
Megasong Publishing A/S

Falkoner Allé 7, 3, DK-2000 Frederiksberg

Annual Report for 1 October 2019 - 30 September 2020

CVR No 17 26 96 74

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
3 /3 2021

Lars Werner Karlsson
Chairman of the General
Meeting

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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Megasong Publishing A/S for the financial year 1 October 2019 - 30 September 2020.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 30 September 2020 of the Company and of the results of the Company operations for 2019/20.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Frederiksberg, 3 March 2021

Executive Board

Lars Werner Karlsson
CEO

Board of Directors

Per Jonsson

Lars Werner Karlsson

Karin Karlsson

Independent Auditor's Report

To the Shareholder of Megasong Publishing A/S

Opinion

We have audited the Financial Statements of Megasong Publishing A/S for the financial year 1 October 2019 - 30 September 2020, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The Financial Statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 30 September 2020 and of the results of the Company's operations for the financial year 1 October 2019 - 30 September 2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements 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 Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, 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 opinion.

Management's responsibilities for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, 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, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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 ISAs and the additional requirements applicable in Denmark 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 conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the

Independent Auditor's Report

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 material 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 control.
- 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 in preparing the Financial Statements 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

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.

Copenhagen, 3 March 2021

KPMG

Statsautoriseret Revisionspartnerselskab

CVR No 25 57 81 98

Martin Eiler

State Authorised Public Accountant

mne32271

Company Information

The Company

Megasong Publishing A/S
Falkoner Allé 7, 3
DK-2000 Frederiksberg

CVR No: 17 26 96 74
Financial period: 1 October - 30 September
Municipality of reg. office: Frederiksberg

Board of Directors

Per Jonsson
Lars Werner Karlsson
Karin Karlsson

Executive Board

Lars Werner Karlsson

Auditors

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
DK-2100 København Ø

Income Statement 1 October - 30 September

	<u>Note</u>	<u>2019/20</u> DKK	<u>2018/19</u> DKK
Gross profit/loss		5,553,724	2,782,048
Financial income	2	200,875	186,001
Financial expenses		<u>-19,157</u>	<u>-14,280</u>
Profit/loss before tax		5,735,442	2,953,769
Tax on profit/loss for the year	3	<u>-1,290,651</u>	<u>-690,381</u>
Net profit/loss for the year		<u>4,444,791</u>	<u>2,263,388</u>

Distribution of profit

Proposed distribution of profit

Retained earnings		<u>4,444,791</u>	<u>2,263,388</u>
		<u>4,444,791</u>	<u>2,263,388</u>

Balance Sheet 30 September

Assets

	<u>Note</u>	<u>2019/20</u> DKK	<u>2018/19</u> DKK
Receivables from group enterprises		44,314,630	38,817,734
Corporation tax		127,040	57,673
Receivables		<u>44,441,670</u>	<u>38,875,407</u>
Cash at bank and in hand		<u>178,097</u>	<u>102,571</u>
Currents assets		<u>44,619,767</u>	<u>38,977,978</u>
Assets		<u>44,619,767</u>	<u>38,977,978</u>

Balance Sheet 30 September

Liabilities and equity

	<u>Note</u>	<u>2019/20</u> DKK	<u>2018/19</u> DKK
Share capital		500,000	500,000
Retained earnings		41,662,957	37,218,166
Equity		<u>42,162,957</u>	<u>37,718,166</u>
Payables to group enterprises relating to corporation tax		1,138,477	514,107
Long-term debt	4	<u>1,138,477</u>	<u>514,107</u>
Trade payables		709,793	100,799
Payables to group enterprises relating to corporation tax	4	608,540	644,906
Short-term debt		<u>1,318,333</u>	<u>745,705</u>
Debt		<u>2,456,810</u>	<u>1,259,812</u>
Liabilities and equity		<u>44,619,767</u>	<u>38,977,978</u>
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Statement of Changes in Equity

	<u>Share capital</u> DKK	<u>Retained earnings</u> DKK	<u>Total</u> DKK
Equity at 1 October	500,000	37,218,166	37,718,166
Net profit/loss for the year	0	4,444,791	4,444,791
Equity at 30 September	500,000	41,662,957	42,162,957

Notes to the Financial Statements

1 Key activities

The Company's main activity is music publishing in Denmark.

2 Financial income

Interest received from group enterprises

	<u>2019/20</u> DKK	<u>2018/19</u> DKK
	200,875	186,001
	<u>200,875</u>	<u>186,001</u>

3 Tax on profit/loss for the year

Current tax for the year
Adjustment of tax concerning previous years

	1,265,572	652,740
	<u>25,079</u>	<u>37,641</u>
	<u>1,290,651</u>	<u>690,381</u>

4 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

Payables to group enterprises relating to corporation tax

Between 1 and 5 years	<u>1,138,477</u>	<u>514,107</u>
Long-term part	1,138,477	514,107
Within 1 year	<u>608,540</u>	<u>644,906</u>
	<u>1,747,017</u>	<u>1,159,013</u>

Notes to the Financial Statements

5 Contingent assets, liabilities and other financial obligations

Contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc. of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of Warner/Chappell Music Denmark A/S, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on un-earned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

6 Related parties

Ownership

The following shareholder is recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

Warner/Chappell Music Denmark A/S

Consolidated Financial Statements

Consolidated Financial Statements are prepared by the parent

<u>Name</u>	<u>Place of registered office</u>
Warner Music Group Corp	1633 Broadway New York, NY 10019 United States

Requisitioning of the parent's consolidated financial statements:

<https://investors.wmg.com>

Notes to the Financial Statements

7 Accounting Policies

The Annual Report of Megasong Publishing A/S for 2019/20 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The accounting policies applied are consistent with those of last year.

The Financial Statements for 2019/20 are presented in DKK.

The presentation of current tax liabilities and receivables has been changed for the financial year ending September 30, 2020. The presentation has been changed from a net presentation to a gross presentation. Comparative figures have been restated.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Income Statement

Revenue

Royalty income is recognised at the date when the cash is received.

Notes to the Financial Statements

7 Accounting Policies (continued)

Cost of sales

Cost of sales comprises direct and indirect costs incurred to generate revenue, including costs for royalty and copyright.

Other external expenses

Other external expenses include the year's expenses relating to the entity's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, the items 'Revenue', 'Cost of sale', 'Other external expenses' and 'Other operating income' are consolidated into one item designated 'Gross profit'.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement.

The Company is jointly taxed with wholly owned Danish and foreign subsidiaries. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Jointly taxed companies entitled to a tax refund are, as minimum, reimbursed by the management company according to the current rates applicable to interest allowances, and jointly taxed companies having paid too little tax pay, as a maximum, a surcharge according to the current rates applicable to interest surcharges to the management company.

Balance Sheet

Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value. Provisions are made for bad debts on the basis of objective evidence that a receivable or a group of receivables are impaired. Provisions are made to the lower of the net realisable value and the carrying amount.

Notes to the Financial Statements

7 Accounting Policies (continued)

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Loans are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Other debts are measured at net realisable value.