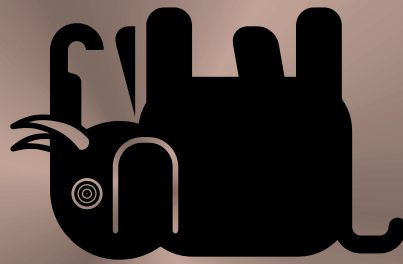


• **Go Your Own Way** • Don't Stop Believin' • **Something Just Like This** • Shape Of You • **Closer** • Girls Like You • **Don't Let Me Down** • Castle on the Hill • **Sweet Dreams (Are Made Of This)** • Whatever It Takes • **New Rules** • **The Middle** • Havana • **In My Blood** • What About Us • **Love Yourself** • There's Nothing Holdin' Me Back • **No Tears Left To Cry** • High Hopes • **Look What You Made Me Do** • **Under The Bridge** • Beautiful Trauma • **Treat You Better** • What Lovers Do • **Uptown Funk!** • Photograph • **Happier** • Youngblood • **Separate Ways (Worlds Apart)** • Faithfully • **Breathin** • Single Ladies (Put A Ring On It) • **Love Shack** • **Californication** • Memories • **Don't Stop** • Livin' On A Prayer • **Sorry** • Wanted Dead Or Alive • **Royals** • Black Hole Sun • **Any Way You Want It** • God Is A Woman • **Señorita** • River • **Locked Out Of Heaven** • These Days • **All I Want For Christmas Is You** • The Chain • **Roses** • Shallow • **Otherside** • Scar Tissue • **Whenever, Wherever** • Young Dumb & Broke • **Sick Boy** • Let It Go • **Me Enamoré** • Supermarket Flowers • **Paris** • Your Love • **Want To Want Me** • **Break Up With Your Girlfriend, I'm Bored** • Bad Romance • **Smooth** • Umbrella • **In Da Club** • Dark Necessities • **A Thousand Years** • Set Fire To The Rain • **Super Freak** • Skin • **Bangarang** • Chantaje • **Holiday Road** • Snow (Hey Oh) • **Can't Stop** • U Can't Touch This • **Close To Me** • Green Light • **Galway Girl** • Dani California • **Baby** • Feels • **Poker Face** • You Need To Calm Down • **Higher Love** • Rockabye • **Hey, Soul Sister** • I Don't Wanna Live Forever (Fifty Shades Darker) • **It Ain't Me** • #SELFIE • **We Are Young** • Stone In Love • **All Time Low** • Best Of Me • **Story Of My Life** • It's My Life • **You Give Love A Bad Name** • Hero • **Wolves** • Just The Way You Are • **What Makes You Beautiful** • Give It Away • **Don't Get Me Wrong** • HandClap • **Great Are You Lord** • **When I Was Your Man** • Waka Waka (This Time for Africa) • **Eraser** • ME! • **Bailando** • Dive • **Cold Water** • 2002 • **Everywhere** • Symphony • **Moves Like Jagger** • Issues • **Nothing Breaks Like A Heart** • Perro Fiel • **Open Arms** • Believe • **I'll Stand by You** • Let Me Love You • **Drag Me Down** • SÚBEME LA RADIO • **New Man** • Trumpets • **Back To Black** • Know No Better • **By The Way** • Rise • **You Make Loving Fun** • 2U • **DUELE EL CORAZÓN** • Beautiful Now • **Hearts Don't Break Around Here** • Despacito - Remix • **Brass In Pocket (I'm Special)** • We Are Family • **2000 Miles** • P.I.M.P. • **Give It To Me Baby** • Hurt Somebody • **Message Of Love** • Suga Suga • **Wrecking Ball** • Look What God Gave Her • **La Tortura** • I Predict A Riot • **Naked** • Just Give Me A Reason • **Anywhere** • Team • **Heart Of Gold** • Old Man • **Needed Me** • Bad To The Bone • **Blame** • Love My Life • **Go Robot** • Big Love • **Private Idaho** • Kickstart My Heart • **Brave** • Love You Like A Love Song • **Just Dance** • Never Going Back Again • **I Like It** • I Only Want to Be With You • **Familiar** • Titanium • **Roar** • Graveyard • **Hot In Herre** • Songbird • **Drive By** • Second Hand News • **Life Changes** • Impossible • **Toxic** • Call It What You Want • **Who's Crying Now** • What Happens In A Small Town • **Soul To Squeeze** • There Must Be An Angel (Playing With My Heart) • **I'm The One** • Nancy Mulligan • **Don't You Worry Child** • Back On The Chain Gang • **Tusk** • Ruby • **Some Nights** • Everybody Hates Me • **Tenerife Sea** • What Do I Know? • **The Heart Wants What It Wants** • Lean On • **Too Much To Ask** • Bloodstream • **Only The Young** • Let Me Go • **1-800-273-8255** • Lights • **Rockin' In The Free World** • With You • **Dirty Work** • History • **Stand By You** • Sofia • **Sky Walker** • Firebird • **Rearview Town** • Runaway Baby • **Scared to Be Lonely** • All The Small Things • **Electricity** • Come And Get It • **8Teen** • Disturbia • **Not Giving In** • Mercy • **Getaway Car** • Bed • **Stay** • First Of The Year • **Grenade** • Spoonman • **All Of The Stars** • When I Need You • **Little Lies**



