, the website and the newsletter. Social media has proven to be a good way of informing the wider public on novelties and current content, which are also published by partner and umbrella organisations in Europe and worldwide.



The European seat of AVACI in Ljubljana

At the beginning of September 2022, AIPA hosted a meeting of the executive board and the legal and technical board of AVACI – the International Confederation of AV Authors, which provides logistical and financial support in protecting the rights of AV authors worldwide.

In the meeting, the AV authors, representing collective management organisations, federations and confederations in Europe, Africa, Latin America and the South Pacific region, planned political, legal, and communication strategies to further build a globally appropriate AV environment.

The AVACI officially opened its European seat in AIPA's business premises on this occasion.



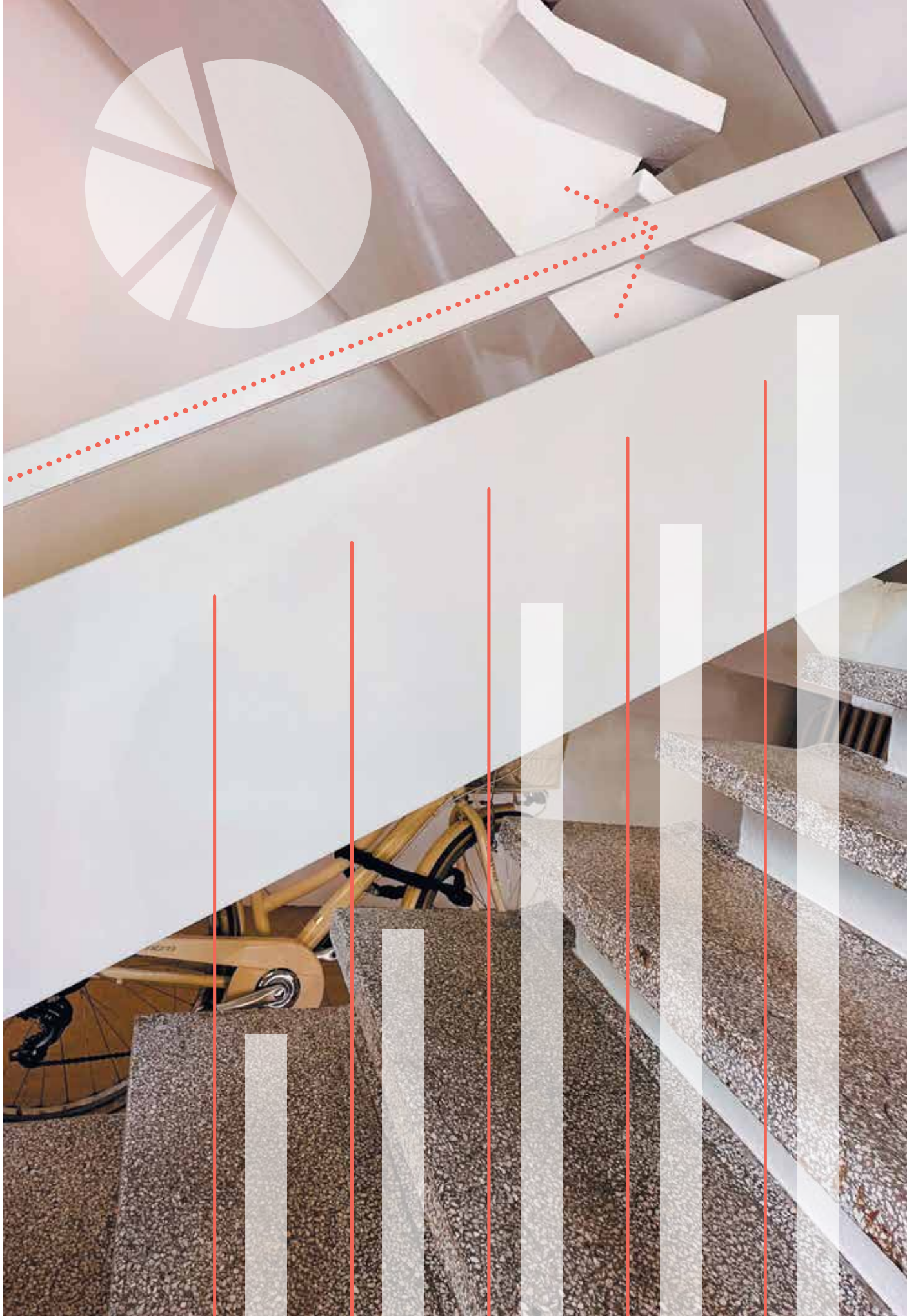
ORION – let the stars of Slovenian creators shine brighter

For the second year in a row, AIPA presented remarkable successes in the Slovenian AV works field. The Orion Awards, named after one of the brightest constellations in the sky, are given in three categories. Seven of the most watched local AV works in cable retransmission received the award Stars of Orion, three acclaimed acting performances received the award Brightest Star, and three most daring and creatively original works received the award Butnskala (named after a famous Slovenian radio show, which was later made into an equally famous film).

