

**SENTRIC MUSIC GROUP LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED 31 DECEMBER 2022**

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**SENTRIC MUSIC GROUP LIMITED**

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**COMPANY INFORMATION**

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|----------------------------|--|
| <b>Directors</b>           | S N Chandler<br>C J Meehan<br>H P McCamley<br>R B Neri (appointed 4 May 2022)  |
| <b>Registered number</b>   | 12566815   |
| <b>Registered office</b>   | 1st Floor, 29 Parliament Street<br>Liverpool<br>Merseyside<br>L8 5RN   |
| <b>Independent auditor</b> | Langtons Professional Services Limited<br>Chartered Accountants & Statutory Auditor<br>11th Floor, The Plaza<br>100 Old Hall Street<br>Liverpool<br>L3 9QJ |

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**SENTRIC MUSIC GROUP LIMITED**

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**GROUP STRATEGIC REPORT  
FOR THE PERIOD ENDED 31 DECEMBER 2022**

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**Introduction**

The directors present their strategic report for the year ended 31 December 2022.

**Business review**

The business performed above expectations in 2022, overachieving our Budget by 32% on Turnover, 14% on Gross Profit, and 27% on EBITDA. Year on year growth was equally impressive, with Turnover 40% higher than 2021, Gross Profit 29% higher, and EBITDA 9% higher. Significant investment in operating overheads, notably staff costs, were made in the year meaning EBITDA growth was lower than Turnover and Gross Profit.

Divisional results within the business all exceeded expectations. Publishing Revenues were up 41% year on year, mostly as a result of revenue from streaming and other online use. Synchronisation income was up 44%, driven by an increase in the size of the team and a push into new markets globally. Neighbouring Rights income was up 35% year on year, continuing the recovery from this area's impact from COVID.

Overhead spend grew by 43% against 2021, mostly in personnel costs (34% increase), but also in Sales and Marketing (126%) and Travel (316%) which grew significantly as we were able to travel again after COVID restrictions in 2021, and were able to deploy our marketing strategy for the same reason. Office costs grew by 71% against the prior year after investing in a London office which was previously closed throughout the pandemic.

Internal operations continued to become more efficient using our in-house developed Rights Management software, as well as implementing key strategic off-the-shelf tools to improve our ability to operate our business model at such scale.

**Principal risks and uncertainties**

As with the previous year's reports, the risk of a similar global pandemic event will not be forgotten and the way in which our business adapted during that time has been retained. As such, we consider ourselves mitigated against a similar event occurring in the future.

The group will always be at risk from the unfulfilment of contractual obligations, whether internal or external. This is mitigated by effective leadership and management teams, strong internal processes and the implementation of innovative technological solutions.

The company's direct international collection network presents risk from currency fluctuations. This is mitigated by natural hedging and a fair policy of royalty distribution using spot rates at the time of royalty receipt. Currency conversion is undertaken at times throughout the year when exchange rates are favourable. Currency hedging via institutions is an option for managing this further should the risk become more significant.

The macroeconomic environment in 2022 posed a significant risk to hyper growth, low profitability companies. Sentric Music are profitable and growing at a high but reasonable pace and can afford the investments decisions made. As such, we do not rely on continuous external funding to achieve our objectives and consider this risk to our business to be significantly mitigated.

**Financial key performance indicators**

Sentric Music Group continues to use traditional KPIs to analyse the performance of the business.

Management accounts show year on year growth in group revenue of 39.5%. Gross profit margin contracted slightly to 15.5% vs. 16.8% in 2021, with gross profit itself growing 29%. EBITDA margin contracted slightly from 7.1% in 2021 to 5.5% in 2022, and EBITDA grew 9.2% against 2021.

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**SENTRIC MUSIC GROUP LIMITED**

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**GROUP STRATEGIC REPORT (CONTINUED)  
FOR THE PERIOD ENDED 31 DECEMBER 2022**

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**Future developments**

Sentric Music Group was acquired by Utopia Music AG in early 2022. Sentric's Board and Directors were excited about the prospect of enhanced future growth and improvement of processes in Music Publishing that we stood to benefit from. However, due to many external factors beyond the control of Sentric directors, Utopia Music AG made the decision to divest Sentric Music Group in December 2022.

In March 2023, the Sentric group was purchased by Believe. Paris based Believe have purchased Sentric to underpin their strategy in rolling out a global and comprehensive music publishing business in a transaction that values Sentric at €47m. The directors of Sentric are excited about the opportunity to grow the business within the Believe Group, allowing us to strengthen publishing for Tunecore's self-releasing artists and expand it to new geographies, as well as offer publishing services to all clients within the Believe Group.

This report was approved by the board on 21 April 2023 and signed on its behalf.

**S N Chandler**  
Director

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## SENTRIC MUSIC GROUP LIMITED

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### DIRECTORS' REPORT FOR THE PERIOD ENDED 31 DECEMBER 2022

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The directors present their report and the financial statements for the period ended 31 December 2022.

#### Directors' responsibilities statement

The directors are responsible for preparing the Group strategic report, the Directors' report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

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

#### Principal activity

The principle business activity of the group is Music Publishing. We represent our clients' song lyrics and compositions globally, registering them directly with copyright societies in over 65 territories, actively making claims for their usage to ensure all monies due are paid to us. Upon receipt of Music Publishing royalties, we account to our clients in accordance with their contract with us.

#### Results and dividends

The loss for the period, after taxation, amounted to £92,885 (2021 - profit £879,747).

The directors recommend a dividend of £100,000 for the year.

#### Directors

The directors who served during the period were:

S N Chandler  
M W O Davies (resigned 18 November 2022)  
N P Inskip (resigned 4 May 2022)  
C J Meehan  
H P McCamley  
R B Neri (appointed 4 May 2022)  
B L A Vidal (appointed 4 May 2022, resigned 29 March 2023)

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**SENTRIC MUSIC GROUP LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE PERIOD ENDED 31 DECEMBER 2022**

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**Matters covered in the Group Strategic Report**

The business review, principal risks and uncertainties, key performance indicators and future developments are disclosed in the strategic report.

**Disclosure of information to auditor**

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

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

**Post balance sheet events**

On 29 March 2023, the new ultimate parent company became Believe SA, a company incorporated in France.