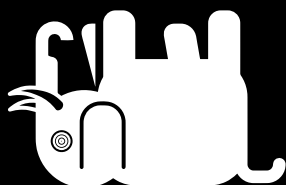
HIPGNOSIS SONGS FUND

Hipgnosis Songs Fund Limited Annual Report

For the year ended 31 March 2022







HIPGNOSIS SONGS FUND

Hipgnosis Songs Fund is the first UK investment company offering investors a pure-play exposure to Songs and associated musical intellectual property rights. Our focus is building a diversified Portfolio, acquiring Catalogues that are built around proven hit Songs of cultural importance by some of the most talented and important Songwriters globally.

Our shares listed on the Main Market of the London Stock Exchange in July 2018 and transferred to the Premium Segment of the Main Market in September 2019. Since March 2020, Hipgnosis Songs Fund has been a constituent of the FTSE 250 Index.

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SUPERSTARS • SUPER SONGS

13	Mariah Carey	34	Ed Sheeran	56	Enrique iglesias
14	Beyoncé/Destiny's Child	46	Lady Gaga	61	Justin Bieber
33	Ariana Grande	51	HarryStyles/OneDirection	62	Bruno Mars

Introduction From Merck Mercuriadis



Introduction and overview

When I started Hipgnosis four years ago, no one could have predicted where we would be today.

Despite the challenges the world has faced due to the COVID-19 pandemic and macroeconomic conditions that have ensued, Hipgnosis, and our investment thesis, has not only been proven by these challenges, but after an incredible 2021/2022 is in its most exciting position yet.

With proven Songs firmly established as an asset class, no investment portfolio is truly complete without at least some exposure to the predictable, reliable and uncorrelated revenues they generate.

In 2021/2022, the music industry has gone from strength to strength. We have seen a continued acceleration of the adoption of paid for Streaming. Global Streaming revenue growth rates of 24.3% in 2021 exceeded all expectations (IFPI). This led Goldman Sachs to further increase their forecast Streaming revenue growth rates to 12% per annum for the rest of the decade in their updated 2022 gold standard *Music In The Air* report. There are now 523 million users of paid music subscription services globally and the market is well on its way towards 2 billion in the coming decade.

Technological innovation has also continued to create new ways of consuming and monetising music. Emerging technologies such as TikTok, Roblox, Social Media and

Peloton not only have provided additional revenue streams to copyright owners such as Hipgnosis, but have also created a platform where we can introduce great hit songs from the past to new generations of listeners.

Music Performance income recovered strongly from the impact of various global COVID-19 lockdowns in 2021. Live music venues are full, and booked into 2024, whilst bars, pubs and restaurants have reopened and are playing music again. As a result, industry experts are expecting a near complete recovery in Performance income in 2022.

During COVID-19, Hipgnosis' resilience against the challenging market proved the reliability of our income. In the second half of our fiscal year 2021/2022, as most global restrictions have eased and market growth has returned, we have now also shown that our acquisition strategy and disruptive Song Management approach leaves us well positioned to outperform. Our strategy to acquire only the most successful and culturally important Songs, including 67 of the 271 Songs that have been played over 1 billion times on Spotify, has delivered like-for-like Streaming growth of 19% in the second half of our fiscal year alone.

This Streaming growth outperformed our Independent Valuer's expectations, and together with the first time recognition of the value of revenue generated from the now established digital lifestyle platforms that have

emerged, led to an annual increase in our Operative NAV of 9.9% to \$1.8491 per share.

Providing uncorrelated income has always been an important part of our thesis. However, from inception, we have emphasised that even more significantly, the opportunity for value growth would deliver an exceptional total shareholder return. This period's Operative NAV growth is an important step on that journey, which will be fully delivered as paid-for subscriptions continue to grow and the utility-like income this produces becomes recognised and valued by investors globally.

Together with our fully cash-covered dividends of 5.25p per share, we have delivered a Total NAV Return for the 12-months ending 31 March 2022 of 14.2% to our Shareholders. This takes our Total NAV Return since inception four years ago to 59.1%.

These returns would not have been possible without our responsible approach to Song Management which has the resource and bandwidth to manage great Songs to their full potential and add significant value.

