
Warner Chappell Music Denmark A/S

Falkoner Allé 7, 3., DK-2000 Frederiksberg

Annual Report for 1 October 2021 - 30 September 2022

CVR No 59 06 93 14

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
31/03 2023

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 Warner Chappell Music Denmark A/S for the financial year 1 October 2021 - 30 September 2022.

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 2022 of the Company and of the results of the Company operations for 2021/22.

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

Frederiksberg, 31 March 2023

Executive Board

Lars Werner Karlsson
CEO

Board of Directors

Lars Werner Karlsson

Per Jonsson

Karin Karlsson

Independent Auditor's Report

To the Shareholder of Warner Chappell Music Denmark A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 30 September 2022 and of the results of the Company's operations for the financial year 1 October 2021 - 30 September 2022 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Warner Chappell Music Denmark A/S for the financial year 1 October 2021 - 30 September 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

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' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. 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, 31 March 2023

KPMG

Statsautoriseret Revisionspartnerselskab

CVR No 25 57 81 98

Martin Eiler

State Authorised Public Accountant

mne32271

Company Information

The Company

Warner Chappell Music Denmark A/S
Falkoner Allé 7, 3.
DK-2000 Frederiksberg

CVR No: 59 06 93 14
Financial period: 1 October - 30 September
Municipality of reg. office: Frederiksberg

Main activity

The Company's main activity is music publishing in Denmark, comprising both publishing agreements and agreements with primarily Danish copyright holders as well as administration of other music publishing rights.

Board of Directors

Lars Werner Karlsson
Per Jonsson
Karin Karlsson

Executive Board

Lars Werner Karlsson

Auditors

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
DK-2100 København Ø

Income Statement 1 October - 30 September

	Note	2021/22 DKK	2020/21 DKK
Gross profit/loss		4.261.400	3.647.904
Staff expenses	1	-2.035	-30.171
Depreciation and amortisation of intangible assets and property, plant and equipment		-531.447	-350.613
Profit/loss before financial income and expenses		3.727.918	3.267.120
Income from investments in subsidiaries		5.012.815	2.935.260
Financial income	2	947.607	742.890
Financial expenses	3	-1.280.586	-360.285
Profit/loss before tax		8.407.754	6.584.985
Tax on profit/loss for the year	4	-668.443	-762.785
Net profit/loss for the year		7.739.311	5.822.200

Distribution of profit

Proposed distribution of profit

Retained earnings	7.739.311	5.822.200
	7.739.311	5.822.200

Balance Sheet 30 September

Assets

	Note	30 / 9 - 2022 DKK	30 / 9 - 2021 DKK
Acquired licenses		1.135.999	1.622.586
Intangible assets		1.135.999	1.622.586
Other fixtures and fittings, tools and equipment		26.836	48.729
Leasehold improvements		39.617	62.583
Property, plant and equipment		66.453	111.312
Investments in subsidiaries		50.111.033	45.098.218
Fixed asset investments		50.111.033	45.098.218
Fixed assets		51.313.485	46.832.116
Trade receivables		839.780	608.765
Receivables from group enterprises		52.497.891	43.178.322
Advance payments		3.040.335	3.829.954
Deferred tax asset		32.142	6.771
Corporation tax		78.430	50.316
Corporation tax receivable from group enterprises		2.858.159	6.617.880
Receivables		59.346.737	54.292.008
Cash at bank and in hand		899.370	2.090.179
Currents assets		60.246.107	56.382.187
Assets		111.559.592	103.214.303

Balance Sheet 30 September

Liabilities and equity

	Note	30 / 9 - 2022 DKK	30 / 9 - 2021 DKK
Share capital		502.000	502.000
Retained earnings		55.772.461	48.033.149
Equity		56.274.461	48.535.149
Corporation tax		772.244	4.635.199
Long-term debt	5	772.244	4.635.199
Trade payables		2.211.400	1.835.907
Payables to group enterprises		52.187.282	47.563.223
Payables to group enterprises relating to corporation tax		0	455.907
Other payables		114.205	188.918
Short-term debt		54.512.887	50.043.955
Debt		55.285.131	54.679.154
Liabilities and equity		111.559.592	103.214.303
Contingent assets, liabilities and other financial obligations	6		
Related parties	7		
Accounting Policies	8		