**Auditor**

Under section 487(2) of the Companies Act 2006, Langtons Professional Services Limited will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board on 21 April 2023 and signed on its behalf.

**S N Chandler**

Director

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SENTRIC MUSIC GROUP LIMITED

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**Opinion**

We have audited the financial statements of Sentric Music Group Limited (the 'parent Company') and its subsidiaries (the 'Group') for the period ended 31 December 2022, which comprise the Group Profit and loss account, the Group Statement of comprehensive income, the Group and Company Statements of financial position, the Group Statement of cash flows, the Group and Company Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

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 2022 and of the Group's profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or the parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SENTRIC MUSIC GROUP LIMITED (CONTINUED)

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**Other information**

The other information comprises the information included in the Annual Report other than the financial statements and our Auditor's report thereon. The directors are responsible for the other information contained within the Annual Report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

**Opinion 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 Group strategic report and the Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Group 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 Group 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.

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**SENTRIC MUSIC GROUP LIMITED**

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SENTRIC MUSIC GROUP LIMITED (CONTINUED)**

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**Responsibilities of directors**

As explained more fully in the Directors' responsibilities statement set out on page 3, 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 Group's and the parent 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 Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SENTRIC MUSIC GROUP LIMITED (CONTINUED)

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**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 Group 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:

The objectives of our audit, in respect to fraud, are:

- to identify and assess the risks of material misstatement of the financial statements due to fraud;
- to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and
- to respond appropriately to fraud or suspected fraud identified during the audit.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are those that relate to the reporting framework (FRS 102 and the Companies Act 2006), the relevant tax compliance regulations in the UK and the EU General Data Protection Regulation (GDPR).

We understood how the Company is complying with those frameworks by making enquiries of management. Through consideration of the results of our audit procedures we were able to either corroborate or provide contrary evidence which was then followed up.

Based on our understanding we designed our audit procedures to identify non-compliance with laws and regulations. Our procedures involved:

enquiries of management; and

journal entry testing, with a focus on manual consolidation journals and journals indicating large or unusual transactions based on our understanding of the business.

We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by meeting with management to understand where it considered there was susceptibility to fraud. We also considered performance targets and their propensity to influence efforts made by management to manage revenue and earnings. Where the risk was considered to be higher, including areas impacting key performance indicators or management remuneration, we performed audit procedures to address each identified fraud risk or other risk of material misstatement. These procedures included those on revenue recognition detailed above, the assessment of items identified by management as non-recurring and testing manual journals and were designed to provide reasonable assurance that the financial statements were free from material fraud or error.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditor's report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SENTRIC MUSIC GROUP LIMITED (CONTINUED)

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**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.

Andrew McCall (Senior statutory auditor)

for and on behalf of

**Langtons Professional Services Limited**

Chartered Accountants

Statutory Auditor

11th Floor, The Plaza

100 Old Hall Street

Liverpool

L3 9QJ

21 April 2023

**SENTRIC MUSIC GROUP LIMITED**  
**REGISTERED NUMBER: 12566815**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2022**

|  | Note | 2022<br>£         | 2021<br>£         |
|--|------|-------------------|-------------------|
| <b>Fixed assets</b>  |      |                   |                   |
| Intangible assets  | 14   | 5,339,814         | 5,482,791         |
| Tangible assets  | 15   | 47,943            | 36,657            |
|  |      | <u>5,387,757</u>  | <u>5,519,448</u>  |
| <b>Current assets</b>                                      |      |                   |                   |
| Debtors: amounts falling due after more than one year      | 17   | 1,700,953         | 1,463,465         |
| Debtors: amounts falling due within one year               | 17   | 25,993,423        | 14,754,302        |
| Cash at bank and in hand                                   | 18   | 11,372,351        | 13,357,888        |
|  |      | <u>39,066,727</u> | <u>29,575,655</u> |
| Creditors: amounts falling due within one year             | 19   | (39,126,332)      | (27,010,408)      |
| <b>Net current (liabilities)/assets</b>                    |      | <u>(59,605)</u>   | <u>2,565,247</u>  |
| <b>Total assets less current liabilities</b>               |      | <u>5,328,152</u>  | <u>8,084,695</u>  |
| Creditors: amounts falling due after more than one year    | 20   | -                 | (3,062,769)       |
| <b>Provisions for liabilities</b>                          |      |                   |                   |
| <b>Net assets</b>  |      | <u>5,328,152</u>  | <u>5,021,926</u>  |
| <b>Capital and reserves</b>                                |      |                   |                   |
| Called up share capital                                    | 24   | 1,827             | 1,207             |
| Share premium account                                      | 25   | 3,932,809         | 3,932,809         |
| Capital redemption reserve                                 | 25   | 26                | 26                |
| Treasury reserves  | 25   | -                 | (81)              |
| Profit and loss account                                    | 25   | 1,393,490         | 1,087,965         |
| <b>Equity attributable to owners of the parent Company</b> |      | <u>5,328,152</u>  | <u>5,021,926</u>  |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 21 April 2023.

**S N Chandler**  
Director

The notes on pages 19 to 40 form part of these financial statements.

**SENTRIC MUSIC GROUP LIMITED**  
**REGISTERED NUMBER: 12566815**

**COMPANY STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2022**

|   | Note | 2022<br>£               | 2021<br>£               |
|---|------|-------------------------|-------------------------|
| <b>Fixed assets</b>                                     |      |                         |                         |
| Investments   | 16   | 3,067,975               | 3,067,975               |
|   |      | <u>3,067,975</u>        | <u>3,067,975</u>        |
| <b>Current assets</b>                                   |      |                         |                         |
| Debtors: amounts falling due after more than one year   | 17   | 128,991                 | 16,484                  |
| Debtors: amounts falling due within one year            | 17   | 1,103,377               | 2,724,561               |
| Cash at bank and in hand                                | 18   | 72,108                  | 37,550                  |
|   |      | <u>1,304,476</u>        | <u>2,778,595</u>        |
| Creditors: amounts falling due within one year          | 19   | (1,450,767)             | (72)                    |
| <b>Net current (liabilities)/assets</b>                 |      | <u>(146,291)</u>        | <u>2,778,523</u>        |
| <b>Total assets less current liabilities</b>            |      | <u>2,921,684</u>        | <u>5,846,498</u>        |
| Creditors: amounts falling due after more than one year | 20   | -                       | (1,892,000)             |
| <b>Net assets</b>                                       |      | <u><u>2,921,684</u></u> | <u><u>3,954,498</u></u> |

