Company Number: 09368999

PROJECT PANTHER BIDCO LIMITED

DIRECTOR'S REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2020

PROJECT PANTHER BIDCO LIMITED

REPORT AND FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 DECEMBER 2020

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PROJECT PANTHER BIDCO LIMITED

COMPANY INFORMATION

FOR THE YEAR ENDED 31 DECEMBER 2020

Director	JF Perez (Resigned on 30 April 2021) L Tibon (Appointed on 30 April 2021, Resigned on 29 April 2022) D Murphy (Appointed on 29 April 2022)
Registered Office	1 Bartholomew Lane London EC2N 2AX
Company number	09368999
Auditors	Haysmacintyre LLP 10 Queen Street Place London EC4R 1AG

PROJECT PANTHER BIDCO LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The Director presents his Strategic Report for the Group for the year ended 31 December 2020.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

Operations

Project Panther Bidco Limited (the "Company") is the parent company of Aspiro AB and other subsidiaries (the Company and all its direct and indirect subsidiaries being collectively the "Group") which operate as "TIDAL". The Group was founded in the Autumn of 1998 and the business is focused on streaming music through the TIDAL subscription service, which offers unlimited music streaming subscription services in 61 countries worldwide and is a global music and entertainment platform that brings artists and fans closer together through unique original content and exclusive events.

TIDAL's streaming service has more than 60 million songs and 250,000 high quality videos in its catalogue along with original video series, podcasts, thousands of expertly curated playlists and artist discovery via TIDAL Rising. With the commitment of our owners to create a more sustainable model for the music industry, TIDAL is available in premium and HiFi tiers—which includes Master Quality Authenticated ("MQA") recordings as well as immersive audio through Dolby Atmos and Sony 360 Reality Audio.

Subsequent to year end, on 30 April, 2021, Block, Inc. ("Block"), formerly Square, Inc., a US company listed on the New York Stock Exchange, acquired a majority ownership interest in Project Panther Limited and all its subsidiaries including the Group.

Review of the year and business

Total revenue increased 15.3% year over year, which is in line with expectations. During the year, the Group focused on driving revenue growth on the back of various investment and expansion initiatives, including new and expanded distribution deals with telecom carriers around the world. In the US, the Group expanded its commercial relationship with Sprint via their Unlimited plans which launched in 2019 and drove significant user and revenue growth in 2020.

Additionally, the Group continues to invest in technological and marketing platforms, with significant enhancements to its product in the form of new user-friendly features, new advanced sound capabilities and expanded performance-based growth and retention marketing.

The Group showed a gross profit of $66.8 million in 2020 compared to a gross profit of $49.4 million in 2019. This was primarily attributable to an increase in revenue from $166.9 million to $192.4 million and in line with expectations.

The net loss for the year ended 2020 was $37.1 million, compared to $55.8 million in 2019.
At December 31, 2020 the Group had intangible assets (excluding goodwill) of $8.6 million, compared to $13.4 million in 2019. The Group ended 2020 in a net liability position of $133.7 million compared to $83.0 million in 2019 (restated), with an increase in cash to $5.1 million from $3.8 million in 2019. We continue to monitor the capital and liquidity of the Group and remain confident in the long-term success of the business.

Refer to the Director's Report on page 5 for consideration of post balance sheet events.

Environmental impact

The main impact of the Group's operations on the environment is expected to be from the eventual disposal of electronic equipment used in the business. All of this equipment is owned by subsidiaries of the Company and will be disposed of in the ordinary course of business as required by applicable regulations.

Technology and Development

The Group intends to continue making significant investments in developing new products and enhancing the functionality of our existing product. Product development expenses are primarily the costs incurred for development of products related to the Group's platform and service as well as improvements to the Group's mobile application, website and streaming services. The costs are classified as maintenance and are expensed as incurred. The costs incurred include related employee compensation and benefits and consulting costs. No development expenses were capitalized during the year.

Financial risk management

The Group is exposed to various financial risks such as currency, interest rate, credit and liquidity risks, which are managed under the control and supervision of the Director of the Company.

Technological risk

There is a risk that the Group may face threats to its ability to trade and or its reputation through a failure to maintain its technology and defend operating systems from cyber-attack.

Funding risk

There is a risk that the Group may fail to attract new funding required for its planned expansion and growth targets. However, in April 2021 a majority ownership interest in the Group was acquired by Block, through which capital contributions were made to the Group. The Director of the Company notes that if additional funding is needed, Block has a policy of financially supporting its subsidiaries.

Reputational risk

There is a risk that a failure of the Group to maintain its good reputation could negatively impact the demand for its services. Project Panther Bidco Limited and its subsidiaries maintain their reputation by seeking to act in a responsible and transparent manner. Management considers the Group's reputation to be in good standing, given the rising number of subscribers and increased revenues.

Currency risk

The Group's currency exposure is primarily related to the translation risk of net assets in foreign subsidiaries. At present, no hedging is made regarding this exposure. Currency flows arising from purchases and sales in foreign currency is of a short-term nature and is not hedged. Switching takes place if necessary, and the various companies also have foreign currency accounts for major currencies to avoid shifting. The most important currencies for the Group's sales and purchases are USD, SEK, NOK, EUR and PLN.

Interest rate risk

The Group's interest rate risk is attributable to changes in market interest rates and their impact on interest-bearing assets. The Group's interest-bearing assets were $5.1 million as at 31 December 2020 and consisted almost exclusively of bank funds. The Group has no interest-bearing loans.

Credit risk

The Group strives for the best possible creditworthiness of the Group's counterparties. Most of the Group's sales can be done with low credit risk. Historically, credit losses have been low.

Liquidity risk

The Group's liquidity preparedness consisting of bank funds was $5.1 million at 31 December 2020. The Group's liquidity situation as of the balance sheet date indicates that there is sufficient financing for the coming 12-month period, considering both the strategic plan and capital contributions made by Block in 2021 as part of, and subsequent to, its acquisition of the Group. If events occur that require additional capital, Block has a policy to contribute capital to its subsidiaries as needed.

Data Security

The nature of the Group's operations means it is in possession of personal and financial data. There is therefore a risk to the Group should data security breaches result in the loss or theft of data. The Director continues to monitor the implementation of strategies to ensure the Group's data security environment is resistant to all assessed threats.

