



**Nmp - Network Of Music Partners
A/S**

Rued Langgaards Vej 8
2300 København S
CVR No. 34725101

Annual report 2023

The Annual General Meeting adopted the annual report on 22.03.2024

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Karsten Dyhrberg Nielsen

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Karsten Dyhrberg Nielsen

Chairman of the General Meeting

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Entity details

Entity

Nmp - Network Of Music Partners A/S
Rued Langgaards Vej 8
2300 København S

Business Registration No.: 34725101
Registered office: København
Financial year: 01.01.2023 - 31.12.2023

Board of Directors

Karsten Dyhrberg Nielsen, chairman
Gorm Arildsen
Katja Manley Østergaard
Simon Howard Platz
Risto Harri Olavi Salminen
Andrea Czapary Martin
Lina Heyman
Lisa Jane Van Bosch

Executive Board

Tine Oswald, CEO

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
2300 Copenhagen S

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Nmp - Network Of Music Partners A/S for the financial year 01.01.2023 - 31.12.2023.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2023 and of the results of its operations and cash flows for the financial year 01.01.2023 - 31.12.2023.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 22.03.2024

Executive Board

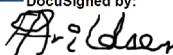
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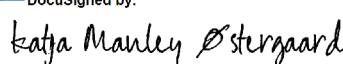
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Tine Oswald
CEO

Board of Directors

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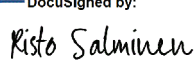
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Karsten Dyrberg Nielsen
chairman

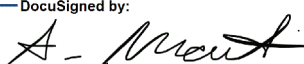
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Simon Howard Platz


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Katja Manley Østergaard

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Simon Howard Platz

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Risto Matti Olavi Salminen

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Risto Matti Olavi Salminen

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Lisa Van Bosch

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Lisa Van Bosch

Independent auditor's report

To the shareholders of Nmp - Network Of Music Partners A/S

Opinion

We have audited the financial statements of Nmp - Network Of Music Partners A/S for the financial year 01.01.2023 - 31.12.2023, which comprise the income statement, balance sheet, statement of changes in equity, cash flow statement 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 Entity's financial position at 31.12.2023 and of the results of its operations and cash flows for the financial year 01.01.2023 - 31.12.2023 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor's report. We are independent of the Entity 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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity 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 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 Entity'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required by relevant law and regulations.

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements in the relevant law and regulations. We did not identify any material misstatement of the management commentary.

Copenhagen, 22.03.2024

Deloitte

Statsautoriseret Revisionspartnerselskab

CVR No. 33963556



Henrik Hartmann Olesen

State Authorised Public Accountant

Identification No (MNE) mne34143

Management commentary

Financial highlights

	2023	2022	2021	2020	2019
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Key figures					
Revenue	42,496	46,248	47,009	43,047	51,510
Gross profit/loss	32,966	34,692	35,975	33,406	39,512
Operating profit/loss	1,732	2,284	1,239	804	784
Net financials	(392)	(251)	(144)	(115)	(107)
Profit/loss for the year	826	1,749	1,783	539	465
Total assets	326,044	307,057	282,590	283,387	239,114
Investments in property, plant and equipment	1,056	0	373	756	1,813
Equity	33,449	32,623	30,874	29,091	28,087
Ratios					
Gross margin (%)	77.57	75.01	76.53	77.60	76.71
EBIT margin (%)	4.08	4.94	2.64	1.87	1.52
Net margin (%)	1.94	3.78	3.79	1.25	0.90
Return on equity (%)	2.50	5.51	5.95	1.89	1.39
Equity ratio (%)	10.26	10.62	10.93	10.27	11.75

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

Gross margin (%):

$\frac{\text{Gross profit/loss}}{\text{Revenue}} * 100$

Revenue

EBIT margin (%):

$\frac{\text{Operating profit/loss}}{\text{Revenue}} * 100$

Revenue

Net margin (%):

$\frac{\text{Profit/loss for the year}}{\text{Revenue}} * 100$

Revenue

Return on equity (%):

$\frac{\text{Profit/loss for the year}}{\text{Average equity}} * 100$

Average equity

Equity ratio (%):

Equity * 100

Total assets

Primary activities

Network of Music Partners A/S (NMP) is a joint venture delivering back-office services to societies administrating copyrights in the music industry. NMP is owned by PRS for Music (copyright society for performing rights in the UK) and NCB (Nordic Copyright Bureau administrating mechanical rights in the Nordic territories).

The company's head office is in Copenhagen with a branch office in London. NMP has 42 employees in total.