**SENTRIC MUSIC GROUP LIMITED**  
**REGISTERED NUMBER: 12566815**

**COMPANY STATEMENT OF FINANCIAL POSITION (CONTINUED)**  
**AS AT 31 DECEMBER 2022**

|  | Note | 2022<br>£          | 2021<br>£        |
|--|------|--------------------|------------------|
| <b>Capital and reserves</b>                  |      |                    |                  |
| Called up share capital                      | 24   | 1,827              | 1,207            |
| Share premium account                        | 25   | 3,932,809          | 3,932,809        |
| Capital redemption reserve                   | 25   | 26                 | 26               |
| Profit and loss account brought forward      |      | 20,456             | (122,870)        |
| Loss/(profit) for the period                 |      | (933,434)          | 356,326          |
| Other changes in the profit and loss account |      | (100,000)          | (213,000)        |
|  |      | <u>(1,012,978)</u> | <u>20,456</u>    |
| Profit and loss account carried forward      |      | <u>2,921,684</u>   | <u>3,954,498</u> |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 21 April 2023.

**S N Chandler**

Director

The notes on pages 19 to 40 form part of these financial statements.

SENTRIC MUSIC GROUP LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 DECEMBER 2022

|   | Called up<br>share<br>capital<br>£ | Share<br>premium<br>account<br>£ | Capital<br>redemption<br>reserve<br>£ | Treasury<br>reserve<br>£ | Profit and<br>loss<br>account<br>£ | Total<br>equity<br>£ |
|---|------------------------------------|----------------------------------|---------------------------------------|--------------------------|------------------------------------|----------------------|
| At 1 January 2022                                   | 1,207                              | 3,932,809                        | 26                                    | (81)                     | 1,087,965                          | 5,021,926            |
| <b>Comprehensive income for the period</b>          |                                    |                                  |                                       |                          |                                    |                      |
| Loss for the period                                 | -                                  | -                                | -                                     | -                        | (92,885)                           | (92,885)             |
| <b>Contributions by and distributions to owners</b> |                                    |                                  |                                       |                          |                                    |                      |
| Dividends: Equity capital                           | -                                  | -                                | -                                     | -                        | (100,000)                          | (100,000)            |
| Shares issued during the period                     | 620                                | -                                | -                                     | -                        | -                                  | 620                  |
| Equity settled share-based payments                 | -                                  | -                                | -                                     | -                        | 498,231                            | 498,231              |
| Treasury reserve disposal                           | -                                  | -                                | -                                     | 81                       | 179                                | 260                  |
| <b>Total transactions with owners</b>               | 620                                | -                                | -                                     | 81                       | 398,410                            | 399,111              |
| <b>At 31 December 2022</b>                          | <b>1,827</b>                       | <b>3,932,809</b>                 | <b>26</b>                             | <b>-</b>                 | <b>1,393,490</b>                   | <b>5,328,152</b>     |

The notes on pages 19 to 40 form part of these financial statements.



SENTRIC MUSIC GROUP LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 DECEMBER 2021

|   | Called up<br>share<br>capital | Share<br>premium<br>account | Capital<br>redemption<br>reserve | Treasury<br>reserve | Profit and<br>loss<br>account | Total<br>equity  |
|---|-------------------------------|-----------------------------|----------------------------------|---------------------|-------------------------------|------------------|
|   | £                             | £                           | £                                | £                   | £                             | £                |
| At 1 January 2021                                   | 1,176                         | 3,782,866                   | -                                | (81)                | 421,218                       | 4,205,179        |
| <b>Comprehensive income for the year</b>            | -                             | -                           | -                                | -                   | 879,747                       | 879,747          |
| Profit for the year                                 |                               |                             |                                  |                     |                               |                  |
| <b>Contributions by and distributions to owners</b> |                               |                             |                                  |                     |                               |                  |
| Purchase of own shares                              | -                             | -                           | 26                               | -                   | (212,974)                     | (212,948)        |
| Shares issued during the year                       | 57                            | 149,943                     | -                                | -                   | -                             | 150,000          |
| Shares cancelled during the year                    | (26)                          | -                           | -                                | -                   | -                             | (26)             |
| Transfer to/from profit and loss account            | -                             | -                           | -                                | -                   | (26)                          | (26)             |
| <b>Total transactions with owners</b>               | 31                            | 149,943                     | 26                               | -                   | (213,000)                     | (63,000)         |
| <b>At 31 December 2021</b>                          | <b>1,207</b>                  | <b>3,932,809</b>            | <b>26</b>                        | <b>(81)</b>         | <b>1,087,965</b>              | <b>5,021,926</b> |

The notes on pages 19 to 40 form part of these financial statements.

SENTRIC MUSIC GROUP LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 DECEMBER 2022

|   | Called up<br>share capital<br>£ | Share premium<br>account<br>£ | Capital<br>redemption<br>reserve<br>£ | Profit and loss<br>account<br>£ | Total equity<br>£ |
|---|---------------------------------|-------------------------------|---------------------------------------|---------------------------------|-------------------|
| <b>At 1 January 2021</b>                            | 1,176                           | 3,782,866                     | -                                     | (122,870)                       | 3,661,172         |
| <b>Comprehensive income for the year</b>            |                                 |                               |                                       |                                 |                   |
| Profit for the year                                 | -                               | -                             | -                                     | 356,326                         | 356,326           |
| <b>Contributions by and distributions to owners</b> |                                 |                               |                                       |                                 |                   |
| Purchase of own shares                              | -                               | -                             | 26                                    | (212,974)                       | (212,948)         |
| Shares issued during the year                       | 57                              | 149,943                       | -                                     | -                               | 150,000           |
| Shares cancelled during the year                    | (26)                            | -                             | -                                     | -                               | (26)              |
| Transfer to/from profit and loss account            | -                               | -                             | -                                     | (26)                            | (26)              |
| <b>Total transactions with owners</b>               | 31                              | 149,943                       | 26                                    | (213,000)                       | (63,000)          |
| <b>At 1 January 2022</b>                            | 1,207                           | 3,932,809                     | 26                                    | 20,456                          | 3,954,498         |
| <b>Comprehensive income for the year</b>            |                                 |                               |                                       |                                 |                   |
| Loss for the period                                 | -                               | -                             | -                                     | (933,434)                       | (933,434)         |
| <b>Contributions by and distributions to owners</b> |                                 |                               |                                       |                                 |                   |
| Dividends: Equity capital                           | -                               | -                             | -                                     | (100,000)                       | (100,000)         |
| Shares issued during the period                     | 620                             | -                             | -                                     | -                               | 620               |
| <b>Total transactions with owners</b>               | 620                             | -                             | -                                     | (100,000)                       | (99,380)          |
| <b>At 31 December 2022</b>                          | 1,827                           | 3,932,809                     | 26                                    | (1,012,978)                     | 2,921,684         |

The notes on pages 19 to 40 form part of these financial statements.