This year our Song Management team has had some great successes placing our songs in films, television shows and adverts; we have worked with our Songwriters, producers and artists to maximise the impact of anniversaries and milestones of culturally important releases; fixed copyright breakages to deliver new revenues to Hipgnosis which were never built into our forecasts at the time of acquisition; as well as negotiated and moved catalogue administration deals, ensuring we get paid faster while being charged lower administration fees. In July 2022, we have taken this one-step further, announcing a ground breaking new direct administration agreement with Sacem, the French PRO. Under this first-of-its-kind deal, Sacem will directly collect and pay digital rights for writers' share, primarily in the UK and the EU, eliminating a link in the royalty collection process. This will materially reduce third party administration and collection fees and the length of time it takes to collect digital revenues.

Most notably however, our Song Management team has continued to embrace new technologies to promote our incredible songs to new audiences. TikTok has become an increasingly important channel, with over 1 billion active users, and has the capacity to introduce our iconic songs to a new younger audience, deepen the engagement of a Song and bring hit Songs

back into the mainstream all over again, extending their life for generations to come. Our team has believed in the potential of TikTok for a number of years and focused on using this platform to promote our Songs. We now have over 2.1 million followers across our TikTok accounts, well above most traditional publishers, and have helped deliver huge viral successes for our iconic Songs. Our early commitment to emerging platforms such as TikTok positions Hipgnosis perfectly to benefit from the expected rise in revenues from these emerging platforms, which are predicted to be as much as 12% of global music revenues by 2030 from 5% today.

I can't talk about 2021/2022 without discussing the progress made in our ulterior motive: to use the influence of Hipgnosis and our great Songs to be a catalyst to change where the Songwriter sits in the economic equation, for the benefit of the Songwriting community and our Shareholders. When a Catalogue is acquired our Shareholders sit directly in the shoes of the Songwriter so there is complete alignment between the Songwriting community and our Shareholders. This is unique, as what's in the best interest of the Songwriters is also in the best interest of the Company.

The Song is the currency of our business; without the Song we simply have no music business. Yet for too long the songwriter – who delivers the most important component to the success of a record company, digital service provider, music merchandiser, live promoter etc. – is the lowest paid person. We aim to take the Songwriter from the bottom to the top of the economic equation and our advocacy on this issue, including with the UK Department for Digital, Culture, Media and Sport (DCMS), the Competition and Markets Authority (CMA) and the US Copyright Royalty Board (CRB), is being felt at every level and is not only gaining support but provoking real thought and change.

Most importantly, we have helped deliver the recent decision of the US Copyright Royalty Board (CRB) to disallow the appeal by various Streaming services against the CRB III determination to increase mechanical Streaming royalty rates for songwriters and publishers. We still have plenty of room for improvement before we have a rate that's genuinely fair and equitable but this is an important step on the road to finally, properly recognising the value that Songwriters bring to the industry and the lives of the billions of people all over the world who rely on great songs to enrich their lives. The CRB delivered a strong message

Spotify's Billions Club

Hipgnosis has 67 out of 271 Songs that by June 2022 had surpassed the Billion Streams mark on Spotify



The Chainsmokers

1-800-273-8255

• Logic • Andrew Taggart

2002

• Anne-Marie • Benny Blanco, Nelly

A Thousand Years

• Christina Perri • Christina Perri

All I Want For Christmas Is You

• Mariah Carey • Walter Afanasieff

Blueberry Faygo

• Lil Mosey • Kenneth Edmonds

Castle On The Hill

• Ed Sheeran • Benny Blanco

Closer (feat. Halsey) *†

• The Chainsmokers • The Chainsmokers, Isaac Slade, Joe King

Cold Water (feat. Justin Bieber & MØ)

• Major Lazer • Benny Blanco, Jamie Scott

Despacito - Remix †

• Luis Fonsi, Daddy Yankee, Justin Bieber • Poo Bear

Don't Let Me Down (feat. Daya)

• The Chainsmokers • Andrew Taggart, Scott Harris

Don't Stop Believin' †

• Journey • Jonathan Cain, Neal Schon

Eastside (with Halsey & Khalid)

• Nathan (Happy) Perez

Galway Girl

• Ed Sheeran • Johnny McDaid

Girls Like You (feat. Cardi B) †

• Maroon 5 • Starrah

Halo

• Beyoncé • Evan Bogart

Happier

• Ed Sheeran • Benny Blanco

Havana (feat. Young Thug) †

• Camila Cabello • Andrew Watt, Starrah

Heat Waves †

• Glass Animals • HSG Admin

Hey, Soul Sister

• Train • Espionage

High Hopes

• Panic! At The Disco • Sam Hollander

Hips Don't Lie (feat. Wyclef Jean)

• Shakira, Wyclef Jean • Shakira

I Don't Wanna Live Forever

(50 Shades Darker)