SECTION 172 REPORT

The Director acknowledges his responsibility under section 172(1) of the Companies Act 2006 and below sets out the key processes and considerations that demonstrate how the Director promotes the success of the Group. The below statement sets out the requirements of the Act, section 172(1), and notes how the Director discharges his duties.

The Director meets regularly with senior management of the Group and other relevant stakeholders and receives and evaluate reports on the company's performance and strategies.
Factors (a) to (f) below, are all taken into account during the decision-making process.

(a) The likely consequences of any decision in the long term – The Director carefully evaluates any significant decisions which are likely to have long term impacts by consulting with management and relevant stakeholders, relying on detailed analysis and considering industry and wider trends.

(b) The interests of the Group's employees – Employees interests are considered as part of the decision-making process

(c) The need to foster the Group's business relationships with suppliers, customers and others - The Director has identified the key stakeholders (customers, vendors, and employees) of the Group and regularly reviews their interests, concerns and expectations to ensure adequate communication and engagement is ongoing with each group.

(d) The impact of the Group's operations on the community and environment - The Group takes its responsibility within the community and wider environment seriously and has supported several national social justice and diversity and inclusion initiatives.

(e) The desirability of the Group maintaining a reputation for high standards of business conduct - The Director is committed to high standards of business conduct and governance. Where there is a need to seek advice on a particular issue, the Director will work with lawyers and nominated advisors to ensure the consideration of business conduct, and the Group's reputation is maintained.

(f) The need to act fairly between members of the Group. The Director regularly meets with the investors and gives equal access to all investors and takes their feedback into consideration as part of the decision-making process.

This report was approved and authorised by the Director and signed by:

Dan Murphy

Daniel Murphy
Director

Date: 16 September 2022

PROJECT PANTHER BIDCO LIMITED

DIRECTOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The Director presents his annual report on the affairs of the Company and the Group, together with the Company and the Group's financial statements for the year ended 31 December 2020.

PRINCIPAL ACTIVITIES, REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The principal activity of the Group is the delivery of unlimited music streaming subscription services.

The comprehensive loss for the year for the Group, after taxation was $50.7 million (2019: $52.2 million). The Director does not recommend the payment of a dividend.

The Group continues to invest in technological and marketing platforms, with significant enhancements to its product in the form of new user-friendly features, new advanced sound capabilities and expanded performance-based growth and retention marketing.

DIRECTORS

The following persons were directors of the Company during the whole of the financial year and up to the date of this report, unless otherwise stated:

- Juan Perez - *Resigned with effect from 30 April, 2021*
- Lior Tibon - *Appointed with effect from 30 April, 2021, Resigned with effect from 29 April 2022*
- Daniel Murphy - *Appointed with effect from 29 April 2022*

GOING CONCERN

The Director has assessed the Company's and the Group's ability to continue as a going concern. This evaluation is comprised of quantitative and qualitative analyses and includes such factors as current financial condition, available cash, cash flow projections and the ability to access additional capital. Barring any unforeseen circumstances, the Director has concluded that the Company and the Group can continue as a going concern.

The Group has made a loss and is in a net liability position at the year end. It is uncertain that the projected growth of the Group anticipated by the Director will be achieved. The Group's liquidity situation as of the balance sheet date indicates that there is sufficient financing for the coming 12-month period, considering both the strategic plans and capital contributions made by Block in 2021 as part of, and subsequent to, its acquisition of the Group. If events occur that require additional capital, Block has a policy to contribute capital to its subsidiaries as needed. Based on the foregoing, the Director is satisfied that the Group and Company are considered a going concern.

POST BALANCE SHEET EVENTS

At the end of the fiscal year 2020, the Company owned 99.3% of Aspiro AB, a company registered in Sweden, with the remainder being owned by two minority shareholders. The Company requested redemption of the shares of the two minority shareholders in accordance with ch. 22 Section 1 of the Swedish Companies Act (2005: 551). This action was completed in April 2021 and Aspiro AB became a wholly owned subsidiary of the Company.

Subsequent to year end, on 30 April, 2021, Block, Inc. (former Square, Inc.), a US company listed on the New York Stock Exchange, acquired a majority ownership interest in Project Panther Limited and all its subsidiaries.

The impact of the COVID-19 outbreak on the Group's business and results has not been significant and based on the Group's experience to date, expect this to remain the case. The Group operates in the music streaming sector and has therefore found steady demand for its services and expects this to continue. The Group will continue to follow the various government policies and advice and continue operations in the best and safest way possible.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Director is responsible for preparing the Director's Report, Strategic Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Director to prepare the Group's and the Company's financial statements for each financial year. Under that law the Director has elected to prepare the Group financial statements in accordance with International Reporting Standards ("IFRS") as adopted by the European Union ("EU") and to prepare the Company financial statements in accordance with IFRS as adopted by the EU.

Under company law, the Director must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Group and the Company for that period. In preparing these financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business

The Director is responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. The Director is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PROVISION OF INFORMATION TO AUDITORS

Each of the persons who are directors at the time when this Director's report is approved has confirmed that:

- so far as that Director is aware there is no relevant audit information of which the Company's auditor is unaware: and
- that Director has taken all steps that the Director ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This report was approved and authorized by the Director and signed by:

Dan Murphy

Daniel Murphy
Director

Date: 16 September 2022

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PROJECT PANTHER BIDCO LIMITED

Opinion

We have audited the financial statements of Project Panther Bidco Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2020 which comprise the Consolidated Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cashflows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union/ UK adopted international accounting standards.

In our opinion, the financial statements:

• give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2020 and of the group's loss for the year then ended;
• have been properly prepared in accordance with IFRSs as adopted by the European Union; and
• have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. 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 ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, 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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

• the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
• the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the 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, except to the extent otherwise explicitly stated in our report, 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 other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:
• the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
• the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine 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, the directors are 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 unless the directors either intend to liquidate the company or to cease operations, or have 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 (UK) 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to regulatory requirements for the group and trade regulations and UK and overseas tax laws and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, income tax, payroll tax and sales tax.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to revenue and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Inspecting correspondence with regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Review of board meeting minutes
- Identifying and testing accounting journal entries, in particular those journal entries which exhibited the characteristics we had identified as possible indicators of irregularities; and

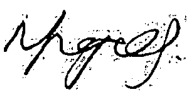
- Challenging assumptions and judgements made by management in their critical accounting estimates

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Anastasia Frangos
Senior Statutory Auditor
for and on behalf of Haysmacintyre LLP
Statutory Auditors