SENTRIC MUSIC GROUP LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE PERIOD ENDED 31 DECEMBER 2022

|   | 2022<br>£        | 2021<br>£        |
|---|------------------|------------------|
| <b>Cash flows from operating activities</b>         |                  |                  |
| Profit for the financial period                     | (92,885)         | 879,747          |
| <b>Adjustments for:</b>                             |                  |                  |
| Amortisation of intangible assets                   | 821,186          | 854,517          |
| Depreciation of tangible assets                     | 19,018           | 14,296           |
| Equity settled share-based payments                 | 498,231          | -                |
| Loss on disposal of tangible assets                 | -                | 297              |
| Interest paid                                       | 686,302          | 225,152          |
| Interest received                                   | (20,755)         | -                |
| Taxation charge                                     | 105,711          | 94,094           |
| (Increase) in debtors                               | (8,044,726)      | (4,259,980)      |
| (Increase)/decrease in amounts owed by groups       | (3,431,883)      | -                |
| Increase in creditors                               | 12,593,329       | 9,910,977        |
| <b>Net cash generated from operating activities</b> | <b>3,133,528</b> | <b>7,719,100</b> |
| <b>Cash flows from investing activities</b>         |                  |                  |
| Purchase of intangible fixed assets                 | (678,210)        | (788,413)        |
| Purchase of tangible fixed assets                   | (30,305)         | (15,995)         |
| Sale of tangible fixed assets                       | -                | 275              |
| Sale of unlisted and other investments              | 260              | -                |
| <b>Net cash from investing activities</b>           | <b>(708,255)</b> | <b>(804,133)</b> |

SENTRIC MUSIC GROUP LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)  
FOR THE PERIOD ENDED 31 DECEMBER 2022

|   | 2022<br>£          | 2021<br>£         |
|---|--------------------|-------------------|
| <b>Cash flows from financing activities</b>                     |                    |                   |
| Issue of ordinary shares  | 620                | 150,000           |
| Purchase of ordinary shares                                     | -                  | (213,000)         |
| Repayment of loans  | (408,092)          | -                 |
| Repayment of other loans  | (3,217,000)        | (50,000)          |
| Dividends paid  | (100,000)          | -                 |
| Interest paid   | (686,302)          | (225,152)         |
| <b>Net cash used in financing activities</b>                    | <b>(4,410,774)</b> | <b>(338,152)</b>  |
| <b>Net (decrease)/increase in cash and cash equivalents</b>     | <b>(1,985,501)</b> | <b>6,576,815</b>  |
| Cash and cash equivalents at beginning of period                | 13,357,852         | 6,781,036         |
| <b>Cash and cash equivalents at the end of period</b>           | <b>11,372,351</b>  | <b>13,357,851</b> |
| <b>Cash and cash equivalents at the end of period comprise:</b> |                    |                   |
| Cash at bank and in hand  | 11,372,351         | 13,357,888        |
| Bank overdrafts   | -                  | (37)              |
|   | <b>11,372,351</b>  | <b>13,357,851</b> |

The notes on pages 19 to 40 form part of these financial statements.

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SENTRIC MUSIC GROUP LIMITED

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CONSOLIDATED ANALYSIS OF NET DEBT  
FOR THE PERIOD ENDED 31 DECEMBER 2022

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|                          | At 1 January<br>2022<br>£ | Cash flows<br>£  | At 3<br>December<br>2022 |
|--------------------------|---------------------------|------------------|--------------------------|
| Cash at bank and in hand | 13,357,888                | (1,985,537)      | 11,372,351               |
| Bank overdrafts          | (36)                      | 36               | -                        |
| Debt due after 1 year    | (2,467,000)               | 2,467,000        | -                        |
| Debt due within 1 year   | (1,172,386)               | 1,156,384        | (16,002)                 |
|                          | <u>9,718,466</u>          | <u>1,637,883</u> | <u>11,356,349</u>        |

The notes on pages 19 to 40 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2022**

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**1. General information**

The entity is a private limited liability company, limited by shares registered in England and Wales within

the United Kingdom. The registered office is 1st Floor, 29 Parliament Street, Liverpool, L8 5RN and the company number is 12566815.

The financial statements present consolidated group information as well as individual company information.

**2. Accounting policies**

**2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies (see note 3).

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

The following principal accounting policies have been applied:

**2.2 Basis of consolidation**

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated profit and loss account from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 21 April 2020.

As this set of consolidated financial statements is prepared at an intermediate level in the consolidated group structure, intercompany balances may remain as assets and liabilities to other entities further up the corporate tree.

**2.3 Going concern**

The group depends on its existing bank facilities to meet its day to day working capital requirements. Current forecasts indicate that the group expects to be able to operate within these facilities for whole of the foreseeable future. Accordingly, the directors believe it is appropriate to prepare the financial statements on the going concern basis.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2022

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**2. Accounting policies (continued)**

**2.4 Foreign currency translation**

**Functional and presentation currency**

The Company's functional and presentational currency is GBP.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated profit and loss account within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

**2.5 Revenue**

Turnover represents net invoiced sales of services and commissions, excluding value added tax. For income where the company acts as principal for the revenue generated, turnover is stated as the gross royalty in the profit and loss account. Where the group acts as agent for the revenue generated, turnover is stated only as the group's net publisher share in the profit and loss account.

Artist liabilities represent only the amounts owing to account holders from monies already received by the company at the balance sheet date.

Accrued income represents the company's net publisher share of royalty receipts that are due to the company in the future, calculated on the basis of activity undertaken in respect of the period for which the accounts have been prepared. The accrued income included is six months of revenue which has been calculated on a prudent basis.