• ZAYN, Taylor Swift • Jack Antonoff

In the end

• Linkin Park • Andy Wallace

In The Name Of Love

• Martin Garrix, Bebe Rexha • Ilsey Juber

Issues

• Julia Michaels • Benny Blanco

It Ain't Me (feat. Selena Gomez)

• Kygo • Andrew Watt

Just The Way You Are

• Bruno Mars • Ari Levine

Lean On (feat. DJ Snake & MØ) †

• Major Lazer, MØ, DJ Snake • Martin Bresso

Let Me Love You (feat. Justin Bieber) †

• DJ Snake • Andrew Watt

Locked out of Heaven

• Bruno Mars • Ari Levine

Love Yourself †

• Justin Bieber • Benny Blanco

Maps

• Maroon 5 • Ammar Malik

Me, Myself & I

• G-Eazy • TMS

Memories †

• Maroon 5 • Stefan Johnson, Jordan Johnson, Jon Bellion

Mercy

• Shawn Mendes • Teddy Geiger, Ilsey Juber

Needed Me

• Rihanna • Starrah

New Rules †

• Dua Lipa • Caroline Ailin, Ian Kirkpatrick

Nice For What

• Drake • Robert Diggs

no tears left to cry

• Ariana Grande • Savan Kotecha

Numb

• Linkin Park • Andy Wallace

Payphone

• Maroon 5 • Ammar Malik

Photograph *†

• Ed Sheeran • Johnny McDaid

Rockabye (feat. Sean Paul & Anne-Marie)

• Clean Bandit • Ammar Malik

Scared to Be Lonely

• Martin Garrix, Dua Lipa • Giorgio Tuinfort, Kyle Shearer

Señorita *†

• Shawn Mendes, Camila Cabello • Andrew Watt

Shallow †

• Lady Gaga, Bradley Cooper • Mark Ronson

Shape Of You *†

• Ed Sheeran • Johnny McDaid

Sign Of The Times

• Harry Styles • Jeff Bhasker

Smells Like Teen Spirit

• Nirvana • Andy Wallace

Something Just Like This †

• The Chainsmokers, Coldplay • Andrew Taggart

Sorry †

• Justin Bieber • Julia Michaels, Skrillex

Stitches †

• Shawn Mendes • Teddy Geiger

Sugar †

• Maroon 5 • Jacob Kasher Hindlin

Symphony (feat. Zara Larsson)

• Clean Bandit • Ammar Malik

Titanium (feat. Sia)

• David Guetta, Sia • Giorgio Tuinfort

The Middle

• Zedd, Maren Morris, Grey • Stefan Johnson, Jordan K. Johnson

There's Nothing Holdin' Me Back †

• Shawn Mendes • Teddy Geiger, Scott Harris

Treat You Better †

• Shawn Mendes • Teddy Geiger, Scott Harris

Uptown Funk (feat. Bruno Mars) †

• Mark Ronson • Mark Ronson, Jeff Bhasker

What Do You Mean?

• Justin Bieber • Poo Bear

What Lovers Do (feat. SZA)

• Maroon 5 • Starrah, Elina Stridh, Victor Rådström

WHEN I WAS YOUR MAN

• Bruno Mars • Ari Levine

Without Me

• Halsey • Timbaland

Wolves

• Selena Gomez, Marshmello • Andrew Watt

Young Dumb & Broke

• Khalid • Joel Little

Young, Wild & Free (feat. Bruno Mars)

• Snoop Dogg, Wiz Khalifa • Ari Levine

Youngblood †

• 5SOS • Andrew Watt

When I Was Your Man

• Bruno Mars • Ari Levine

Song Title • Artist(s) • Hipgnosis contributor(s)