The Orion Awards are meant to raise awareness of the importance and role of national AV creators.

The viewership numbers show that local AV works are very popular: among the 100 most-watched works, three Slovenian works are among the top five, and the most-watched work is also Slovenian.

As a socially responsible collective management organisation, AIPA actively shapes not only the national AV sector but also the global one.



4. COLLECTED FUNDS, REVENUE AND COSTS



Collected funds and revenue in 2022

	Planned 2022	Actual 2022	Actual 2021	Ratio Actual 22/21
	in EUR			INDEX
Collected funds and revenue				
Total collected funds and revenue	6,135,968	6,638,457	6,100,118	1.09
The right of rebroadcasting in case of cable retransmission of AV works (CR)	4,946,614	4,814,884	4,709,908	1.02
The right to equitable remuneration for making sound or visual recordings of AV works done within the scope of private or other internal use (PC)	1,137,468	1,284,219	1,347,190	0.95
The right of co-authors of making available to the public of AV works, the rights of performers of making available to the public of performances recorded on videograms, and the right of film producers of making available to the public of videograms (MA)	/	217,746	/	/
Deposit interest or other financial revenues	51,886	321,608	43,020	7.48
				in %
Share of costs in collected funds and revenue				
Share of all costs in all collected funds and revenue	27.93	26.30	24.61	1.07

In 2022, all collected funds and revenue amounted to 6,638,457 EUR and were higher by 538,339 EUR or 9% compared to 2021.

The collected funds from cable retransmission in 2022 were 104,976 EUR (2%) higher than in 2021. The latter is a consequence of an increase in royalty fees compared to 2021.

At the end of 2022, the Slovenian Intellectual Property Office issued the licence to AIPA for the collective management of the right of co-authors of making available to the public of AV works, the right of per-

formers of making available to the public of performances recorded on videograms, and the right of film producers of making available to the public of videograms (MA). In line with the joint agreement between the Association of Cable Operators of Slovenia (ZKOS), the Association of Slovene Operators of Digital Television Services (ZSODT-GIZ) and AIPA, AIPA has issued invoices to all current cable operators for the abovementioned rights in February. Thus, AIPA collected funds from MA already in 2022 in the amount of 217,746 EUR. In 2023, we expect at least 1,200,000 EUR collected funds from MA.

Revenues from deposit interest and other financial and unusual revenues in 2022 were 278,588 EUR (748%) higher in 2022 compared to 2021 because of:

a) the finalisation of the fiscal supervision procedure over AIPA's business years 2016 and 2017. AIPA has successfully completed the procedure since the Financial Administration of Nova Gorica has deter-

mined that AIPA conducted its business activities in line with the law;

b) a settlement between AIPA and the defendant, lawyer Borut Bernik Bogataj, reached at the end of 2022. The first instalment in the 10-year settlement was transferred to AIPA in December 2022. The next instalment is planned for 2024.

Costs in 2022 – regular business costs

Planned 2022	Actual 2022	Actual 2021	Ratio Actual 22/21
in EUR			INDEX
1,713,700	1,745,818	1,501,181	1.16

The regular business costs of AIPA in 2022 were 1,745,818 EUR, which is 244,637 EUR (16%) higher than in 2021. The share of costs in the total collected funds and revenue in 2022 is 26.30%.

Revenue in 2022 (in EUR)

6,638,457

The right of rebroadcasting in case of cable retransmission of AV works (CR)

The right to equitable remuneration for making sound or visual fixations of AV works done within the scope of private or other internal use (PC)

The right of co-authors of making available to the public of AV works, the rights of performers of making available to the public of performances recorded on videograms, and the right of film producers of making available to the public of videograms (MA)