Development in activities and finances

During the second quarter of 2023, NMP's Dutch online customer, Buma/Stemra was offboarded from NMP's IT platform. While the primary activities ceased on 31st of December 2022, the final settlements, payouts, and data extractions were completed in April 2023. Regrettably, the loss of this customer necessitated cost reductions and staff downsizing.

Despite this challenge, the online market demonstrated robust growth, surpassing the anticipated level of processed online collections for the year 2023. Although the total collections managed in 2023 decreased by 19% compared to 2022 due to the offboarding of NMP's Dutch customer, NMP still exceeded budget expectations. NMP managed collections totaling approximately DKK 788 million in 2023, which was 17% above budget. Additionally, NMP's online portfolio increased by 20% compared to budget and the offline remain resilient despite the continued decline in the market, thanks to strong revenues from international markets through streaming increases.

In summary, despite changes in NMP's customer portfolio, NMP continued to support rightsholders by distributing DKK 877 million in 2023. NMP remains committed to maximize invoice and distribution value while adopting to industry shifts and challenges.

Profit/loss for the year in relation to expected developments

In 2023, NMP faced both challenges and successes in its financial performance. Despite a revenue decrease compared to 2022, resulting in a total of DKK 42 million, it is noteworthy that the online revenue still exceeded the budget by 24 %. NMP maintained a consistent focus on cost-efficiency, successfully reducing costs by 5%, primarily through FTE savings and savings IT expenses.

Before tax, NMP achieved a profit of DKK 1,3 million for the year, which NMP Management considers satisfactory. Throughout the year, NMP demonstrated stability and maintained strong customer relationships. NMP's Management expresses deep satisfaction and gratitude to the dedicated and loyal staff who navigated the challenging past year. Additionally, NMP Management would also like to thank the NMP Board for their unwavering support in 2023.

Outlook

In 2024, NMP expects a slight increase in revenues compared to 2023 due to a positive outlook for NMP's online portfolio. Maintaining a strong emphasis on cost efficiency remains crucial. The previous uncertainty surrounding the offline market decline has now decreased somewhat, and the general trend is expected to level in 2024 with the streaming growth driving increases in distributions from overseas societies.

NMP expects a positive result for 2024 at the same level as 2023.

Unfortunately, the ICE Cloud-based works database solution (ICE Cube project) faced an unexpected delay in 2023 and was postponed to the end of 2024. NMP's Management is keen to emphasize the significance of this

project as the successful launch of the ICE Cube project holds the key to NMP's successful service delivery. The success of this project is vital for ensuring the continuation of NMP's services.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Income statement for 2023

	Notes	2023 DKK'000	2022 DKK '000
Revenue		42,496	46,248
Other external expenses		(9,530)	(11,556)
Gross profit/loss		32,966	34,692
Staff costs	1	(27,301)	(27,482)
Depreciation, amortisation and impairment losses	2	(3,933)	(4,926)
Operating profit/loss		1,732	2,284
Other financial expenses		(392)	(251)
Profit/loss before tax		1,340	2,033
Tax on profit/loss for the year	3	(514)	(284)
Profit/loss for the year		826	1,749
Proposed distribution of profit and loss:			
Retained earnings		826	1,749
Proposed distribution of profit and loss		826	1,749

Balance sheet at 31.12.2023

Assets

	Notes	2023 DKK'000	2022 DKK'000
Acquired rights		4,778	5,072
Intangible assets	4	4,778	5,072
Other fixtures and fittings, tools and equipment		854	242
Property, plant and equipment	5	854	242
Deposits		630	603
Financial assets	6	630	603
Fixed assets		6,262	5,917
Trade receivables		90,082	54,265
Receivables from group enterprises		412	0
Other receivables		533	1,996
Prepayments	7	6,871	20,006
Receivables		97,898	76,267
Cash		221,884	224,873
Current assets		319,782	301,140
Assets		326,044	307,057

Equity and liabilities

	Notes	2023 DKK'000	2022 DKK'000
Contributed capital		500	500
Reserve for development expenditure		16,456	14,359
Retained earnings		16,493	17,764
Equity		33,449	32,623
Deferred tax		563	393
Provisions		563	393
Prepayments received from customers		26,380	58,846
Trade payables		22,470	36,780
Payables to group enterprises		0	8,612
Income tax payable		144	0
Other payables	8	243,038	169,803
Current liabilities other than provisions		292,032	274,041
Liabilities other than provisions		292,032	274,041
Equity and liabilities		326,044	307,057

Unrecognised rental and lease commitments

10

Statement of changes in equity for 2023

	Contributed capital DKK'000	Reserve for development expenditure DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	500	14,359	17,764	32,623
Transfer to reserves	0	2,097	(2,097)	0
Profit/loss for the year	0	0	826	826
Equity end of year	500	16,456	16,493	33,449