* Over 2 billion streams † 100 most-streamed songs on Spotify

Source: Spotify, 8 July 2022

Rolling Stone

Hipgnosis has 52 of Rolling Stone's The 500 Greatest Songs of All Time

5 Smells Like Teen Spirit • Nirvana • Andy Wallace	228 Single Ladies (Put a Ring on It) • Beyoncé • The-Dream, Tricky Stewart	390 Enter Sandman • Metallica • Bob Rock
8 Get Ur Freak On • Missy Elliot • Timbaland	238 Are You That Somebody? • Aaliyah • Timbaland	394 Grace • Jeff Buckley • Andy Wallace
25 Runaway • Kanye West feat. Pusha T • Jeff Bhasker, Emile Haynie, Pusha T	259 Heart Of Gold • Neil Young • Neil Young	401 Go Your Own Way • Fleetwood Mac • Lindsey Buckingham
30 Royals • Lorde • Joel Little	274 Love And Happiness • Al Green • Al Jackson Jr.	414 Dreaming • Blondie • Debbie Harry, Chris Stein
38 (Sittin' On) The Dock of the Bay • Otis Redding • Al Jackson Jr	281 Grindin' • Clipse • Pusha T	417 Uptown Funk (feat. Bruno Mars) • Mark Ronson • Mark Ronson
56 Work It • Missy Elliot • Timbaland	285 Say My Name • Destiny's Child • Rodney Jerkins	418 Green Onions • Booker T and the MGs • Al Jackson Jr
68 Good Times • Chic • Bernard Edwards, Nile Rodgers	290 Yeah! (feat. Lil John & Ludacris) • Usher, Lil Jon, Ludacris • Sean Garrett	427 Rapper's Delight • The Sugarhill Gang • Bernard Edwards, Nile Rodgers
79 Back To Black • Amy Winehouse • Mark Ronson	300 Rock Lobster • The B-52's • The B-52's	428 Sign Of The Times • Harry Styles • Jeff Bhasker
84 Let's Stay Together • Al Green • Al Jackson Jr	309 Ain't No Sunshine • Bill Withers • Al Jackson Jr	444 In Da Club • 50 Cent • Curtis Jackson
107 C.R.E.A.M. • Wu Tang Clan • RZA	322 After The Gold Rush • Neil Young • Neil Young	450 Powderfinger • Neil Young • Neil Young
114 Toxic • Britney Spears • Christian Karlsson	328 Under The Bridge • Red Hot Chili Peppers • Red Hot Chili Peppers	453 The Rain (Supa Dupa Fly) • Missy Elliot • Timbaland
127 Waterfalls • TLC • Sleepy Brown	332 Umbrella (feat. Jay-Z) • Rihanna • The-Dream, Tricky Stewart	456 Summertime Sadness • Lana Del Ray • Emile Haynie
133 Don't Stop Believin' • Journey • Jonathan Cain, Neal Schon	337 Believe • Cher • Paul Barry, Brian Higgins	457 Livin' On A Prayer • Bon Jovi • Richie Sambora
136 Try a Little Tenderness • Otis Redding • Al Jackson Jr	353 Sweet Dreams (Are Made Of This) • Eurythmics • David A. Stewart	467 Come As You Are • Nirvana • Andy Wallace
138 Heart Of Glass • Blondie • Debbie Harry, Chris Stein	358 Because The Night • Patti Smith • Jimmy Iovine	482 Bad Romance • Lady Gaga • RedOne
153 Super Freak • Rick James • Rick James	368 Black Hole Sun • Soundgarden • Chris Cornell	497 Truth Hurts • Lizzo • HSG Admin
167 Lose Yourself • Eminem • Jimmy Iovine	385 I'm Coming Out • Diana Ross • Bernard Edwards, Nile Rodgers	
217 Edge Of Seventeen • Stevie Nicks • Jimmy Iovine	389 Brass In Pocket • Prefenders • Chrissie Hynde	

Song Title • Artist(s) • Hipgnosis contributor(s)
Source: Rolling Stone, Sep 2021

not only to the digital service providers like Spotify but also to the recorded music companies about the importance of the Songwriter in our industry. We congratulate all of the incredible Songwriters that have entrusted us with their incomparable Songs, as well as each and every songwriter that goes to work each day to write great songs and make the world a better place. This is a victory for all of you. We are prepared for CRB IV and the challenges it will bring and we will advocate and fight on behalf of the Songwriting community and our investors until we have a fair and equitable result.

In October 2021, the Investment Adviser (Hipgnosis Song Management, formerly known as The Family (Music) Ltd), was appointed to act for a second fund (Hipgnosis Songs Capital, which invests funds managed by the global alternative investment manager, Blackstone). Additionally, Blackstone has taken an ownership stake in the Investment Adviser.

We see this investment as a major vote of confidence for Hipgnosis Songs Fund, Hipgnosis Song Management, the asset class we have established and our investment strategy. Additionally, the investment that Blackstone has made has already enabled us to make considerable additional investment in the Investment Adviser's most important capabilities, including data analysis, investment processes, Song Management and communications. Hipgnosis Songs Fund Shareholders will benefit directly from these upgraded capabilities.

Concurrently we worked closely with the Board to ensure that the interests of the Company's Shareholders were fully protected and agreed a comprehensive co-investment policy. All investment opportunities identified by the Investment Adviser are offered to both funds on identical terms with the Board of the Hipgnosis Songs Fund having a co-investment right to participate in 20% of any catalogue purchased. This reflects the expected investment capital available to both funds.

With the Board, we believe that this will enable the fund to participate in a wider range of purchases than would have been possible on a standalone basis and is an arrangement which is beneficial to Shareholders in Hipgnosis Songs Fund. The Board has not exercised any co-investment rights to date as prior to the last equity raise in the summer of 2021, a strategic decision was taken, in consultation with our brokers and after discussion with our major Shareholders, that the Company did not intend to offer further shares for cash

consideration until after publication of the Net Asset Value per share as at 31 March 2022 which is outlined in this report. We now hope that the current challenges facing the markets will settle in due course so that we can raise new funds and continue to give Hipgnosis Songs Fund Shareholders access to the incredible pipeline of iconic songs we have assembled.