As a result, turnover represents twelve months worth of royalties.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2022

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**2. Accounting policies (continued)**

**2.6 Operating leases: the Group as lessee**

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

**2.7 Research and development**

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

**2.8 Interest income**

Interest income is recognised in profit or loss using the effective interest method.

**2.9 Finance costs**

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

**2.10 Borrowing costs**

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

**2.11 Pensions**

**Defined contribution pension plan**

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Group in independently administered funds.



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2022

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**2. Accounting policies (continued)**

**2.12 Share based payments**

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Group keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where equity instruments are granted to persons other than employees, profit or loss is charged with fair value of goods and services received.

**2.13 National Insurance on share options**

To the extent that the share price at the reporting date is greater than the exercise price on options granted under unapproved schemes after 19 May 2000, provision for any National Insurance contributions has been made based on the prevailing rate of National Insurance. The provision is accrued over the performance period attaching to the award.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2022

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2. Accounting policies (continued)

2.14 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.15 Intangible assets

**Goodwill**

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight-line basis to the Consolidated profit and loss account over its useful economic life.

**Other intangible assets**

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

|                   |   |    |       |
|-------------------|---|----|-------|
| Goodwill          | - | 10 | years |
| Computer software | - | 10 | years |

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2022

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**2. Accounting policies (continued)**

**2.16 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

|                       |   |     |               |
|-----------------------|---|-----|---------------|
| Fixtures and fittings | - | 20% | straight line |
| Office equipment      | - | 33% | straight line |

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

**2.17 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

**2.18 Debtors**

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

For debtors not expected to be fully recoverable within 1 year, such as artist advances, an appropriate estimate of the amount to be recovered after 1 year is made and the balance disclosed as greater than 1 year.

For those balances still outstanding after 5 years, an appropriate provision is made to cover these amounts.

**2.19 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2022

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**2. Accounting policies (continued)**

**2.20 Creditors**

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**2.21 Financial instruments**

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated profit and loss account.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the reporting date.

**2.22 Dividends**

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

**3. Judgments in applying accounting policies and key sources of estimation uncertainty**

The directors make judgments around the value of accrued income to include in the accounts, along with the associated cost reserve for royalties payable.

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SENTRIC MUSIC GROUP LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2022

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4. Turnover

The whole of the turnover is attributable to the principal activity of the business.

Analysis of turnover by country of destination:

|                   | 2022<br>£         | 2021<br>£         |
|-------------------|-------------------|-------------------|
| United Kingdom    | 44,422,547        | 31,623,288        |
| Rest of the world | 59,930            | 24,638            |
|                   | <u>44,482,477</u> | <u>31,647,926</u> |

5. Other operating income

|                        | 2022<br>£     | 2021<br>£ |
|------------------------|---------------|-----------|
| Other operating income | 52,000        | -         |
|                        | <u>52,000</u> | <u>-</u>  |

6. Operating profit

The operating profit is stated after charging:

|                               | 2022<br>£      | 2021<br>£     |
|-------------------------------|----------------|---------------|
| Exchange differences          | (32,001)       | 96,882        |
| Other operating lease rentals | <u>136,820</u> | <u>82,754</u> |

7. Auditor's remuneration

During the period, the Group obtained the following services from the Company's auditor:

|   | 2022<br>£     | 2021<br>£     |
|---|---------------|---------------|
| Fees payable to the Company's auditor for the audit of the consolidated and parent Company's financial statements | <u>25,000</u> | <u>19,000</u> |

**SENTRIC MUSIC GROUP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2022**

**8. Employees**

Staff costs, including directors' remuneration, were as follows:

|                                     | <b>Group<br/>2022<br/>£</b> | <i>Group<br/>2021<br/>£</i> | <b>Company<br/>2022<br/>£</b> | <i>Company<br/>2021<br/>£</i> |
|-------------------------------------|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| Wages and salaries                  | <b>4,168,392</b>            | 2,921,603                   | -                             | -                             |
| Social security costs               | <b>397,292</b>              | 260,226                     | -                             | -                             |
| Cost of defined contribution scheme | <b>65,930</b>               | 54,749                      | -                             | -                             |
|                                     | <b><u>4,631,614</u></b>     | <u>3,236,578</u>            | <b><u>-</u></b>               | <u>-</u>                      |

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

|                        | <b>2022<br/>No.</b> | <i>2021<br/>No.</i> |
|------------------------|---------------------|---------------------|
| Management             | <b>4</b>            | 6                   |
| Administration         | <b>2</b>            | 4                   |
| Royalties and services | <b>54</b>           | 44                  |
| Marketing              | <b>3</b>            | 1                   |
| Technology Development | <b>10</b>           | 10                  |
|                        | <b><u>73</u></b>    | <u>65</u>           |

The Company has no employees other than the directors, who did not receive any remuneration (2021 - £NIL) from the Company.

**9. Directors' remuneration**

|   | <b>2022<br/>£</b>     | <i>2021<br/>£</i> |
|---|-----------------------|-------------------|
| Directors' emoluments                                       | <b>550,718</b>        | 390,276           |
| Group contributions to defined contribution pension schemes | <b>4,524</b>          | 3,860             |
|   | <b><u>555,242</u></b> | <u>394,136</u>    |

During the period retirement benefits were accruing to 3 directors (2021 - 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £191,295 (2021 - £164,480).

The value of the Group's contributions paid to a defined contribution pension scheme in respect of the highest paid director

amounted to £1,508 (2021 - £1,730).