10 Queen Street Place
London
EC4R 1AG

Date: 16 September 2022

PROJECT PANTHER BIDCO LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	Year ended 2020 $'000	Year ended 2019 $'000
Revenue	5	192,449	166,910
Cost of Sales		(125,695)	(117,482)
GROSS PROFIT		66,754	49,428
Administrative expenses		(91,473)	(104,707)
LOSS FROM OPERATIONS	6	(24,719)	(55,279)
Finance income	10	1	1
Finance expense	10	(1,809)	(1,044)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(26,527)	(56,322)
Tax on loss on ordinary activities	11	(10,587)	570
LOSS FOR THE FINANCIAL YEAR		(37,114)	(55,752)
OTHER COMPREHENSIVE INCOME:			
Currency translation difference		(13,590)	3,551
TOTAL COMPREHENSIVE LOSS		(50,704)	(52,201)
LOSS ATTRIBUTABLE TO:			
- Equity holders of the company		(36,912)	(54,366)
- Non-controlling interests		(202)	(1,386)
TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO:			
- Equity holders of the company		(50,411)	(50,908)
- Non-controlling interests		(293)	(1,293)

All amounts relate to continuing operations.

PROJECT PANTHER BIDCO LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 DECEMBER 2020 **Company number: 09368999**

	Note	2020 $'000	As restated 2019 $'000	1 January 2019 $'000
NON-CURRENT ASSETS				
Goodwill and intangible assets	12	45,995	50,755	53,924
Property, plant and equipment	13	752	1,073	-
		46,747	51,828	53,924
CURRENT ASSETS				
Trade and other receivables	14	21,267	18,606	19,287
Current tax assets		516	513	1,036
Cash and cash equivalents	15	5,121	3,770	1,847
		26,904	22,889	22,170
CURRENT LIABILITIES				
Trade and other payables	16	(172,283)	(155,745)	(105,339)
Lease liability	20	(612)	(520)	-
Corporation tax liabilities		-	(9)	(31)
Provisions	19	(32,253)	-	-
NET CURRENT LIABILITIES		**(178,244)**	**(133,385)**	**(105,370)**
TOTAL ASSETS LESS CURRENT LIABILITIES		**(131,497)**	**(81,557)**	**(83,200)**
NON-CURRENT LIABILITIES				
Deferred tax	18	-	(831)	(1,499)
Lease liability	20	(55)	(588)	-
Borrowings	17	(2,127)	-	-
NET LIABILITIES		**(133,679)**	**(82,976)**	**(30,775)**
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Share capital	22	-	-	-
Foreign currency translation reserve		(4,166)	9,332	5,805
Other Reserves		106,435	106,435	106,435
Profit and loss account		(234,457)	(197,545)	(142,149)
		(132,188)	(81,778)	(29,909)
NON-CONTROLLING INTEREST		(1,491)	(1,198)	(866)
TOTAL EQUITY		**(133,679)**	**(82,976)**	**(30,775)**

These financial statements were approved and authorised by the Director and signed by:

Dan Murphy

D Murphy
Director
Date: 16 September 2022

PROJECT PANTHER BIDCO LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

	Share Capital	Profit & Loss a/c	Foreign Currency Translation Reserve	Other Reserves	Non-Controlling Interest	Total Equity
	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 January 2020 (as restated)	-	(197,545)	9,332	106,435	(1,198)	(82,976)
Loss for the year	-	(36,912)	-	-	(202)	(37,114)
Movement on translation	-	-	(13,499)	-	(91)	(13,590)
Balance at 31 December 2020	-	(234,457)	(4,167)	106,435	(1,491)	(133,679)

	Share Capital	Profit & Loss a/c	Foreign Currency Translation Reserve	Other Reserves	Non-Controlling Interest	Total Equity
	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 January 2019 (as previously stated)	-	(138,715)	5,721	106,435	(3,695)	(30,254)
Prior year adjustments		(3,434)	84		2,829	(521)
Balance at 1 January 2019 (as restated)		(142,149)	5,805	106,435	(866)	(30,775)
Loss for the year	-	(54,366)	-	-	(1,386)	(55,752)
Movement on translation	-	-	3,458	-	93	3,551
Prior year adjustments		(1,030)	69		961	-
Balance at 31 December 2019 (as restated)	-	(197,545)	9,332	106,435	(1,198)	(82,976)

PROJECT PANTHER BIDCO LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

	Year ended 2020 $'000	Year ended 2019 $'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	(37,114)	(55,752)
Adjustments for:		
Tax expense	10,587	570
Finance income	(1)	(1)
Finance expense	1,809	1,044
Net effect of capitalised leases	(80)	35
Depreciation & amortisation	8,830	8,135
OPERATING CASH FLOW BEFORE WORKING CAPITAL CHANGES	**(15,969)**	**(45,969)**
Decrease in trade and other receivables	(2,661)	681
Increase in trade and other payables	16,536	50,406
Increase in provisions	20,823	-
Income tax credit received/paid	-	(737)
NET CASH FLOW FROM OPERATING ACTIVITIES	**34,698**	**50,350**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(220)	-
Increase in lease liability	182	-
Purchase of intangible assets	(10,070)	(4,966)
Sale of intangible assets	6,000	-
Finance income	1	1
NET CASH FLOW FROM INVESTING ACTIVITIES	**(4,107)**	**(4,965)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Finance expense	(1,788)	(1,044)
Increase in borrowings	2,106	-
NET CASH FLOW FROM FINANCING ACTIVITIES	**318**	**(1,044)**
NET (INCREASE) / DECREASE IN CASH AND CASH EQUIVALENTS	**14,940**	**(1,628)**
Cash and cash equivalents brought forward	3,770	1,847
Effects of foreign currency translation	(13,589)	3,551
CASH AND CASH EQUIVALENTS CARRIED FORWARD	**5,121**	**3,770**

The notes on pages 14 to 29 form part of these financial statements.

1. GENERAL INFORMATION

Project Panther Bidco Limited is a private limited company and is incorporated and registered in England and Wales. It is domiciled in the United Kingdom. The principal place of business is:

1455 Market St, Suite 600
San Francisco
CA 94103, USA

The Group's principal activity is the sale of music streaming subscription services.

2. ACCOUNTING POLICIES

2.1 Basis of preparation

The Group financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The financial statements have been prepared under the historical cost convention and using the measurement bases specified by IFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

The Group financial statements consolidate the accounts of the Company and its subsidiary undertakings as at 31 December 2020. As provided by section 408 of the Companies Act 2006, a separate Statement of Comprehensive Income for the parent Company has not been presented.

