Flexmusic ApS

Vognmagergade 7, 6., DK-1120 København K

Annual report for 1 April 2023 - 31 March 2024

CVR no. 38516833

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on 31 October 2024

Søren Erik Kristensen
Chairman of the General Meeting

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Contents

Management Statement

Today, the Board of Directors and the Executive Board have discussed and approved the Annual Report of Flexmusic ApS for the financial year 1 April 2023 - 31 March 2024.

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

In our opinion, the Company Financial Statements give a true and fair view of the Company's financial position at 31 March 2024 and of the results of the Company's operations for the financial year 1 April 2023 - 31 March 2024..

Further, in our opinion, the Management's Review gives a fair review of the development in the Company's operations and financial matters and the results of the Company's operations and financial position.

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

Copenhagen, 31 October 2024

Executive Board:

Henrik Daldorph Nielsen	Besmir Ismaili

Board of Directors:

Henrik Daldorph Nielsen	Besmir Ismaili	Søren Erik Kristensen

Independent Auditor's Report

To the Shareholders of Flexmusic ApS

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 March 2024, and of the results of the Company's operations for the financial year 1 April 2023 - 31 March 2024 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Flexmusic ApS for the financial year 1 April 2023 - 31 March 2024, 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.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, 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 Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement in Management's Review.

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.

Independent Auditor's Report (continued)

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 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.

Hellerup, 31 October 2024
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR no. 33 77 12 31

Allan Knudsen
State Authorised Public Accountant
mne29465

Company information

Entity

Flexmusic ApS
Vognmagergade 7, 6.
DK-1120 København K

Company CVR: 38516833

Financial year: 01-Apr - 31-Mar

Municipality of reg. office: Copenhagen

Directors

Henrik Daldorph Nielsen

Besmir Ismaili

Søren Erik Kristensen

Executive Board

Henrik Daldorph Nielsen

Besmir Ismaili

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Management's Review

Key activities

The principal activities of the Company are production and distribution of physical and digital media and solutions for entertainment, education and information industries.

Financial review

The income statement of the Company for 2023/2024 shows a loss of DKK 354.577 and at 31 March 2024 the balance sheet of the Company shows negative equity of DKK 1.485.958.

The result is not satisfactory as there have been fewer releases than expected and it has been decided to scale down the activity in general.

Capital resources

We have now for some years seen that it is difficult to be profitable in the current market. It is therefore decided to scale down the investments and we expect no new signings and we expect that there will be no employees for the coming period.

The annual result shows a deficit of DKK 354,577. The company is mainly financed via Sony Music Entertainment Denmark A/S. The company is dependent on a credit line from Sony Music Entertainment Denmark A/S to continue operations. The utilized credit line as of March 31, 2024, is DKK 1,893,321.
Sony Music has declared that the intercompany account between Flexmusic ApS and Sony Music Entertainment Denmark A/S will not be due for at least 365 days after the balance sheet date, and when the company has sufficient funds for this.
Sony Music Entertainment Denmark A/S has also declared that the necessary funds to ensure that the company can continue its activities as planned until the next balance sheet date will be made available to the company.
Based on the above, the company's management has prepared the annual report according to the going-concern principle.

Events after the balance sheet date

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income Statement at 1 April 2023 - 31 March 2024

	Note	2024 DKK	2023 DKK
Gross Profit		271.197	401.473
Staff costs	2	(538.298)	(616.272)
Amortisation, depreciation and impairment losses	3	(21.867)	(105.200)
Loss before financial income and expenses		(288.968)	(319.999)
Financial income		7.320	3.038
Finance expenses	4	(72.929)	(30.769)
LOSS BEFORE TAX		(354.577)	(347.730)
Income tax expense		0	0
LOSS FOR THE YEAR		(354.577)	(347.730)

Proposed distribution of profit

Retained earnings	(354.577)	(347.730)
	(354.577)	(347.730)

Statement of financial position at 1 April 2023 - 31 March 2024

	Note	31 March 2024 DKK	31 March 2023 DKK
ASSETS			
Non-current assets			
Property, plant and equipment	**5**		
Fixtures and fittings, tools and equipment		60.933	82.800
Tangible assets		60.933	82.800
Financial assets			
Deposits	6	0	49.500
Fixed asset investment		0	49.500
Total non-current assets		60.933	132.300
Current assets			
Receivables			
Trade receivables		25.000	0
Other receivables		416.989	387.557
		441.989	387.557
Cash		41.842	225.061
Total current assets		483.831	612.618
TOTAL ASSETS		544.764	744.918

Statement of financial position at 1 April 2023 - 31 March 2024 (continued)

	Note	31 March 2024 DKK	31 March 2023 DKK
Equity and liabilities			
Equity			
Share capital		100.000	100.000
Retained earnings		(1.585.958)	(1.231.381)
Equity holders' share of equity		(1.485.958)	(1.131.381)
Total equity		(1.485.958)	(1.131.381)
Non-current liabilities			
Payables to shareholders and management	7	1.893.321	1.713.460
Total non-current liabilities		1.893.321	1.713.460
Current liabilities			
Trade payables		2.638	33.000
Other payables		134.763	129.839
Total current liabilities		137.401	162.839
Total liabilities		2.030.722	1.876.299
Total equity and liabilities		544.764	744.918

Capital resources	1
Contingent assets, liabilities and other financial obligations	8
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Statement of changes in equity