During the period 4 directors received shares under the long-term incentive schemes (2021 -NIL)

SENTRIC MUSIC GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2022

10. Interest receivable

|  | 2022<br>£     | 2021<br>£ |
|--|---------------|-----------|
| Interest receivable from group companies | 20,755        | -         |
|  | <u>20,755</u> | <u>-</u>  |

11. Interest payable and similar expenses

|                             | 2022<br>£      | 2021<br>£      |
|-----------------------------|----------------|----------------|
| Bank interest payable       | 926            | 687            |
| Other loan interest payable | 685,376        | 224,465        |
|                             | <u>686,302</u> | <u>225,152</u> |

12. Taxation

|  | 2022<br>£      | 2021<br>£     |
|--|----------------|---------------|
| <b>Corporation tax</b>                           |                |               |
| Current tax on profits for the year              | 9,880          | -             |
|  | <u>9,880</u>   | <u>-</u>      |
| <b>Total current tax</b>                         | <u>9,880</u>   | <u>-</u>      |
| <b>Deferred tax</b>                              |                |               |
| Origination and reversal of timing differences   | 135,348        | 272,040       |
| Changes to tax rates                             | 42,740         | (128,327)     |
| Adjustments in respect of previous periods       | (82,257)       | (49,619)      |
|  | <u>95,831</u>  | <u>94,094</u> |
| <b>Total deferred tax</b>                        | <u>95,831</u>  | <u>94,094</u> |
| <b>Taxation on profit on ordinary activities</b> | <u>105,711</u> | <u>94,094</u> |



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2022

12. Taxation (continued)

Factors affecting tax charge for the period/year

The tax assessed for the period/year is lower than (2021 - *lower than*) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

|  | 2022<br>£             | 2021<br>£            |
|--|-----------------------|----------------------|
| Profit on ordinary activities before tax   | <u>12,827</u>         | <u>973,841</u>       |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%) | 2,437                 | 185,030              |
| Effects of:  |                       |                      |
| Non-tax deductible amortisation of goodwill and impairment   | 60,238                | 60,238               |
| Expenses not deductible for tax purposes, other than goodwill amortisation and impairment                  | 109,849               | 6,247                |
| Fixed asset differences  | 3,358                 | 23,550               |
| Adjustment in research and development tax credit leading to an increase (decrease) in the tax charge      | 9,880                 | (86,450)             |
| Permanent difference on equity settled share based payment   | (2,101,535)           | -                    |
| Foreign tax adjustment   | 145,906               | 17,628               |
| Deferred tax prior year  | (82,257)              | (49,619)             |
| Deferred tax not recognised  | 1,915,092             | -                    |
| Deferred tax   | 42,743                | (62,530)             |
| <b>Total tax charge for the period/year</b>  | <u><b>105,711</b></u> | <u><b>94,094</b></u> |

Factors that may affect future tax charges

UK losses totalling £11,753,117 are available to offset against future profits.

Foreign losses of £860,583 are available to offset against future trading profits in the jurisdictions concerned.

13. Dividends

|                      | 2022<br>£      | 2021<br>£ |
|----------------------|----------------|-----------|
| On D Ordinary shares | 100,000        | -         |
|                      | <u>100,000</u> | <u>-</u>  |

SENTRIC MUSIC GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2022

14. Intangible assets

Group

|                                       | Contracts<br>£ | Computer<br>software<br>£ | Goodwill<br>£ | Total<br>£ |
|---------------------------------------|----------------|---------------------------|---------------|------------|
| <b>Cost</b>                           |                |                           |               |            |
| At 1 January 2022                     | 147,000        | 3,445,460                 | 3,420,404     | 7,012,864  |
| Additions                             | -              | 678,210                   | -             | 678,210    |
| At 31 December 2022                   | 147,000        | 4,123,670                 | 3,420,404     | 7,691,074  |
| <b>Amortisation</b>                   |                |                           |               |            |
| At 1 January 2022                     | 14,700         | 861,325                   | 654,048       | 1,530,073  |
| Charge for the period on owned assets | 14,700         | 464,446                   | 342,040       | 821,186    |
| At 31 December 2022                   | 29,400         | 1,325,771                 | 996,088       | 2,351,259  |
| <b>Net book value</b>                 |                |                           |               |            |
| At 31 December 2022                   | 117,600        | 2,797,899                 | 2,424,316     | 5,339,815  |
| <b>At 31 December 2021</b>            | 132,300        | 2,584,135                 | 2,766,356     | 5,482,791  |

Company

The company has no intangible assets.

SENTRIC MUSIC GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2022

15. Tangible fixed assets

Group

|                                       | Fixtures and<br>fittings<br>£ | Office<br>equipment<br>£ | Total<br>£ |
|---------------------------------------|-------------------------------|--------------------------|------------|
| <b>Cost or valuation</b>              |                               |                          |            |
| At 1 January 2022                     | 32,986                        | 64,131                   | 97,117     |
| Additions                             | 5,404                         | 24,901                   | 30,305     |
| At 31 December 2022                   | 38,390                        | 89,032                   | 127,422    |
| <b>Depreciation</b>                   |                               |                          |            |
| At 1 January 2022                     | 21,920                        | 38,540                   | 60,460     |
| Charge for the period on owned assets | 5,546                         | 13,473                   | 19,019     |
| At 31 December 2022                   | 27,466                        | 52,013                   | 79,479     |
| <b>Net book value</b>                 |                               |                          |            |
| At 31 December 2022                   | 10,924                        | 37,019                   | 47,943     |
| <i>At 31 December 2021</i>            | 11,066                        | 25,591                   | 36,657     |

SENTRIC MUSIC GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2022

16. Fixed asset investments

Company

Investments in  
subsidiary  
companies  
£

Cost or valuation

At 1 January 2022

3,067,975

At 31 December 2022

3,067,975

Net book value

At 31 December 2022

3,067,975

At 31 December 2021

3,067,975

Direct subsidiary undertakings

The following were direct subsidiary undertakings of the Company:

| Name                             | Registered office        | Class of shares | Holding  |
|----------------------------------|--------------------------|-----------------|----------|
| Sentric Music Trustees Limited   | England and Wales        | Ordinary        | 100<br>% |
| Sentric Music Copyrights Limited | England and Wales        | Ordinary        | 100<br>% |
| RightsApp Limited                | England and Wales        | Ordinary        | 100<br>% |
| Sentric Music Limited            | England and Wales        | Ordinary        | 100<br>% |
| Sentric Music Inc                | United States of America | Ordinary        | 100<br>% |

Indirect subsidiary undertakings

The following were indirect subsidiary undertakings of the Company:

| Name                                | Registered office | Class of shares | Holding  |
|-------------------------------------|-------------------|-----------------|----------|
| IQ Music Limited                    | England and Wales | Ordinary        | 100<br>% |
| Black Rock Publishing Limited       | England and Wales | Ordinary        | 100<br>% |
| Masstrax Music Limited              | England and Wales | Ordinary        | 100<br>% |
| Sentric Music Publishing Limited    | England and Wales | Ordinary        | 100<br>% |
| Sentric Music (Switzerland) Limited | England and Wales | Ordinary        | 100<br>% |
| Sentric Music (Canada) Limited      | England and Wales | Ordinary        | 100      |