The Group is itself a subsidiary owned by Project Panther Ltd (Cayman). No statutory consolidated accounts were prepared above Project Panther Bidco Limited. All intercompany balances and transactions have been eliminated in full. Subsidiary undertakings are accounted for from the effective date of acquisition until the effective date of disposal.

The financial statements are presented in US dollars ($) which is the functional and presentational currency of the Group. All values have been rounded to the nearest thousand ($'000) except where otherwise indicated.

An overview of standards, amendments and interpretations to IFRSs issued but not yet effective, and which have not been adopted early by the Group are presented below under 'Statement of Compliance'.

2.2 Segmental reporting

There is one class of business, being the sale of music streaming subscription services therefore no segmental information provided.

2.3 Going concern

The Director has assessed the Group's ability to continue as a going concern. This evaluation is comprised of quantitative and qualitative analysis and includes such factors as current financial condition, available cash, cash flow projections and the ability to access additional capital. Barring any unforeseen circumstances, the Director has concluded that the Group can continue as a going concern.

The Group has made a loss and is in a net liability position at the year end. It is uncertain that the projected growth of the Group anticipated by the Director will be achieved. The Group's liquidity situation as of the balance sheet date indicates that there is sufficient financing at the date of signing the accounts for the coming 12-month period, considering both the strategic plans and capital contributions made by Block in 2021 as part of, and subsequent to, its acquisition of the Group. If events occur that require additional capital, Block has a policy to contribute capital to its subsidiaries as needed. Based on the foregoing, the Director is satisfied that the Group is considered a going concern.

2. ACCOUNTING POLICIES (continued)

2.4 Key sources of estimation uncertainty

The preparation of the financial statements in conformity with IFRS requires management and the Director to make estimates and judgements that affect reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. These estimates are based on historical experience and various other assumptions that management and the Board believe are reasonable under the circumstances, the results of which form the basis for making judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions, significantly impacting earnings and financial position.

Management believes that the following areas, all of which are discussed and separately marked in the respective sections of Note 2 "Accounting Policies", comprise the most difficult, subjective or complex judgements it has to make in the preparation of the financial statements: valuation of intangible assets and other non-current assets, trade and other payables, deferred taxation and revenue recognition.

2.5 Statement of compliance and adoption of new standards

The financial statements comply with IFRS as adopted by the European Union.

There were no new changes to IFRS which impact these financial statements.

The Director has considered standards, interpretations and amendments to published standards that are not yet effective and concluded that they are either not relevant or would not have a significant impact on the Group and Company's financial statements, apart from:

- Annual Improvements to IFRS Standards 2018-2020 Cycle
- Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies

2.6 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of services in the ordinary course of the Group's activities. Revenue is shown net of applicable value-added tax, refunds, rebates and discounts.

The Group recognizes revenue when all of the following conditions have been satisfied:

- the amount of revenue can be measured reliably;
- it is probable that future economic benefits associated with the transaction will flow to the Group;
- the stage of completion of the transaction at the end of the reporting period can be measured reliably; and

2. ACCOUNTING POLICIES (continued)

2.6 Revenue recognition (Continued)

- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

In certain instances, revenue recognition is impacted by estimates of sales prices as well as estimates of allowances, discounts and rebates. These estimates are supported by historical data. While management believes that the estimates used are appropriate, differences in actual numbers or changes in estimates may affect the future results.

Subscription revenue

The Group generates subscription revenue from the sale of HiFi-Plus and HiFi services comprising of unlimited music streaming. Subscription services are sold to direct subscribers and to partners who are generally telecommunications companies that bundle the subscription with their own services or collect payment for the standalone subscriptions from their end customers.

Direct subscription services are based on a fixed fee and are paid in advance. Subscription services collected through third parties are based on a fixed fee and are paid in arrears. Revenue from these services is recognized on a straight-line basis over the subscription period.

Gross versus net presentation of revenue

The Group reports revenue on a gross or net basis based on management's assessment of whether it acts as a principal or agent in the transaction. To the extent the Group acts as the principal, revenue is reported on a gross basis. The determination of whether the Group acts as a principal or an agent in a transaction is based on an evaluation of whether it has the substantial risks and rewards associated with the rendering of services under the terms of an arrangement.

Deferred revenue

Deferred revenue is mainly comprised of subscription fees collected that have not been recognized and services in which the applicable revenue recognition criteria have not been met.

Accrued revenue

Accrued revenue relates to the sale of subscriptions to partners or amounts due from third parties who collect on the Group's behalf, which are invoiced and paid in arrears. Revenue is recognized as the services are performed.

Minimum guarantees

Revenue attributable to contract agreements with minimum guarantees is recognised over the life of the contract. Once cumulative actual revenues exceed guaranteed minimums, any accrued revenues arising from the pro-rata recognition are reduced accordingly.

2.7 Property, plant and equipment

Property, plant and equipment are reported at cost less accumulated depreciation and any impairment. Depreciation is calculated to write down the cost of all tangible fixed assets by equal monthly instalments over their estimated useful lives at the following rates:

	Number of years
Computer equipment	3
Office equipment	5

2. ACCOUNTING POLICIES (continued)

2.8 Goodwill and business combinations

Business combinations on or after 1 January 2004 are accounted for under IFRS 3 ("Business combinations") using the purchase method. Any excess of the cost of business combinations over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recognised in the Statement of Financial position as goodwill and is not amortised. After initial recognition, goodwill is not amortised but is stated at cost less any accumulated impairment loss, with the carrying value being reviewed for impairment, at least annually and whenever events or changes in circumstances indicate that the carrying value may be impaired

For the purpose of impairment testing, goodwill is allocated to the related cash generating units monitored by management. Where the recoverable amount of the cash generating unit is less than its carrying amount, including goodwill, an impairment loss is recognised in the Statement of Comprehensive Income. Intangible assets are tested annually for impairment and other non-current assets are tested where an indication of impairment arises. The assessment of impairment is made by comparing the carrying amount of cash generating units (including any associated goodwill) to the higher of their value in use and their fair value. Value in use represents the net present value of future discounted cash flows. Any impairment of non-current assets is recognised in the Statement of Comprehensive Income.