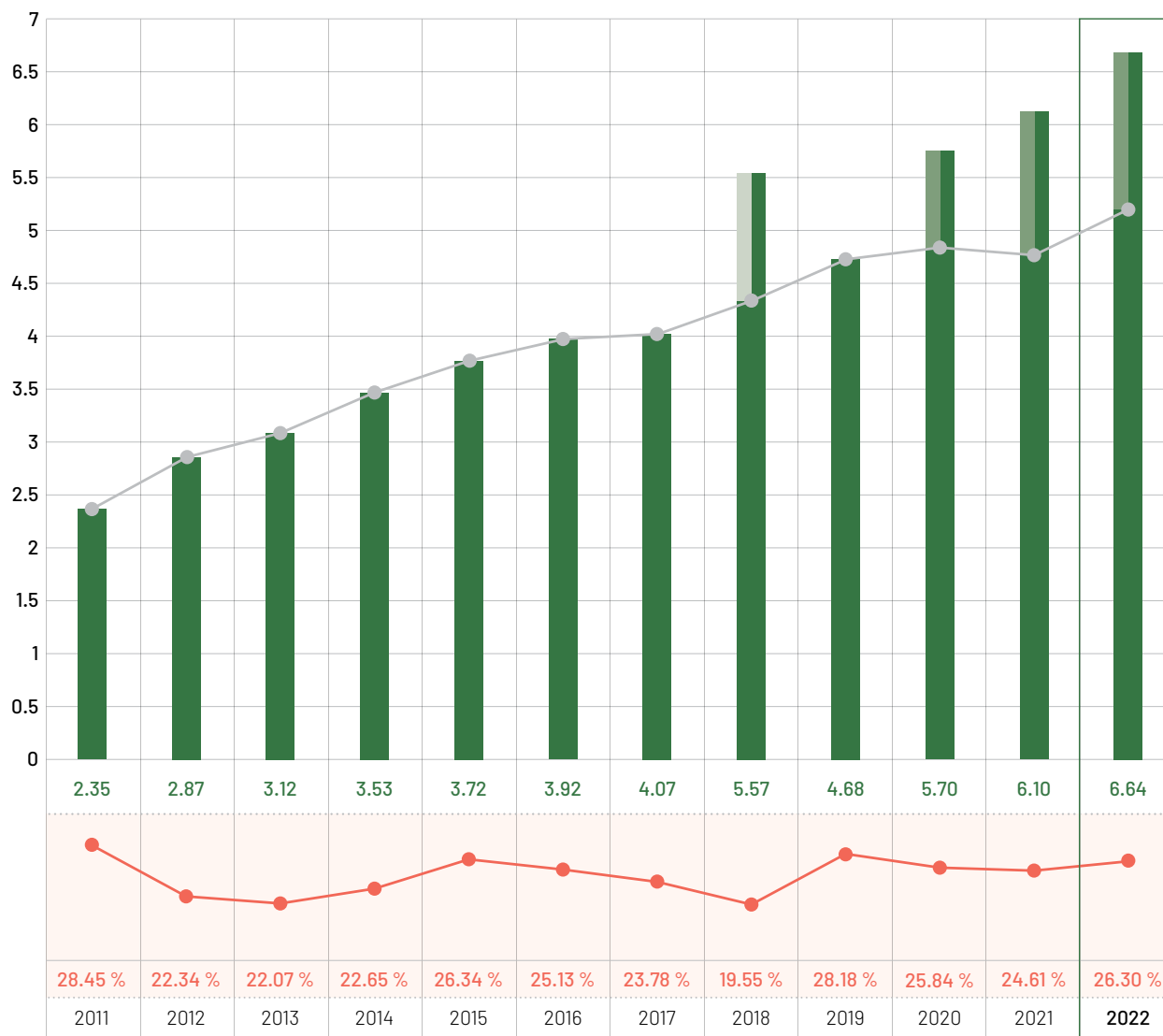
Deposit interest or other financial revenues

Costs in 2022 (in EUR)

1,745,818

Actual Costs

Total revenue and the share of costs in the total revenue in the period from 2011–2022



- REVENUE IN MIO EUR
- REVENUE FROM PRIVATE COPYING
- SETTLEMENT TOTAL TV
- REVENUE FROM CABLE RETRANSMISSION
- SHARE OF COSTS IN TOTAL REVENUE

Cost breakdown according to type in 2022

	in EUR							in %	
Type of right	The right of rebroadcasting in the case of cable retransmission of AV works	The right to equitable remuneration for making sound or visual recordings of AV works done within the scope of private or other internal use	The right of co-authors of AV works of making available to the public of AV works, the right of performers of making available to the public of performances recorded on videograms, and the right of film producers of making available to the public of videograms						
Type of use/cost	CR	PC – co-authors	PC – performers	PC – film producers	MA – co-authors	MA – performers	MA – film producers	TOTAL	Share of costs in total costs
Costs related to collecting royalties	188,544	11,012	13,461	11,012	0	0	0	224,029	12.83
Costs related to distribution of royalties	274,569	15,752	23,026	12,720	0	0	0	326,067	18.68
Legal costs	63,975	3,763	3,764	3,763	1,800	900	1,800	79,765	4.57
Costs of information technologies	66,393	3,904	3,905	3,905	0	0	0	78,107	4.47
Labour costs	391,003	23,001	23,000	22,999	0	0	0	460,003	26.35
Costs of outsourcing to contractors	0	0	0	0	0	0	0	0	0
Other operating costs	524,363	17,428	18,629	17,427	0	0	0	577,847	33.10
Total	1,508,847	74,860	85,785	71,826	1,800	900	1,800	1,745,818	100.00