SENTRIC MUSIC GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2022

17. Debtors

|                                     | Group<br>2022<br>£ | Group<br>2021<br>£ | Company<br>2022<br>£ | Company<br>2021<br>£ |
|-------------------------------------|--------------------|--------------------|----------------------|----------------------|
| <b>Due after more than one year</b> |                    |                    |                      |                      |
| Royalty advances                    | 1,346,338          | 1,107,708          | -                    | -                    |
| Other debtors                       | 187,787            | 93,098             | -                    | -                    |
| Deferred tax asset                  | 166,828            | 262,659            | 128,991              | 16,484               |
|                                     | <u>1,700,953</u>   | <u>1,463,465</u>   | <u>128,991</u>       | <u>16,484</u>        |
|                                     |                    |                    |                      |                      |
|                                     | Group<br>2022<br>£ | Group<br>2021<br>£ | Company<br>2022<br>£ | Company<br>2021<br>£ |
| <b>Due within one year</b>          |                    |                    |                      |                      |
| Trade debtors                       | 482,249            | 354,040            | -                    | -                    |
| Amounts owed by group undertakings  | 3,431,883          | -                  | 1,103,377            | 2,724,561            |
| Royalty advances                    | 630,908            | 634,334            | -                    | -                    |
| Other debtors                       | 105,382            | 13,223             | -                    | -                    |
| Prepayments and accrued income      | 21,343,001         | 13,752,705         | -                    | -                    |
|                                     | <u>25,993,423</u>  | <u>14,754,302</u>  | <u>1,103,377</u>     | <u>2,724,561</u>     |

18. Cash and cash equivalents

|                          | Group<br>2022<br>£ | Group<br>2021<br>£ | Company<br>2022<br>£ | Company<br>2021<br>£ |
|--------------------------|--------------------|--------------------|----------------------|----------------------|
| Cash at bank and in hand | 11,372,351         | 13,357,888         | 72,108               | 37,550               |
| Less: bank overdrafts    | -                  | (36)               | -                    | -                    |
|                          | <u>11,372,351</u>  | <u>13,357,852</u>  | <u>72,108</u>        | <u>37,550</u>        |

SENTRIC MUSIC GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2022

19. Creditors: Amounts falling due within one year

|                                    | Group<br>2022<br>£ | Group<br>2021<br>£ | Company<br>2022<br>£ | Company<br>2021<br>£ |
|------------------------------------|--------------------|--------------------|----------------------|----------------------|
| Bank overdrafts                    | -                  | 36                 | -                    | -                    |
| Bank loans                         | -                  | 408,092            | -                    | -                    |
| Other loans                        | -                  | 750,000            | -                    | -                    |
| Trade creditors                    | 19,085,312         | 13,287,951         | -                    | -                    |
| Amounts owed to group undertakings | -                  | -                  | 1,450,767            | 72                   |
| Cost reserve on accrued income     | 18,115,587         | 11,516,855         | -                    | -                    |
| Other taxation and social security | 966,843            | 572,602            | -                    | -                    |
| Other creditors                    | 428,937            | 168,923            | -                    | -                    |
| Accruals and deferred income       | 529,653            | 305,949            | -                    | -                    |
|                                    | <u>39,126,332</u>  | <u>27,010,408</u>  | <u>1,450,767</u>     | <u>72</u>            |

Bank loans are secured by a fixed and floating charge over all assets of the group.

Other loans are secured by a fixed and floating charge over all the assets of Sentric Music Limited.

20. Creditors: Amounts falling due after more than one year

|                              | Group<br>2022<br>£ | Group<br>2021<br>£ | Company<br>2022<br>£ | Company<br>2021<br>£ |
|------------------------------|--------------------|--------------------|----------------------|----------------------|
| Other loans                  | -                  | 2,467,000          | -                    | 1,717,000            |
| Accruals and deferred income | -                  | 595,769            | -                    | 175,000              |
|                              | <u>-</u>           | <u>3,062,769</u>   | <u>-</u>             | <u>1,892,000</u>     |

SENTRIC MUSIC GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2022

21. Loans

An analysis of loans is provided below:

|  | Group<br>2022<br>£ | Group<br>2021<br>£ | Company<br>2022<br>£ | Company<br>2021<br>£ |
|--|--------------------|--------------------|----------------------|----------------------|
| <b>Amounts falling due within one year</b>         |                    |                    |                      |                      |
| Bank loans   | -                  | 408,092            | -                    | -                    |
| Other loans  | -                  | 750,000            | -                    | -                    |
|  | -                  | 1,158,092          | -                    | -                    |
| <b>Amounts falling due 1-2 years</b>               |                    |                    |                      |                      |
| Other loans  | -                  | 750,000            | -                    | -                    |
|  | -                  | 750,000            | -                    | -                    |
| <b>Amounts falling due 2-5 years</b>               |                    |                    |                      |                      |
| Other loans  | -                  | 1,717,000          | -                    | 1,717,000            |
|  | -                  | 1,717,000          | -                    | 1,717,000            |
| <b>Amounts falling due after more than 5 years</b> |                    |                    |                      |                      |
|  | -                  | 3,625,092          | -                    | 1,717,000            |



SENTRIC MUSIC GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2022

22. Financial instruments

|   | Group<br>2022<br>£  | Group<br>2021<br>£  | Company<br>2022<br>£ | Company<br>2021<br>£ |
|---|---------------------|---------------------|----------------------|----------------------|
| <b>Financial assets</b>   |                     |                     |                      |                      |
| Financial assets measured at fair value through profit or loss        | 11,372,351          | 13,357,888          | 72,108               | 37,550               |
| Financial assets that are debt instruments measured at amortised cost | 27,375,517          | 15,847,115          | 1,103,377            | 2,724,561            |
|   | <u>38,747,868</u>   | <u>29,205,003</u>   | <u>1,175,485</u>     | <u>2,762,111</u>     |
| <b>Financial liabilities</b>  |                     |                     |                      |                      |
| Financial liabilities measured at amortised cost                      | <u>(38,143,492)</u> | <u>(29,486,283)</u> | <u>-</u>             | <u>-</u>             |

Financial assets measured at fair value through profit or loss comprise cash at bank and in hand.