2.9 Intangible assets (other than goodwill)

Intangible assets are recognised on business combinations if they are separable from the acquired entity or arise from other contractual/legal rights. The amounts ascribed to such intangibles are arrived at by using appropriate valuation techniques. Intangible assets relate to unpatented software and technology which were valued by calculating the cost to develop the software in house, and content costs which is the cost of acquiring future content for the streaming service that will be used to generate future benefit.

Externally acquired assets are initially recognised at cost less accumulated amortisation and any write-downs. Assets are amortised on a straight-line basis over the estimated useful life of the assets. The useful life reviewed on each balance sheet date. Ongoing projects are subject to annual impairment reviews. The following useful lives apply:

	Number of years
Licenses	3-10
Unpatented Software and technology	6
Content costs	2-5

2.10 Taxation

Current taxation is the taxation currently payable on taxable profit for the year.

Deferred income taxes are calculated using the liability method on temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax assets are recognised in respect of losses only where the Group considers it probable that taxable profits will be available against which the losses can be utilised.

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the Statement of Financial Position date. Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the Statement of Comprehensive Income, except where they relate to items that are charged or credited to equity in which case the related deferred tax is also charged or credited directly to equity.

2. ACCOUNTING POLICIES (continued)

2.11 Trade and other receivables

Trade and other receivables are recognised and carried at original invoice value less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

2.12 Cash and Cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

2.13 Trade and other payables

Trade and other payables generally have a 30 to 60-day term and are recognized and carried at their original invoice value, inclusive of any value added tax that may be applicable.

Included within trade and other payables are accruals made in respect to the royalty and distribution costs related to content streaming. The nature of the Group's business means that there is a timing difference between revenue being recognised and purchase invoices being received from record labels, rights holders and other suppliers. As a result, the Group routinely makes accruals for royalties and content costs based on the most accurate data available. The Director considers this a key area where judgements and estimates are exercised.

2.14 Leases

Leases of property for periods longer than one year are capitalised at the fair value of the leased property (disclosed as a right of use asset on the face of the Statement of Financial Position) with the corresponding rental obligations, net of finance charges, included in current and non-current liabilities. The fair value of the lease asset and corresponding liability is calculated as the present value of the minimum value of lease payments for which the Group will become liable, discounted at the appropriate rate at 1 January 2020.

2.15 Technology and development

Technology and development costs are expensed during the period in which they are incurred, unless the Director considers them to fulfil the criteria of an intangible asset, in which case they will be capitalised. No technology and development costs were capitalized during the year.

2.16 Pensions

The Group operates a defined contribution pension plan. Charges for defined-contribution pension plans are expensed in the period to which they relate.

2.17 Foreign Currency

Monetary receivables and liabilities in foreign currency have been translated at the balance sheet date.

Exchange rate differences arising from the adjustment or translation of monetary items are recognized in the income statement fiscal year they arise, either as an operating item or as a financial item based on the underlying business event. The exchange rate used as at 31 December 2020 was SEK: USD 8.36:1.00 and BRL:USD 5.15:1.00.

2. ACCOUNTING POLICIES (continued)

2.18 Provisions

Provisions are recognised when there is a legal or constructive obligation arising from a past event, it is likely that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. The timing or amount of the outflow may still be uncertain.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the balance sheet date. Provisions are only utilised for the expenditure for which the provision was originally intended. Provisions are discounted at their present value where the time value of money is material.

The Parent and its Group entities are subject to indirect and direct tax laws in various jurisdictions around the world. Provisions were recorded for certain tax liabilities identified as part of the acquisition of TIDAL in 2021, in accordance with local accounting standards.

2.19 Borrowings

Borrowings are recognised initially at fair value less attributable transaction costs. They are subsequently measured at amortised cost. Any difference between the amount initially recognised and the redemption value is recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

3. FINANCIAL INSTRUMENTS

Recognition, initial measurement and de-recognition
Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value, except for those carried at fair value through profit or loss which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities is described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement of financial assets
For the purpose of subsequent measurement financial assets are classified into the following category upon initial recognition:

- Financial assets at fair value through profit or loss (FVTPL)

All financial assets except for those at FVTPL are reviewed for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

3. FINANCIAL INSTRUMENTS (continued)

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items.

Trade and other receivables
Trade and other receivables are stated at their nominal amount (discounted if material) less impairment losses.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand.

Classification and subsequent measurement of financial liabilities
The Group's financial liabilities include trade and other payables.

Financial liabilities are measured subsequently at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

Trade and other payables
Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

The Group has no financial assets or financial liabilities measured at fair value through profit or loss.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions
The Group makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results.

The prime areas involving a higher degree of judgement or complexity, where assumptions and estimates are significant to the financial statements, are as follows:

- Provision for bad debts

Management must exercise judgement when deciding whether to provide against the receivables. All information up to the date of approval of the financial statements is reviewed and assessed, and provisions made when management consider it more likely than not that material receivables will not be recovered.

- Impairment of goodwill/intangibles

An annual assessment is made as to whether the current carrying value of goodwill and intangibles is impaired. Detailed calculations are performed based on discounting expected pre-tax cash flows of the relevant cash generating units and discounting these at an appropriate discount rate, the determination of which requires the exercise of judgement.

- Royalties

Included within trade and other payables are accruals made in respect to the royalty and distribution costs related to content streaming. The nature of the Group's business means that there is a timing difference between revenue being recognised and purchase invoices being received from record labels, rights holders and other suppliers. As a result, the Group routinely makes accruals for royalties and content costs based on the most accurate data available.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

- IFRS 16: Leases

The Group recognises lease liabilities at the present value of future cash flows. The determination of present value involves judgements and estimates, in particular in relation to the discount factor to be applied to those cash flows. In determing an appropriate discount factor the Directors' considered a range of factors including the Groups' cost of capital together with the interest rate charged on the Groups' external debt facilities. Having considered these factors the Directors' have assessed that 4% is an appropriate discount factor to determine the value of the Group's lease liabilities.

- Provisions for tax liabilities

The Parent and its Group entities are subject to direct and indirect tax laws in various jurisdictions around the world. Provisions were recorded for certain indirect tax liabilities identified as part of the acquisition of TIDAL in 2021, in accordance with local accounting standards. The provisions reflected are those that the Director considers to be probable that a taxation authority will accept, and have been provided for as a result of additional information and tax expertise. The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the balance sheet date.