Despite the current challenging macro-economic environment, with expectations of high inflation and a squeeze on consumer spending, having built an incomparable portfolio of iconic songs that yield uncorrelated income we go into 2022/2023 extremely confident of our growth prospects. Great songs are not just entertainment; they are the soundtrack of our lives and people turn to them for comfort and escape equally in times of hardship as they celebrate with them in times of prosperity. As a result, music revenues have been historically uncorrelated to economic conditions, and we strongly believe that Streaming growth will continue uninterrupted over the coming years. Streaming remains the cheapest form of entertainment, provides one of the highest quality offerings of all entertainment subscription services, and has low penetration rates with significant room for growth in both the developed markets as well as emerging markets. This view is shared by the leading voices in our industry including Goldman Sachs, who are forecasting 9% annual global music revenue growth through to 2030.

Finally, in a period when both global recorded music and music publishing grew at the fastest rate in history, it's important to emphasise that for the first time ever almost all consumption of Music is now paid consumption.

It remains only for me to thank you for your continued support and to also thank our Board, led by Chair Andrew Sutch, and the incredible Songwriters who have entrusted us with their incomparable Songs.

Best wishes,

Merck Mercuriadis

Founder, Hipgnosis Songs Fund Ltd and
Founder/CEO, Hipgnosis Song Management Ltd.

13 July 2022



HIPGNOSIS SONGS FUND

Financial and Operational Highlights¹

Year ended 31 March 2022

As at 31 March 2022, the Company had raised a total of over **£1.3 billion** (gross equity capital) through its Initial Public Offering on 11 July 2018, and subsequent placings in April 2019, August 2019, September 2020, February 2021 and July 2021, as well as C-Share raises in October 2019 (which converted in January 2020) and July 2020 (which converted in December 2020). Our revolving credit facility stands at \$600 million, and is fully drawn.

As at 31 March 2022, the Company had deployed approximately **\$2.2 billion** in total since IPO on 146 Catalogues and 65,413 Songs.

IFRS NAV²

\$1,582.4 million

(31 March 2021: \$1,462.8 million)

Operative NAV per Ordinary Share (p)⁴

140.79p

(31 March 2021: 122.50p)

IFRS NAV per Ordinary Share

\$1.3065

(31 March 2021: \$1.3628)

Total NAV Return since inception⁵

59.05%

(31 March 2021: 40.66%)

Operative NAV³

\$2,239.6 million

(31 March 2021: \$1,806.5 million)

12-Month Total NAV Return

14.19%

(31 March 2021: 11.44%)

Operative NAV per Ordinary Share (\$)

\$1.8491

(31 March 2021: \$1.6829)

Share Price (Discount/Premium)⁶

(14.2)%

(31 March 2021: 2.4%)

Catalogues acquired during the period

Catalogue	Acquisition Date	Interest Ownership	Total Songs
Red Hot Chili Peppers	14 Jul 2021	100%	220
Kaiser Chiefs	15 Jul 2021	100%	136
Christine McVie	21 Jul 2021	100%	115
Jordan Johnson	22 Jul 2021	100%	58
Stefan Johnson *	22 Jul 2021	100%	58
Rhett Akins	23 Jul 2021	100%	564
Ann Wilson	29 Jul 2021	50%	152
Elliot Lurie	24 Aug 2021	100%	70
Total Songs acquired during the period			1,315

* Not counted in total song count

Ongoing charges figure (%)

1.58%

(31 March 2021: 1.59%)

Leveraged Free Cash Flow

\$84.7 million

(31 March 2021: \$82.1 million)

Total dividends paid in respect of the period (p)

5.25p

(31 March 2021: 5.125p)

EPS (cents)

(1.65)¢

(31 March 2021: 4.72¢)

Net Revenue

\$168.3 million

(31 March 2021: \$138.3 million)

Adjusted EPS (cents)⁷

9.09¢

(31 March 2021: 12.41¢)

EBITDA

\$129.9 million

(31 March 2021: \$106.7 million)

1. A number of Alternative Performance Measures are used within the Report and details can be found on page 164.
2. Catalogues of Songs are classified as intangible assets and measured at amortised cost or cost less any impairment in accordance with IFRS.
3. The Directors are of the opinion that an Operative NAV provides a meaningful alternative performance measure and the values of Catalogues of Songs are based on fair values produced by the Portfolio Independent Valuer.
4. Based on the Sterling to Dollar exchange rate at 31 March 2022 of 1.31338
5. Since IPO on 11 July 2018. See page 165 for definition.
6. Calculated using the middle market share price (SONG) of 120.80p on 31 March 2022 (31 March 2021: 125.50p).
7. Adjusted EPS excludes Total Amortisation, depreciation, impairments, FX losses and provision for HSG advances. See page 164 for definition.