5. FINANCIAL STATEMENTS



5.1 Balance sheet as at 31 December 2022

in EUR			
Item	Note	31 Dec 2022	31 Dec 2021 amended
ASSETS		15,086,024	15,138,457
A. LONG-TERM ASSETS		562,354	2,204,510
I. Intangible assets and long-term deferred expenses	3.4.2.1	15,811	28,437
1. Long-term property rights		0	0
2. Long-term deferred expenses		15,811	28,437
II. Property, plant and equipment	3.4.2.2	320,304	174,834
1. Buildings		199,622	80,939
2. Other equipment, small inventory and other tangible assets		99,659	54,636
3. Tangible fixed assets in building and production		1,494	5,230
4. Advances to obtain tangible fixed assets		19,529	34,029
IV. Long-term financial investments	3.4.2.3	1,239	2,001,239
1. Long-term financial investments, excluding loans		1,239	1,239
2. Long-term loans		0	2,000,000
V. Long-term operating receivables	3.4.2.4	225,000	0
B. SHORT-TERM ASSETS		14,470,937	12,918,277
III. Short-term financial investments	3.4.2.5	10,483,527	9,900,000
1. Short-term financial investments, excluding loans		0	0
2. Short-term loans		10,483,527	9,900,000
IV. Short-term operating receivables	3.4.2.6	1,058,155	1,387,697
V. Cash	3.4.2.7	2,929,255	1,630,580
C. SHORT-TERM DEFERRED EXPENSES AND ACCRUED REVENUES	3.4.2.8	52,733	15,670
LIABILITIES		15,086,024	15,138,457
B. PROVISIONS AND LONG-TERM ACCRUED EXPENSES AND DEFERRED REVENUES		0	50,000
1. Provisions	3.4.2.9	0	50,000
C. LONG-TERM LIABILITIES		0	0
II. Long-term operating liabilities		0	0
Č. SHORT-TERM LIABILITIES		15,070,198	15,077,858
III. Short-term operating liabilities	3.4.2.10	15,070,198	15,077,858
D. SHORT-TERM ACCRUED EXPENSES AND DEFERRED REVENUES	3.4.2.11	15,826	10,599

Accounting guidelines and notes are a constituent part of the financial statements and should be read in conjunction with them.

5.2 Income statement for the period from 1 January to 31 December 2022

Item	Note	in EUR	
		2022	2021 amended
A. NET SALES REVENUE	3.4.3.1	1,424,210	1,458,161
D. GRANTS, ENDOWMENTS, RECOURSE, COMPENSATIONS AND OTHER OPERATING REVENUE	3.4.3.1	9,795	5,804
E. OTHER OPERATING REVENUE	3.4.3.1	247,210	33,471
F. GROSS OPERATING INCOME	3.4.3.1	1,681,215	1,497,436
G. OPERATING EXPENSES		1,745,556	1,500,446
I. Costs of goods, material and services		1,203,926	977,563
2. Costs of material	3.4.3.3	19,227	19,188
3. Costs of services	3.4.3.4	1,184,699	958,375
II. Labour costs	3.4.3.5	460,003	378,491
1. Wages and salaries		365,300	300,705
2. Pension security costs		32,332	26,616
3. Other social security costs		26,487	21,850
4. Other labour costs		35,884	29,320
III. Writedowns		50,045	114,721
1. Depreciation	3.4.3.6	49,898	40,358
2. Revaluation operating expenses related to intangible assets and intangible fixed assets		147	770
3. Revaluation operating expenses related to current assets	3.4.3.7	0	73,593
IV. Other operating expenses	3.4.3.8	31,582	29,671
1. Provisions		0	0
2. Other expenses		31,582	29,671
I. SURPLUS OF OPERATING EXPENSES		64,341	3,010
J. FINANCE INCOME	3.4.3.2	61,784	3,743
II. Finance income from loans		16,625	3,738
III. Finance income from operating receivables		45,159	5
K. FINANCE EXPENSES		260	732
III. Finance expenses from operating liabilities		260	732
L. OTHER INCOME		2,818	2
M. OTHER EXPENSES		1	3
N. SURPLUS OF INCOME		0	0
O. SURPLUS OF EXPENSES		0	0
P. CURRENT INCOME TAX		147	2
R. DEFERRED INCOME TAX		0	0
S. NET SURPLUS OF INCOME FOR THE YEAR		0	0
Š. NET SURPLUS OF EXPENSES FOR THE YEAR		147	2

Accounting guidelines and notes are a constituents part of the financial statements and should be read in conjunction with them.