5. REVENUE

	2020 $'000	2019 $'000
Revenue arises from the following streams:		
Sale of subscriptions	191,488	165,815
Sponsorship	961	1,095
	192,449	166,910

	2020 $'000	2019 $'000
Sales by geographic area:		
United Kingdom	9,403	8,073
United States of America	112,473	100,576
Rest of world	70,573	58,261
	192,449	166,910

6. LOSS FROM OPERATIONS

	2020 $'000	2019 $'000
This is arrived at after charging:		
Amortisation of intangible assets	8,830	8,135
Depreciation of tangible fixed assets	581	536
Staff costs (see note 8)	23,529	21,305
Foreign exchange differences – expense	(11,418)	6,469

7. AUDITOR'S REMUNERATION

	2020 $'000	2019 $'000
Fees payable to the Group auditor or for the audit of the Group's accounts	85	77
Fees payable to the Group auditor for other services provided	6	6
Fees payable to the subsidiary auditor for the audit of the subsidiaries	319	177
	387	260

8. STAFF COSTS

	2020 $'000	2019 $'000
Wages and salaries	20,787	18,997
Social security costs	2,322	1,990
Pension costs	420	318
	23,529	21,305

The average monthly number of employees, including the directors, during the year was as follows:

	2020 Number	2019 Number
Directors and key management	4	5
Operations and administration	228	238
	232	243

The key management personal for the Group received remuneration for the year of $2.2 million and $2.1 million in 2019.

9. DIRECTOR'S EMOLUMENTS

The Directors of the company received $Nil remuneration during the year (2019: $Nil).

10. FINANCE INCOME & COSTS

	2020 $'000	2019 $'000
Interest receivable and similar income	(1)	(1)
Interest payable and other charges	1,809	1,044

11. TAXATION

	2020 $'000	2019 $'000
Overseas tax	(11,418)	(98)
Deferred tax credit (see note 16)	831	668
	(10,645)	570

11. TAXATION (continued)

The Parent company and its group entities have deductible temporary differences, unused tax loss carryovers, and/or unused tax credits. There is not sufficient evidence of future taxable profits to merit the recognition of deferred tax assets for the existing deductible temporary differences, unused tax loss carryovers, and unused tax credits as of 2020 and 2019, respectively.

IFRIC 23 – Uncertainty over income tax treatments

In June 2017 the IFRS Interpretations Committee issued IFRIC 23 'Uncertainty over income tax treatments' ("IFRIC 23"), which clarifies how the recognition and measurement requirements of IAS 12 'Income taxes' are applied where there is uncertainty over income tax treatments. The application of this interpretation resulted in the recognition of a cumulative tax expense of $11.6 million which is included in tax expense. The underlying tax matters were identified as part of TIDAL's acquisition in 2021 and are reported in the 2020 financial statements.

12. GOODWILL AND INTANGIBLE ASSETS

	Content costs	Unpatented software & technology	Licenses, technology, trademarks & similar rights	Goodwill on consolidation	Other intangible assets	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Cost						
At 1 January 2020	17,088	26,556	66	41,351	-	85,061
Additions	3,038	-	32	-	7,000	10,070
Disposals	-	-	-	-	(6,000)	(6,000)
At 31 December 2020	20,126	26,556	98	41,351	1,000	89,131
Amortisation						
At 1 January 2020	8,139	22,180	48	3,939	-	34,306
Charge for the year	4,452	4,376	2	-	-	8,830
At 31 December 2020	12,591	26,556	50	3,939	-	43,136
Net Book Value						
At 31 December 2020	7,535	-	48	37,412	1,000	45,995
At 31 December 2019	8,949	4,376	18	37,412	-	50,755

Goodwill is not amortised, but tested annually for impairment with the recoverable amount being determined with reference to valuation methodologies considered appropriate by the Director. An impairment of $ Nil (2019: $ Nil) was recognised during the year against goodwill and $Nil (2019: $ Nil) against other intangible assets.

13. PROPERTY PLANT AND EQUIPMENT

	Property, plant and equipment $'000	Right of use asset $'000	Total $'000
Cost			
At 1 January 2020	-	1,609	1,609
Additions	63	252	281
At 31 December 2020	63	1,861	1,924
Depreciation			
At 1 January 2020	-	536	536
Charge for the year	-	636	558
At 31 December 2020	-	1,172	1,094
Net Book Value			
At 31 December 2020	63	689	752
At 31 December 2019	-	1,073	1,073

14. TRADE AND OTHER RECEIVABLES

	2020 $'000	2019 $'000
Current receivables		
Trade receivables	10,176	9,112
Prepayments and accrued income	10,372	8,780
	20,548	17,892
Non-current receivables		
Other receivables	719	714

15. CASH AND CASH EQUIVALENTS

	2020 $'000	2019 $'000
Cash at bank and in hand	4,631	3,349
Restricted Cash	490	421
	5,121	3,770

16. LIABILITIES

	2020 $'000	2019 $'000
Current liabilities		
Trade payables	65,714	64,685
Other taxes and social security	2,764	1,712
Other payables	3,452	1,391
Accruals	85,393	72,306
Deferred income	5,522	4,343
Owed to group undertakings	9,438	11,308
	172,283	155,745

	2020 $'000	2019 $'000
Non-current liabilities		
Deferred tax (See note 18)	-	831

17. Borrowings

	2020 $'000	2019 $'000
Loans – unsecured	2,127	-
Maturity Split		
Non-current	2,127	-
Current	-	-
	2,127	-

On 24 April 2020, a loan was taken out by Malibu Entertainment, Inc. for $2.1 million under the Paycheck Protection Program set forth in the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"). The loan attracts interest of 1.00% per annum and has a 2 year maturity.

18. DEFERRED TAX

	2020 $'000	2019 $'000
Arising on intangible assets recognized at fair value on the acquisition of subsidiaries:		
Balance at 31 December 2019	831	1,499
Credit in the year	(831)	(668)
Balance at 31 December 2020	-	831

19. Provisions

	2020 $'000	2019 $'000
Balance at 31 December 2019	-	-
Reserve for uncertain tax positions	(32,253)	-
Balance at 31 December 2020	(32,253)	-

The provision relates to reserves for potential liabilities arising from uncertainties over tax position for the treatment of direct taxes $11.6m (note 11) and indirect taxes $20.7m.