Financial assets that are debt instruments measured at amortised cost comprise trade, group and other debtors and accrued income.

Financial liabilities measured at amortised cost comprise bank and other loans, trade, group and other creditors, cost reserve on accrued income and accruals.

**SENTRIC MUSIC GROUP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2022**

**23. Deferred taxation**

**Group**

|                           | <b>2022<br/>£</b> |
|---------------------------|-------------------|
| At beginning of year      | 262,659           |
| Charged to profit or loss | (95,831)          |
| <b>At end of year</b>     | <b>166,828</b>    |

**Company**

|                           | <b>2022<br/>£</b> |
|---------------------------|-------------------|
| At beginning of year      | 16,484            |
| Charged to profit or loss | 112,507           |
| <b>At end of year</b>     | <b>128,991</b>    |

The deferred tax asset is made up as follows:

|                                | <b>Group<br/>2022<br/>£</b> | <i>Group<br/>2021<br/>£</i> | <b>Company<br/>2022<br/>£</b> | <i>Company<br/>2021<br/>£</i> |
|--------------------------------|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| Accelerated capital allowances | (366,882)                   | (204,967)                   | -                             | -                             |
| Tax losses carried forward     | 530,928                     | 466,428                     | 128,991                       | 16,484                        |
| Short term timing differences  | 2,782                       | 1,198                       | -                             | -                             |
|                                | <b>166,828</b>              | <i>262,659</i>              | <b>128,991</b>                | <i>16,484</i>                 |

**Unprovided deferred taxation**

A deferred taxation asset on United States tax losses is not provided. The amount unprovided represents a contingent asset at the balance sheet date. This amount is unrecognised due to the expected slowness of recovery of this asset.

A deferred taxation asset of £2,519,858 (2021 - £Nil) is not provided. The amount unprovided represents a contingent asset at the balance sheet date and is calculated at a rate of 25%. The visibility and timing of the utilisation of the tax losses, given the change in ownership post year end, is uncertain and the directors do not feel it is appropriate to recognise the deferred tax asset at this point.

**Expected reversal of deferred taxation assets and liabilities**

The accelerated capital allowances will reverse over the next five years. The short term timing differences will reverse in the next year.

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**SENTRIC MUSIC GROUP LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2022**

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**24. Share capital**

|  | 2022<br>£    | 2021<br>£    |
|--|--------------|--------------|
| <b>Allotted, called up and fully paid</b>              |              |              |
| 9,268 (2021 - 9,268) A Ordinary shares of £0.01 each   | 93           | 93           |
| 32,007 (2021 - 32,007) B Ordinary shares of £0.01 each | 320          | 320          |
| 89,289 (2021 - 44,350) D Ordinary shares of £0.01 each | 893          | 444          |
| 1 (2021 - 1) E Ordinary share of £0.01                 | -            | -            |
| 9,110 (2021 - 9,110) F Ordinary shares of £0.01 each   | 91           | 91           |
| 42,988 (2021 - 25,948) G Ordinary shares of £0.01 each | 430          | 259          |
|  | <hr/>        | <hr/>        |
|  | <b>1,827</b> | <b>1,207</b> |
|  | <hr/>        | <hr/>        |

The rights attaching to each class of share can be found within the Articles of Association of the company, which is freely available at Companies House.

During the period the following shares were issued:

44,939 D Ordinary shares of £0.01 each for £449.39

17,040 G Ordinary shares of £0.01 each for £170.40

**25. Reserves****Share premium account**

The share premium account represents shares issued at above par value.

**Capital redemption reserve**

The capital redemption reserve represents the share capital cancelled by the company, transferred from the profit and loss reserve in order to prevent a diminution in shareholder value.

**Treasury reserves**

The treasury reserve represents shares that Sentric Music Trustees Limited holds in Sentric Music Group Limited.

**Profit and loss account**

The profit and loss account is all profit or loss made to date, less dividends declared.

**26. Share based payments**

The company has granted Enterprise Management Incentive (EMI) options.

42,988 1 penny ordinary shares were granted to certain directors and employees in May 2020. These were exercised in the year, with the estimated fair value of £11.59 per share being charged to the profit and loss account during the year. The exercise price per share was at par, 1 penny.

There are no remaining share options outstanding at the year end.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2022

**27. Pension commitments**

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund. Contributions totalling £16,002 (2021 - £14,294) were payable to the fund at the reporting date and are included in other creditors.

**28. Commitments under operating leases**

At 31 December 2022 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

|  | <b>Group<br/>2022<br/>£</b> | <i>Group<br/>2021<br/>£</i> |
|--|-----------------------------|-----------------------------|
| Not later than 1 year                        | <b>129,344</b>              | 201,740                     |
| Later than 1 year and not later than 5 years | <b>384,212</b>              | 454,181                     |
| Later than 5 years                           | <b>302,500</b>              | 391,875                     |
|  | <u><b>816,056</b></u>       | <u>1,047,796</u>            |

**29. Other financial commitments**

The group is contracted to pay advances to artists in the normal course of business. At the year end, there are £663,000 (2021 - £161,108) of future committed advances. There are further contractually committed advances but the payment of these is dependent on the fulfillment of certain contractual requirements. Accordingly it is not possible to quantify the future commitments that may crystallise.

**30. Related party transactions**

The company has taken advantage of the exemption under paragraph 33.1A of FRS 102 and has not disclosed transactions with other wholly owned group companies.

**31. Controlling party**

The ultimate parent company was Utopia Music AG, a company incorporated in Switzerland.

On 29 March 2023, the new ultimate parent company became Believe SA, a company incorporated in France.

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**SENTRIC MUSIC GROUP LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2022**

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**32. Subsidiary exemption from audit**

The directors consider that the group is entitled to exemption from the requirement to have an audit of its subsidiary undertakings under the provisions of section 479A of the Companies Act 2006 ("the Act") and members have not required any of the subsidiaries to obtain an audit for the year in question in accordance with section 476 of the Act.

Sentric Music Copyrights Limited (12567869), IQ Music Limited (01863098), Masstrax Music Limited (07403474), Sentric Music Publishing Limited (07763473) and Black Rock Publishing Limited (08499946) have taken advantage of this exemption.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.