Portfolio at a Glance



Catalogues
146
+8



Operative NAV
\$2.24bn
+\$0.43bn



Grammys
156
+5



Songs
65,413
+1,315



Net Revenue
\$168.3m
+22%



Number 1s
3,854
+116



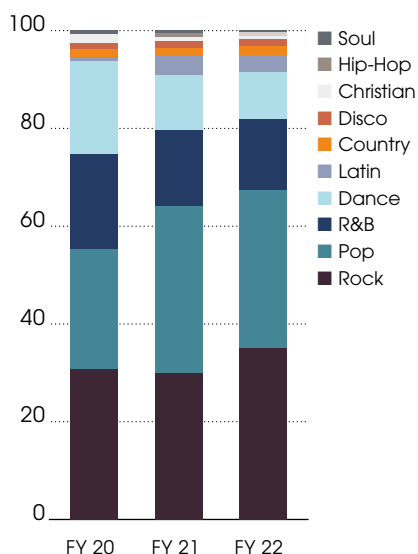
Weighted Average Acquisition Multiple
15.93x
+0.61x



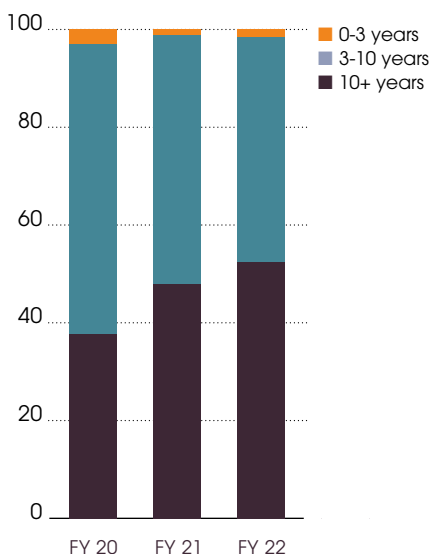
Top 10s
14,381
+413

+ Change in portfolio since 31 March 2021

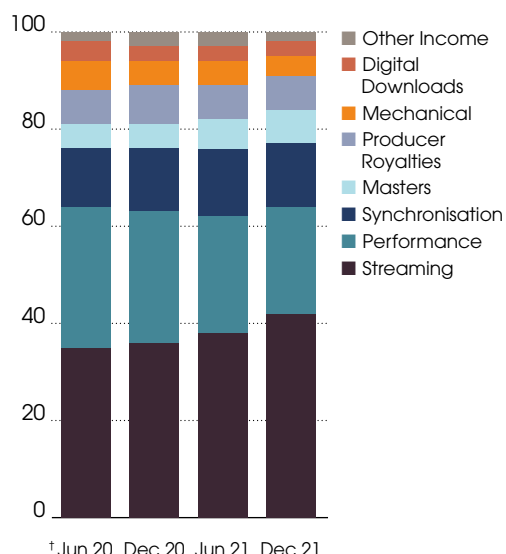
Portfolio by genre (%)
(based on fair value)



Portfolio by age (%)
(based on fair value)



Portfolio PFAR* income by source (%)



* Pro-Forma Annual Revenue (PFAR)
– see Glossary page 166

† For the 12 months to

The Chair's Statement



Andrew Sutch, Chair

Introduction

In our short history, Hipgnosis Songs Fund Limited has grown rapidly, raised £1.3 billion of equity and invested in over 65,000 Songs and nearly 150 Catalogues. Since inception we have cumulatively paid 17.69p per share to Shareholders in

dividends and led the campaign for songwriters to be rewarded fairly for the crucial contribution they make not only to the music industry but to our quality of life.

Many individuals and businesses have been impacted by the COVID-19 pandemic over the last two years. Remembering those whose lives ended prematurely or who are suffering the long-term impact of catching the virus puts into context the challenges which have been caused to businesses, including the Company, during that period.

COVID-19 is the first time that the music royalties asset class has been tested under a stressed situation and I believe that these results continue to confirm the quality of earnings that music royalties offer and the robustness of Hipgnosis's business model. Today, with venues reopened, live music returned and concerts resumed, Hipgnosis is benefitting from the impact of a sustained recovery.

In October 2021 our Investment Adviser (Hipgnosis Song Management, formerly known as The Family (Music) Ltd), was appointed to act for a second fund (Hipgnosis Songs Capital, which invests funds managed by the global alternative investment manager, Blackstone). Additionally, Blackstone has taken an ownership stake in the Investment Adviser.

Your Board sees this investment as a major vote of confidence in Hipgnosis Song Management, our asset class and our investment strategy. Additionally, the investment that Blackstone has made in the Investment Adviser has already enabled it to make considerable additional investment to its core capabilities, including data analysis, investment processes, Song Management and communications. Hipgnosis Songs Fund Shareholders will benefit directly from these upgraded capabilities.