20. RIGHT OF USE ASSET LEASES

Amounts recognised on the balance sheet	2020 $'000	2019 $'000
Right of use assets		
Buildings	689	1,073
Lease liabilities		
Current	612	521
Non-current	55	588
	667	1,109

Amounts recognised on the consolidated statement of comprehensive income

	2020 $'000	2019 $'000
Depreciation charge of right of use assets		
Buildings	581	535
Interest expense	37	54
Foreign exchange	(117)	1
Total cash outflow for leases	(80)	55

The Group leases various offices. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Leased assets may not be used as security for borrowing purposes.

20. RIGHT OF USE ASSET LEASES (continued)

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments, including any lease incentives receivable;
- Amounts expected to be payable by the Group under residual value guarantees;
- The exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions

21. FINANCIAL INSTRUMENTS

CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are:

- to safeguard the Group's ability to continue as a going concern
- to support the Group's growth; and
- to provide capital for the purpose of strengthening the Group's risk management capability.

The Group actively and regularly reviews and manages its capital structure to ensure an optimal capital structure and equity holder returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. Management regards total equity as capital and reserves, for capital management purposes.

CURRENCY RISK

Transaction exposure relates to business transactions denominated in foreign currency required by operations (selling and purchasing). The Group's general policy is not to hedge transaction exposure. The Group's objective is to mitigate currency exposure as much as possible. To manage these risks efficiently, the Group established guidelines in the form of a treasury policy that serves as a framework for the daily operations of the Group. In most cases, the Group's customers are billed in their respective local currency. Major payments, such as royalties, salaries, consultants and marketing expenses are also settled in local currencies. The matching of these transactions in their respective currencies has significantly reduced the risk of foreign currency exposure. The Group's currency exposure is mainly related to the translation risk related to net assets in foreign subsidiaries. Currently there is no hedging of this exposure. The most important currencies for the Group's sales and purchases are USD, EUR, SEK, NOK and PLN.

CREDIT RISK

The main credit risk relates to liquid funds held at banks. The credit risk in respect of these bank balances is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies. The Group has no significant history of credit losses from customers.

LIQUIDITY RISK

The Group seeks to manage financial risk, to ensure sufficient liquidity is available to meet foreseeable needs. An analysis of trade and other payables is given in note 16.

21. FINANCIAL INSTRUMENTS (continued)

CATEGORIES OF FINANCIAL INSTRUMENTS

The IAS 39 categories of financial assets and liabilities included in the Statement of Financial Position and the headings in which they are included are as follows:

	2020	2019 Restated
	$'000	$'000
Financial assets:		
Cash at bank and in hand	5,121	3,770
Trade receivables	10,176	9,112
Amounts owed by group undertakings	-	-
Financial liabilities at amortized cost:		
Trade payables	65,714	64,685
Other payables	3,452	1,391
Amounts owed to group undertakings	9,438	11,308

22. ISSUED SHARE CAPITAL

Project Panther Bidco Limited has one class of Ordinary share. One share of value $1 is in issue (2019: one share of value $1).

The ordinary shares confer upon the holders rights to any dividends and the right to attend or vote at general meetings of the Group.

23. RESERVES

"Profit and loss account" represents all other gains and losses reported by the Group that have not been recognised elsewhere

"Foreign currency translation reserve" represents the translation difference resulting in the translation of the financial information from the functional to the presentational currency of group members.

"Other Reserves" represents loans from the parent company, Project Panther Ltd. These loans have no defined repayment terms, bear no interest and as such have been classified as a capital contribution within other reserves.

24. ULTIMATE CONTROLLING PARTY

The Director does not consider there to be any single ultimate controlling party at the year end. Subsequent to year end, on 30 April 2021, Block, Inc. ("Block"), a US company listed on the New York Stock Exchange is the controlling party

25. RELATED PARTY TRANSACTIONS

At 31 December 2020 the Company owed $9.4m (2019: $11.3m) to Project Panther Ltd which is the sole shareholder of Project Panther Bidco Limited.

During the year the Group incurred expenditures of $2.9m (2019: $2.6m) with companies under the common influence of a shareholder. As at 31 December 2020, $11.9m (2019: $5.7m) was due to these companies.

During the year the Group received income totalling $23.0m (2019: $17.3m) with companies under the common influence of shareholders. As at 31 December 2020, $4.0m (2019: $3.3m) was due from these companies.

26. POST BALANCE SHEET EVENTS

At the end of the fiscal year 2020, the Company owned 99.3% of Aspiro AB, a company registered in Sweden, with the remainder being owned by two minority shareholders. The Company requested redemption of the shares of the two minority shareholders in accordance with ch. 22 Section 1 of the Swedish Companies Act (2005: 551). This action was completed in April 2021 and Aspiro AB became a wholly owned subsidiary of the Company.

Subsequent to year end, on 30 April 2021, Block, Inc. ("Block"), a US company listed on the New York Stock Exchange, acquired a majority ownership in Project Panther Limited and its subsidiaries including Project Panther Bidco Ltd and Aspiro AB. Block, Inc has made post year end capital contributions to Project Panther Bidco Limited and its subsidiaries.

27. PRIOR YEAR ADJUSTMENTS

The 2019 comparative figures have been restated to reflect an error identified in the application of the minority interest percentage in the Company's subsidiary Aspiro AB for the years 2017 – 2019. Adjustments have been made to the Foreign currency translation reserve, Profit and Loss Account, and Non-controlling interest balances as disclosed in the Statement of Comprehensive Changes in Income and Equity and the Restated Balance Sheets at January 1, 2019 and December 31, 2019.

The correction has adjusted the following balances in the financial statements:

Balance sheet	1 Jan 2019 $'000	Correction $'000	Restated 1 Jan 2019 $'000	31 Dec 2019 $'000	Correction $'000	Restated 31 Dec 2019 $'000
Foreign currency translation reserve	5,721	84	5,805	9,179	153	9,332
Profit and loss account	(138,715)	(3,434)	(142,149)	(193,081)	(4,464)	(197,545)
Non-controlling interest	(3,695)	2,829	(866)	(4,988)	3,790	(1,198)

The 2019 comparative figure has been restated to reflect a prior year understatement of other liabilities.

The correction has increased trade and other payables and brought forward profit and loss account balance by $520k as shown in Statement of Comprehensive Changes in Income and Equity and the Restated Balance Sheets at January 1, 2019 and December 31, 2019.