Cash flow statement for 2023

	Notes	2023 DKK'000	2022 DKK'000
Operating profit/loss		1,732	2,284
Amortisation, depreciation and impairment losses		3,934	4,926
Working capital changes	9	(4,012)	28,244
Cash flows from ordinary operating activities		1,654	35,454
Financial expenses paid		(392)	(250)
Cash flows from operating activities		1,262	35,204
Acquisition etc. of intangible assets		(3,195)	(3,002)
Acquisition of fixed asset investments		(1,056)	0
Cash flows from investing activities		(4,251)	(3,002)
Free cash flows generated from operations and investments before financing		(2,989)	32,202
Increase/decrease in cash and cash equivalents		(2,989)	32,202
Cash and cash equivalents beginning of year		224,873	192,671
Cash and cash equivalents end of year		221,884	224,873
Cash and cash equivalents at year-end are composed of:			
Cash		221,884	224,873
Cash and cash equivalents end of year		221,884	224,873

Notes

1 Staff costs

	2023	2022
	DKK'000	DKK'000
Wages and salaries	23,920	24,351
Pension costs	2,531	2,665
Other social security costs	850	466
	27,301	27,482
Average number of full-time employees	42	48

2 Depreciation, amortisation and impairment losses

	2023	2022
	DKK'000	DKK'000
Amortisation of intangible assets	3,489	4,159
Depreciation of property, plant and equipment	444	767
	3,933	4,926

3 Tax on profit/loss for the year

	2023	2022
	DKK'000	DKK'000
Current tax	129	0
Change in deferred tax	170	284
Adjustment concerning previous years	215	0
	514	284

4 Intangible assets

	Acquired rights
	DKK'000
Cost beginning of year	95,267
Additions	3,195
Cost end of year	98,462
Amortisation and impairment losses beginning of year	(90,195)
Amortisation for the year	(3,489)
Amortisation and impairment losses end of year	(93,684)
Carrying amount end of year	4,778

5 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK'000
Cost beginning of year	13,067
Additions	1,056
Cost end of year	14,123
Depreciation and impairment losses beginning of year	(12,825)
Depreciation for the year	(444)
Depreciation and impairment losses end of year	(13,269)
Carrying amount end of year	854

6 Financial assets

	Deposits DKK'000
Cost beginning of year	603
Additions	27
Cost end of year	630
Carrying amount end of year	630

7 Prepayments

Prepayments recognized under receivables include costs for recognition in following financial years and not invoiced revenue for the year.

8 Other payables

	2023 DKK'000	2022 DKK'000
VAT and duties	1,128	0
Holiday pay obligation	989	2,685
Other costs payable	240,921	167,118
	243,038	169,803

Other cost payables consists of primarily temporary undistributed collections (royalties) on behalf of the Nordic societies (Polaris).

9 Changes in working capital

	2023 DKK'000	2022 DKK'000
Increase/decrease in receivables	(21,098)	6,049
Increase/decrease in trade payables etc.	17,086	22,195
	(4,012)	28,244

10 Unrecognised rental and lease commitments

	2023	2022
	DKK'000	DKK'000
Liabilities under rental or lease agreements until maturity in total	978	456

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of a few provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied last year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Income statement

Revenue

Revenue from provision of services is recognised in the income statement at completion of the service agreed and risk has passed to the buyers. Revenue is recognised net of VAT, duties and sales discounts.

Other external expenses

Other external expenses include expenses relating to the Entity's normal activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs

Staff costs comprise salaries and wages, and social security contributions, pension contributions, etc. for entity staff.

Depreciation, amortisation and impairment losses

Amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital losses on transactions in foreign currencies etc,

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Balance sheet**Intellectual property rights etc.**

Intellectual property rights etc. comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Intellectual property rights acquired are measured at cost less accumulated amortisation. The rights are amortised on a straight-line basis over their remaining duration. The amortisation period is 3 years. Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

Intellectual property rights etc. are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

	Useful life
Other fixtures and fittings, tools and equipment	3 years

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts. The amount primarily consist of receivables collected on behalf of the Nordic societies (Polaris).

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of

assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset. Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value. Other payables comprise primarily temporary undistributed collections (royalties) on behalf of the Nordic societies (Polaris).

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to distribution of collections on behalf of the Nordic societies (Polaris)

Tax receivable or payable

Current tax receivable or payable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of fixed asset investments as well as purchase, development, improvement and sale, etc of intangible assets and property, plant and equipment.

Cash flows from financing activities comprise payment of dividend. Cash and cash equivalents comprise cash and short-term bank loans.