Statement of Changes in Equity

	Share capital	Retained earnings	Total
	DKK	DKK	DKK
Equity at 1 October	502.000	48.033.150	48.535.150
Net profit/loss for the year	0	7.739.311	7.739.311
Equity at 30 September	502.000	55.772.461	56.274.461

Notes to the Financial Statements

	2021/22 DKK	2020/21 DKK
1 Staff expenses		
Wages and salaries	468	13.692
Other social security expenses	0	7.679
Other staff expenses	1.567	8.800
	2.035	30.171
Average number of employees	2	2
2 Financial income		
Interest received from group enterprises	947.607	737.673
Other financial income	0	5.217
	947.607	742.890
3 Financial expenses		
Interest paid to group enterprises	1.258.172	345.388
Other financial expenses	22.414	14.897
	1.280.586	360.285

Notes to the Financial Statements

	2021/22 DKK	2020/21 DKK
4 Tax on profit/loss for the year		
Current tax for the year	693.814	746.922
Deferred tax for the year	-25.371	15.863
	668.443	762.785

5 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:

Corporation tax

Between 1 and 5 years	772.244	4.635.199
Long-term part	772.244	4.635.199
Within 1 year	0	0
	772.244	4.635.199

6 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.

7 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 Scandinavia AB

Notes to the Financial Statements

7 **Related parties** (continued)

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](https://investors.wmg.com)

Notes to the Financial Statements

8 Accounting Policies

The Annual Report of Warner Chappell Music Denmark A/S for 2021/22 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 2021/22 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.

Consolidated financial statements

With reference to section 110 of the Danish Financial Statements Act, no consolidated financial statements are prepared.

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.

Notes to the Financial Statements

8 Accounting Policies (continued)

Income Statement

Revenue

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

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, 'Revenue', 'Cost of sale', 'Other external expenses' and 'Other operating income' are consolidated into one item designated 'Gross profit'.

Staff expenses

Staff expenses include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. made to the entity's employees. The item is net of refunds made by public authorities.

Depreciation of intangible assets and property, plant and equipment

The item comprises depreciation of intangible assets and property, plant and equipment.

Intangible assets and property, plant and equipment are depreciated on a straight-line basis over the expected useful life of each individual asset. The depreciation basis is the cost plus revaluations and less expected residual value.

Income from investments in subsidiaries

The item "Income from investments in subsidiaries" in the income statement includes the proportionate share of the profit for the year.

Notes to the Financial Statements

8 Accounting Policies (continued)

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

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, whereas the tax attributable to equity transactions is recognised directly in equity.

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.

Royalty taxes included in royalty payments from other countries are expensed in the income statement.

Balance Sheet

Intangible assets

Intangible assets are initially measured at cost.

Subsequently, Catalogues are measured at costs less accumulated amortisation. Catalogues is amortised on a straight-line basis over the estimated useful life. The estimated useful lives are 5 years.

Gains and losses on the disposal of intangible assets are stated as the difference between the selling price less selling costs are the carrying amount on the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Gains or losses arising from the sale of items of property, plant and equipment are recognised in the income statement under 'Other operating income' or 'Other operating expenses', respectively. Gains and losses are calculated by reference to the difference between the selling price less selling expenses and the

Notes to the Financial Statements

8 Accounting Policies (continued)

carrying amount of the time of sale.

Other fixtures and fittings, tools and equipment 3-5 years

The fixed assets' residual values are determined at nil.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to the higher of the value in use and the net selling price of the asset or group of assets (recoverable amount) if it is lower than the carrying amount. Where an impairment loss is recognised on a group of assets, a loss must first be allocated to goodwill and then to the other assets on a pro rata basis.

Investments in subsidiaries

Investments in subsidiaries are recognised and measured under the equity method.

The item "Investments in subsidiaries" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

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

8 Accounting Policies (continued)

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

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.