5.3 Cashflow statement for the period from 1 January to 31 December 2022



Item	in EUR	
	2022	2021 amended
A. CASH FLOWS FROM OPERATING ACTIVITIES		
a. Operating cash flows (Income Statement)	- 163,938	76,781
Operating income (excl. revaluation) and finance income from operating receivables	1,531,982	1,464,011
Operating expenses (excl. impairments) and finance expenses from operating liabilities	- 1,745,818	- 1,427,588
Depreciation	49,898	40,358
b. Operating cash flows (Balance Sheet)	224,882	17,652
Change in operating receivables	301,727	- 23,156
Change in deferred expenses and accrued revenues	- 24,437	16,219
Change in inventories	0	0
Change in operating liabilities	- 7,635	23,192
Change in accrued expenses and deferred revenues	5,227	1,397
Change in provisions	- 50,000	0
A. Cash from operating activities (a + b)	60,944	94,433
B. CASH FLOW FROM INVESTING ACTIVITIES		
a. Interest received	16,626	3,738
b. Acquisition of intangible assets and property, plant and equipment	- 195,368	- 59,143
c. Expenses for loans and deposits	1,416,473	- 1,794,121
B. Cash flow from investing activities (a + b + c)	1,237,731	- 1,849,526
C. CASH FLOW FROM FINANCING ACTIVITIES		
c. Cash flow from financing activities (a + b)	0	0
1. NET INCREASE/DECREASE IN CASH (A + B + C)	1,298,675	- 1,755,093
2. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	1,630,580	3,385,673
Č. CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	2,929,255	1,630,580

Accounting guidelines and notes are a constituent part of the financial statements and should be read in conjunction with them.

5.4 An explanation regarding the accounting guidelines in 2022

The presentation and valuation of the items directly follow the provisions of the Slovene Accounting Standards, except with items where the standards give the organisation multiple choices of valuation.

In 2022, an expert explanation was published by the Slovene Audit Institute (Slovenski inštitut za revizijo; SIR) on the accounting practices of remuneration, which the collective management organisations collect from users in the name and for the account of right holders (SIR*IUS 3/2022; IZ PRAKSE ZA PRAKSO (PR-RAC 4-3/22): Računovodenje nadomestil, ki jih kolektivne organizacije pri uporabnikih zbirajo v imenu in za račun imetnikov pravic). Consequently, for 2022, we have consulted with other collective management organisations and amended the presentation of the income of the collective management organisation, so it is aligned with the explanation by SIR.

The collective management organisations and their activities are defined in the Collective Management of Copyright and Related Rights Act. It stems from this definition that the collective management organisation does not perform a service to the users of works with which the CMO concludes agreements but rather invoices the remuneration for the right of use of these works in the name of the account and for the common good of right holders based on their mandate. According to the expert explanation by SIR, this means that the CMO cannot present the collected remuneration from the users as its own revenue but rather as a business liability for a third-party account. A CMO may only present the income as its own revenue in the amount to which it is entitled to cover its business costs.

In 2022, AIPA began to present all remuneration collected from users for the right to use works from its repertoire as business liabilities for third-party accounts. At the end of the financial year, it used a part of the collected remuneration to cover a part of the costs that have not yet been covered by income from its own income sources, and in this amount, presented its revenue. Consequently, compared with previous years when all collected remuneration was presented as revenue, the revenue shows considerably smaller amounts. The business revenues in the income statement are only those AIPA needs to cover its costs.

Funds collected from remunerations of users for the use of works, minus the amount used for covering costs of AIPA, were transferred at the end of the year to liabilities to right holders.

Following the SIR recommendation, AIPA no longer presents receivables from users of works, from which it collects remuneration for the use of the works from its repertoire, as receivables from customers but as liabilities for third-party accounts.

Due to the change in revenue presentation, some other categories in the balance sheet, financial statement and cash flow statement are also presented differently.