	Share capital DKK	Retained earnings DKK	Total DKK
Equity at 1 April 2023	100.000	(1.231.381)	(1.131.381)
Net profit/loss for the year	0	(354.577)	(354.577)
Equity at 31 March 2024	100.000	(1.585.958)	(1.485.958)

Notes to the financial statements

1. Capital resources

The annual result shows a deficit of DKK 354,577. The company is mainly financed via Sony Music Entertainment Denmark A/S. The company is dependent on a credit line from Sony Music Entertainment Denmark A/S to continue operations. The utilized credit line as of March 31, 2024, is DKK 1,893,321.
Sony Music has declared that the intercompany account between Flexmusic ApS and Sony Music Entertainment Denmark A/S will not be due for at least 365 days after the balance sheet date, and when the company has sufficient funds for this.
Sony Music Entertainment Denmark A/S has also declared that the necessary funds to ensure that the company can continue its activities as planned until the next balance sheet date will be made available to the company.
Based on the above, the company's management has prepared the annual report according to the going-concern principle.

2. Staff costs and incentive plans

	31 March 2024 DKK	31 March 2023 DKK
Wages and salaries	536.000	614.000
Other social security expenses	2.298	2.272
	538.298	616.272
Average number of full-time employees	2	2

3. Amortisation, depreciation and impairment losses

	31 March 2024 DKK	31 March 2023 DKK
Amortisation, depreciation and impairment losses		
Amortisation of intangible assets	0	83.333
Depreciation of property, plant and equipment	21.867	21.867
	21.867	105.200

Notes to the financial statements (continued)

4. Financial expenses

	31 March 2024 DKK	31 March 2023 DKK
Foreign exchange losses	0	620
Other financial expenses	72.929	30.149
	72.929	30.769

5. Property, plant and equipment

	Fixtures and fittings, plant and equipment DKK
Cost at 1 April 1 April 2023	115.600
Cost at 31 March 2024	115.600
Depreciation previous years 1 April 2023	32.800
Depreciation for the year	21.867
Depreciation and impairment losses at 31 March 2024	54.667
Carrying amount at 31 March 2024	60.933

Depreciated over	3 Years

The scrap value of the Company's assets is estimated on DKK50.000. There will be no depreciation on the scrap value.

6. Other fixed asset investment

Notes to the financial statements (continued)

6. Other fixed asset investment (continued)

	31 March 2024 DKK	31 March 2023 DKK
Cost at 1 April	49.500	33.000
Disposals for the year	(49.500)	(33.000)
Additions for the year	0	49.500
Cost at 31 March	0	49.500
Carrying amount at 31 March	0	49.500

7. 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:

	31 March 2024 DKK	31 March 2023 DKK
Payables to shareholders and management		
Between 1 and 5 years	1.893.321	1.713.460
Long-term part	1.893.321	1.713.460

8. Contingent assets, liabilities and other financial obligations

8.1 Contingent liabilities

The group's companies are jointly liable for tax on the group's consolidated income, etc. The total amount of corporate tax payable is stated in the annual report for Flexmusic Holding ApS, which is the administrative company in relation to the joint taxation. The group's companies are also jointly liable for Danish withholding taxes in the form of dividend tax, royalty tax, and interest tax. Any subsequent corrections to corporate taxes and withholding taxes may result in the company's liability amounting to a larger amount.
There are no further guarantees and contingent liabilities as of March 31, 2024.

Notes to the financial statements (continued)

9. Accounting policies

The annual report of Flexmusic ApS for 2024 has been prepared in accordance with the provisions in 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 used in the preparation of the Financial Statements are consistent with those of last year.

The Financial Statements for 2023/2024 are presented in(DKK).

9.1 Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

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.

9.2 Translation policies

Danish kroner is used as the presentation currency. All other currencies are regarded as foreign currencies.

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 (continued)

9. Accounting policies (continued)

9.3 Income statement

(a) Revenue

Revenue from the sale of goods for resale and finished goods is recognised in the income statement when the sale is considered effected based on the following criteria:

• delivery has been made before year end

• a binding sales agreement has been made

• the sales price has been determined; and

• payment has been received or may with reasonable certainty be expected to be received.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Royalty income is recognised when the underlying transactions is carried through.

(b) Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

(c) Gross margin

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, other operating income, cost of sales incl. royalty and copyright and other external expenses.

(d) Staff costs

Staff expenses comprise wages and salaries as well as payroll expenses.

(e) Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.
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(f) Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of intangible assets and property, plant and equipment.

Notes to the financial statements (continued)

9. Accounting policies (continued)

(g) Financial income and expenses

Financial income and expenses comprise interest, financial expenses in respect of finance leases, realised and unrealised exchange adjustments, price adjustment of securities, amortisation of mortgage loans as well as extra payments and repayment under the onaccount taxation scheme.

(h) Tax for the year

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

The Company is jointly taxed with Danish Group companies. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

9.4 Balance sheet

(a) Property, plant and equipment

Tangible assets 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.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment	3 years

The fixed assets' residual values are determined individually at individually.

Depreciation period and residual value are reassessed annually.

(b) Other fixed asset investments

Other fixed asset investment consist of deposits.

(c) Impairment of 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.

Notes to the financial statements (continued)

9. Accounting policies (continued)

(c) Impairment of assets (continued)

If so, an impairment test is carried out to determine whether the recoverable amount is lower than the carrying amount. If so, the asset is written down to its lower recoverable amount.

The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

(d) Receivables

Receivables are recognised in the balance sheet at amortised cost, which substantially corresponds to nominal value. Provisions for estimated bad debts are made.

(e) Liabilities

Other liabilities are measured at net realisable value.