PROJECT PANTHER BIDCO LIMITED

COMPANY STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 DECEMBER 2020

Company number: 09368999

	Note	2020 $'000	As restated 2019 $'000
NON-CURRENT ASSETS			
Investments	2	50,342	50,342
CURRENT ASSETS			
Debtors	3	61,591	63,431
CURRENT LIABILITIES			
Trade and other payables	4	(9,438)	(11,277)
NET ASSETS		**102,496**	**102,496**
EQUITY			
Share capital	6	-	-
Profit and loss account		(3,939)	(3,939)
Other Reserves	6	106,435	106,435
TOTAL EQUITY		**102,496**	**102,496**

During the year the company recorded a single entity loss of $Nil (2019: $ Nil)

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

These financial statements were approved and authorised by the Director:

Dan Murphy

D Murphy
Director

Date: 16 September 2022

The notes on pages 32 to 34 form part of these financial statements.

PROJECT PANTHER BIDCO LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

	Share Capital $'000	As restated Profit & Loss a/c $'000	Other Reserves $'000	As restated Total Equity $'000
Balance at 1 January 2020 (as restated)	-	(3,939)	106,435	102,496
Loss for the year	-	-	-	-
Balance at 31 December 2020	-	(3,939)	106,435	102,496

	Share Capital $'000	Profit & Loss a/c $'000	Other Reserves $'000	Total Equity $'000
Balance at 1 January 2019	-	(3,419)	106,435	103,016
Prior year adjustment	-	(520)	-	(520)
Balance at 1 January 2019 (as restated)		(3,939)	-	102,496
Loss for the year	-	-	-	-
Balance at 31 December 2019	-	(3,939)	106,435	102,496

1. ACCOUNTING POLICIES

1.1 Basis of Preparation

The Company financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The financial statements have been prepared using the measurement bases specified by IFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

The financial statements are presented in US dollars ($) which is the functional and presentational currency of the Group. All values have been rounded to the nearest thousand ($'000) except where otherwise indicated.

These accounts do not contain a Cashflow Statement as the Company does not have a bank account. These accounts do not contain a Financial Instruments note as this is disclosed in the Group financial statements.

1.2 Investments

Fixed asset investments are stated at cost less provision for impairment.

1.3 Trade and other receivables

Trade and other receivables are recognised and carried at original invoice value less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

1.4 Trade and other payables

Trade and other payables generally have a 30 to 60-day term and are recognized and carried at their original invoice value, inclusive of any value added tax that may be applicable.

1.5 Statement of compliance

The financial statements comply with IFRS as adopted by the European Union.

There were no new changes to IFRS which impact these financial statements.

The Director has considered standards, interpretations and amendments to published standards that are not yet effective and concluded that they are either not relevant or would not have a significant impact on the Group and Company's financial statements, apart from:

- Annual Improvements to IFRS Standards 2018-2020 Cycle
- Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies

2. INVESTMENTS

	Investments in Subsidiary companies
	$'000
Cost	
At 1 January 2020	50,342
Impairment	-
At 31 December 2020	50,342

Subsidiary company	Holding	Address
Malibu Entertainment Inc	Direct – 100%	1455 Market Street, Suite 600, San Francisco, CA 94103
Aspiro AB	Direct – 99.33%	P.O. Box 16285, 103 25 Stockholm, Sweden
TIDAL Brazil	Direct – 100%	City of São Paulo, State of São Paulo, at Avenida Paulista, nº 807, suite 552, Bela Vista, CEP 01310-910
TIDAL Uganda	Direct – 100%	SL Chambers, Plot 14 Mackinnon Road,P.O. Box 2255 Kampala, Uganda
Owned by Malibu Entertainment Inc:		
Percolator LLC	Indirect – 86.96%	540 W26th St, 8th Floor, New York, NY 10001
Owned by Aspiro AB:		
TIDAL US AB	Indirect – 100%	P.O. Box 16285, 103 25 Stockholm, Sweden
WiMP Music ApS	Indirect – 100%	Kristen Bernikows Gade 4, 2 1105 Kobenhavn K Denmark
WiMP Music GmbH	Indirect – 100%	Friedrichstrasse 68, Berlin, Germany
TIDAL Sp Zoo	Indirect – 100%	Koszykowa 61, Warsaw, Poland
Project Panther US LLC	Indirect – 100%	1455 Market Street, Suite 600, San Francisco, CA 94103
Aspiro Cayman	Indirect – 100%	190 Elgin Avenue, Grand Cayman, KY1-9008, Cayman Islands
Owned by TIDAL Sp Zoo:		
TIDAL Music AS	Indirect – 100%	Lakkegata 53, 0187 Oslo, Norway

3. TRADE AND OTHER RECEIVABLES

	2020 $'000	2019 $'000
Amounts owed by group undertakings	61,591	63,431

4. TRADE AND OTHER PAYABLES

	2020 $'000	As restated 2019 $'000
Current liabilities		
Amounts owed to group undertakings	8,918	10,757
Unpaid consideration	520	520
	9,438	11,277

5. ISSUED SHARE CAPITAL

	Number of Shares No.	Nominal Value $
Allotted, called up and fully paid		
At 31 December 2020:		
Ordinary shares of $ each	1	1

The ordinary shares confer upon the holder's rights to any dividends and the right to attend or vote at general meetings of the Company.

6. RESERVES

"Profit and loss account" represents all other gains and losses reported by the Company that have not been recognised elsewhere.

"Other Reserves" represents loans from the parent company, Project Panther Ltd. These loans have no defined repayment terms, bear no interest and as such have been classified as a capital contribution within other reserves.

7. ULTIMATE CONTROLLING PARTY

The Director does not consider there to be any single ultimate controlling party.

8. POST BALANCE SHEET EVENTS

On February 19, 2021 Percolator LLC was dissolved. Pèrcolator LLC was a subsidiary of Malibu Entertainment Inc as detailed in note 2 above.

9. PRIOR YEAR ADJUSTMENT

The 2019 comparative figure has been restated to reflect a prior year understatement of other. Adjustments have been made to the comparative Balance Sheet, the Company Statement of Changes in Equity and Note 4 above.

The correction has adjusted the following balances in the financial statements:

	1 Jan 2019 $'000	Correction $'000	Restated 1 Jan 2019 $'000	31 Dec 2019 $'000	Correction $'000	Restated 31 Dec 2019 $'000
Trade and other payables	9,069	520	9,589	10,757	520	11,277
Profit and Loss account	(3,419)	(520)	(3,939)	(3,419)	(520)	(3,939)