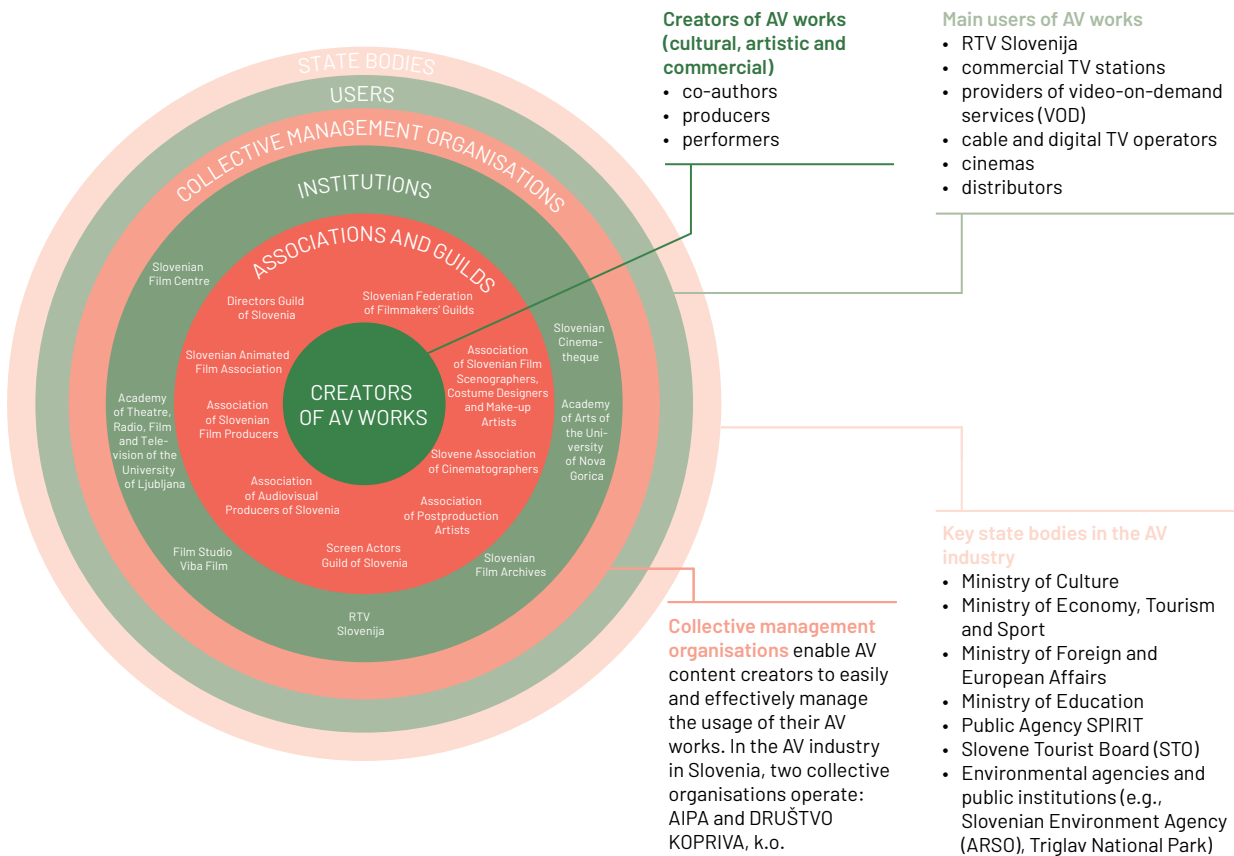
In previous years, AIPA presented all invoiced remuneration for the right to use works as revenue. At the end of the year, AIPA presented the difference between total revenue (income from remuneration for the right to use of works, financial and other income) and total costs and expenses as the cost of royalties to authors, performers and producers of audiovisual (AV) works and as costs of remuneration for private copying, in Slovenia



and abroad, and on the other hand, presented accrued expenses and deferred income. After the change in the presentation of income, the costs of services and the accrued expenses and deferred revenues are no longer presented. Since there were undistributed funds on this account at the end of the year, we have transferred them to liabilities towards right holders.

In the Balance Sheet, AIPA has amended the comparative results from 2021 to reflect the changes. These changes in no way influence the net increase/decrease of funds. It influences only the re-assignment of funds between accrued expenses, deferred revenues and short-term operating liabilities. Therefore, we have concluded that similar amendments for previous years are unnecessary.

The Ecosystem of the Slovenian AV Industry



6 DISTRIBUTIONS OF ROYALTIES

In 2022, AIPA performed the following distributions:

1. distribution of royalties from rebroadcasting in case of cable retransmission of AV works (CR) for 2021. The entitled persons are co-authors of AV works and, after the transfer of rights, film producers;
2. distribution of remuneration from the right to equitable remuneration for making sound or visual recordings of AV works, done under the scope of private and other internal use (PC) for 2021. This remuneration was collected and transferred to AIPA by the CMO Kopriva, k.o. The distribution was made for all three right-holder categories: co-authors, performers and film producers;
3. final distribution of royalties from rebroadcasting in case of cable retransmission of AV works (CR) for 2010/11, 2012, 2013;
4. distribution of royalties for composers of music specifically written for AV works for 2012 and 2018;
5. reconciliation distribution of remuneration from the right to equitable remuneration for making sound or visual recordings of AV works, done under the scope of private and other internal use (PC) for 2019 and 2020.

The distribution fund was calculated by subtracting the business costs and dedicated funds (SCE funds) from the total collected royalties and remunerations, income from bank deposits and other income, as decided at the General Assembly session on 8 June 2022.

Distribution fund calculation

in EUR



Financial year for which royalties (R) and remunerations (RE) were collected		2021			
Type of right	The right of rebroadcasting in case of cable retransmission of AV works		The right to equitable remuneration for making sound or visual recordings of AV works done under the scope of private or other internal use		
Type of use	TOTAL	CR	PC – co-authors	PC – performers	PC – film producers
Revenue from collected R and RE	6,057,098	4,709,908	474,280	436,455	436,455
Financial and other income	43,020	41,468	518	517	517
Total income	6,100,118	4,751,376	474,798	436,972	436,972
Operating expenses	1,501,181	1,297,393	67,892	70,918	64,978
Income tax	2	2	0	0	0
SCE funds	520,000	400,000	40,000	40,000	40,000
Distribution funds	4,078,935	3,053,981	366,906	326,054	331,994

Distribution of royalties (R)

				in EUR
Financial year for which R were collected	2018	2019	2020	2021
Type of right	The right of rebroadcasting in the case of cable retransmission of AV works			
Type of use	CR			
Income after operating expenses	3,436,650	3,359,026	3,473,989	3,453,981
Income tax	/	/	22	2
Total amount allocated to SCE funds (AIPA General Assembly decision)	405,000	400,000	350,000	400,000
Provisions for subsequent payments to unknown beneficiaries	90,000	/	/	/
Total sum for extraordinary assistance in 2021 (PKP7)	/	/	1,179,081	/
Total amount of R for distribution – cable retransmission of AV works	2,941,650	2,959,026	1,944,886	3,053,981
R for cinematographic films, television films, AV works for television 1, AV works for television 2, AV works for television 3, and other AV works	2,676,902	2,692,714	1,769,844	2,779,122
R for short music videos	147,082	147,951	97,246	152,699
R for advertising films	117,666	118,361	77,796	122,159
Total amount allocated to right holders	2,024,846	2,103,228	1,433,143	2,045,686
Total amount allocated to right holders – paid	1,649,400	1,618,537	1,377,821	1,817,010
Total amount allocated to right holders – not yet paid	375,446	484,691	55,322	228,676
Total amount unallocated to right holders (R allocated on the level of each co-author for each individual broadcast of an AV work and provisions for subsequent payments to unknown beneficiaries)	1,006,804	855,798	511,743	747,177

Distribution of remuneration (RE)

in EUR



Financial year for which the remuneration has been collected (received from Društvo Kopriva, k.o. during the financial year 2021)	2019		2020			2021			
Type of right	The right to equitable remuneration for making sound or visual recordings of AV works done under the scope of private or other internal use								
Type of use	PC – co-authors	PC – performers	PC – film producers	PC – co-authors	PC – performers	PC – film producers	PC – co-authors	PC – performers	PC – film producers
Income after operating expenses	15,533	13,974	14,201	176,235	158,542	161,114	215,138	193,538	196,679
Total amount allocated to SCE funds (AIPA General Assembly decision)	0	0	0	20,000	18,000	18,000	20,000	22,000	22,000
Total amount of RE for distribution	15,533	13,974	14,201	156,235	140,542	143,114	195,138	171,538	174,679
Total amount allocated to right holders	12,513	9,871	13,906	114,614	108,392	120,693	139,726	121,110	140,685
Total amount allocated to right holders – paid	4,917	4,357	8,652	83,852	73,603	82,178	122,435	119,923	105,850
Total amount allocated to right holders – not yet paid	7,596	5,514	5,254	30,762	34,789	38,515	17,291	1,187	34,835
Total amount unallocated to right holders	3,020	4,103	295	41,621	32,150	22,421	55,412	50,428	33,994

Pay-outs to right holders



7. REPORT ON THE USE OF SCE FUNDS



In 2022, AIPA managed three dedicated or SCE funds:

- Co-authors' fund, based on the Rules on co-authors' SCE funds adopted on 18 December 2019 and amended on 29 September 2021,
- Performers' fund based on the Rules on performers' SCE funds adopted on 20 July 2021 and amended on 29 September 2021, and
- Film producers' fund based on the Rules on film producers' SCE funds adopted on 20 July 2021 and amended on 29 September 2021.

The amounts of contributions to SCE funds in 2022 from the collected royalties (R) for the right of rebroadcasting in case of cable retransmission and from collected remuneration (RE) for the right to equitable remuneration for making sound or visual recordings done under the scope of private or other internal use were decided on by members at the General Assembly session on 8 June 2022.

Co-authors' SCE fund

	Funds (in EUR) for		
	Cultural and artistic purposes	Social purposes	Educational purposes
Balance 1 January 2022	150,948	309,221	113,783
Contributions			
• from collected R for 2021	0	140,000	260,000
• from collected RE for 2020 and 2021	0	20,000	20,000
Pay-outs	20,822	344,843	225,723
Administration costs	0	0	0
Balance 31 December 2021	130,126	124,378	168,060

Performers' SCE fund

	Funds (in EUR) for		
	Cultural and artistic purposes	Social purposes	Educational purposes
Balance 1 January 2022	5,000	6,195	20,000
Contributions			
• from collected RE for 2020 and 2021	15,000	10,000	15,000
Pay-outs	2,015	0	12,525
Administration costs	0	0	0
Balance 31 December 2021	17,985	16,195	22,475

Film producers' SCE fund

	Funds (in EUR) for		
	Cultural and artistic purposes	Social purposes	Educational purposes
Balance 1 January 2022	2,000	8,000	20,000
Contributions			
• from collected RE for 2020 and 2021	5,000	5,000	30,000
Pay-outs*	0	0	0
Administration costs	0	0	0
Balance 31 December 2021	7,000	13,000	50,000

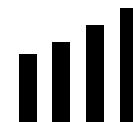
* There were no pay-outs from the Film producers' SCE fund. The reason is an interpretation of a provision from the Collective Management of Copyright and Related Rights Act, which states that only natural persons may receive pay-outs from SCE funds. This interpretation, given by the Slovenian Intellectual Property Office, which is a unique perspective in the European area, has been addressed by AIPA several times since all professional film producers are legal persons and, as such, cannot participate in SCE fund pay-outs.

Pay-outs from SCE funds in 2022



Cultural and artistic purpose (3.77%)
 Educational purpose (39.32%)
 Social purpose (58.91%)

12. AUDITOR'S REPORT



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INDEPENDENT AUDITOR'S REPORT to the owners of AIPA k.o.

Opinion

We have audited the financial statements of the company AIPA k.o. (hereinafter 'the Company'), which comprise the balance sheet as at 31 December 2022, income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2022, and its financial performance and cash flows for the year then ended in accordance with Slovene Accounting Standards (hereinafter 'SAS').

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in *the Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA Code) and other ethical requirements that are relevant to our audit of the financial statements in Slovenia, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of matter

We draw your attention to the Note 3.4.1 of the accounting policies part of the annual report, which describes the adjustment of prior period financial statement in relation to the change of accounting policies. Our opinion is not modified in respect of this matter.

Other information

Management is responsible for the other information. The other information comprises the information, included in Annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we express no assurance thereon.



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Deloitte revizija d.o.o. - The company is registered with the Ljubljana District Court, registration no. 1647105 - VAT ID S162560085 - Nominal capital EUR 74,214.30.

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In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, assess whether the other information is materially inconsistent with the financial statements, legal requirements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If based on our work performed we conclude that other information include material misstatement we need to report such circumstances.

In relation to this and based on our procedures performed, we report that:

- Other information is, in all material respects, consistent with the financial statements;
- Other information is prepared in compliance with applicable law or regulation; and
- Based on our knowledge and understanding of the Company and its environment obtained in the audit, we did not identify any material misstatement of fact related to the other information.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with SAS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Company, management is responsible for assessing its ability to continue as a going concern, disclosing matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

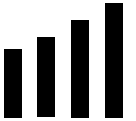
Those charged with governance are responsible for overseeing the Company's financial reporting process and for approving audited annual report.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

DELOITTE REVIZIJA d.o.o.

Yuri Sidorovich
Certified auditor

For signature please refer to the original Slovenian version.

Ljubljana, 7th June 2023

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Annual report of AIPA for the year 2022

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