Whilst welcoming this investment, your Board and the Investment Adviser were determined to ensure that the interests of Hipgnosis Songs Fund Shareholders were fully protected and appropriate governance practices put in place. All investment opportunities identified by the Investment Adviser are offered to both funds with Hipgnosis Songs Fund having a right to participate in any transaction on identical financial terms to Hipgnosis Songs Capital, with a right to invest in 20% of any catalogue purchased.

Your Board believes that this will enable the Company to participate in a wider range of purchases than would have been possible on a standalone basis and is an arrangement which is beneficial to Shareholders in Hipgnosis Songs Fund. The Board has not exercised any co-investment rights to date.

Fundraising

In July 2021, Hipgnosis raised £156 million (\$215 million) in a placement. This takes the total amount raised by the Company in investment to date to £1.3 billion in equity and \$600 million in debt. These recent funds were used to acquire eight more Catalogues for a total consideration of c.\$265 million, including Red Hot Chili Peppers and Christine McVie of Fleetwood Mac.

Prior to the July 2021 equity raise, a strategic decision was taken, in consultation with our brokers and after discussion with our major Shareholders, that the Company did not intend to offer further shares for cash consideration until after publication of the Net Asset Value per share as at 31 March 2022 (in this report).

During the year, the Company fully drew down on its \$600 million Revolving Credit Facility, taking Net Debt as at 31 March 2022 to 25.4% of Operative NAV (31 March 2021: 25.7%). Since the year end, the Company has experienced an increase in borrowing costs as a result of rising interest rates. The Board, together with the Investment Adviser, is in the process of a review of its leverage structure with a view to reducing interest rate risk and control costs for the Company.

Performance

The IFRS Net Asset Value (NAV) per share as at 31 March 2022 was \$1.3065 which is a 4.1% decrease from \$1.3628 as at 31 March 2021.

The Board considers that the most relevant NAV for Shareholders is the Operative NAV which reflects the fair value of the Company's Catalogues as valued by the Portfolio Independent Valuer and adds back the amortization charge.

The Operative NAV per share increased by 9.9% to \$1.8491 during the year (31 March 2021: \$1.6829), which, when including dividends paid, represents a Total \$ NAV Return of 14.2% for the year and of 59.1% since IPO on 11 July 2018.

Dividends

During the 12-months ended 31 March 2022 the Company paid a total of 5.25p in interim dividends per Ordinary Share. Despite the challenges presented by COVID-19, the cost of these dividends was covered from leveraged free cashflow.

Since the period end, on 12 May 2022, the Company declared a further interim dividend of 1.3125p per share which was paid on 15 June 2022.

The Board's current intention is to continue to target a total of 5.25p in interim dividends per Ordinary Share in relation to the new financial year ending 31 March 2023.

Going forward, the Company intends to better align dividend payment dates with revenue receipts and to pay interim quarterly dividends to Ordinary Shareholders on or around the last working day of October, January, April and July of each year, with the dividends declared in the month prior to payment.

The Board

Vania Schlogel joined the Board as an additional non-executive director on 11 June 2021. Based in the US, Vania has considerable experience of private equity, media and entertainment businesses.

I would, once again, like to place on record my thanks and appreciation to my fellow Directors for their diligence and dedication over the last year.

In addition, I would like to thank Merck Mercuriadis and the whole Hipgnosis team for their hard work. When I visit the office, I get a true sense of their passion for music and the effort they put in on a daily basis to ensure that Hipgnosis Songs Fund Limited performs at its full potential.

AGM

The Annual General Meeting (AGM) of the Company will be held at 10.00 BST on 21 September 2022 at United House, 9 Pembridge Road, Notting Hill, London W11 3JY. Details of the resolutions to be proposed at the AGM, together with explanations of the AGM arrangements, are set out in a separate circular which is sent to Shareholders with this Annual Report. Members of the Board and the Investment Adviser will be in attendance at the AGM and will be available to answer Shareholder questions.

Outlook

The outperformance of our Portfolio, particularly in the second half of the year, gives us confidence despite the challenging macro-economic and geo-political conditions. The unique quality and cultural importance of the Songs in our Catalogue provide Hipgnosis with an unparalleled collection of assets, which are uncorrelated to the macro-economic environment.

The choice, quality and simplicity of Streaming makes it, we believe, very attractive to a large number of music consumers and the Board expects this market to continue growing despite the slow down in global economic growth, the rise in inflation and the geopolitical stresses exacerbated by Russia's invasion of Ukraine.

Music Streaming represents extremely good value to the consumer; as such we anticipate that it will continue to be resilient and that the Streaming providers should retain pricing power for their services, thus helping to sustain the Company's royalty income.

Together, this enables the Board to have good confidence for your Company's future prospects.

Andrew Sutch

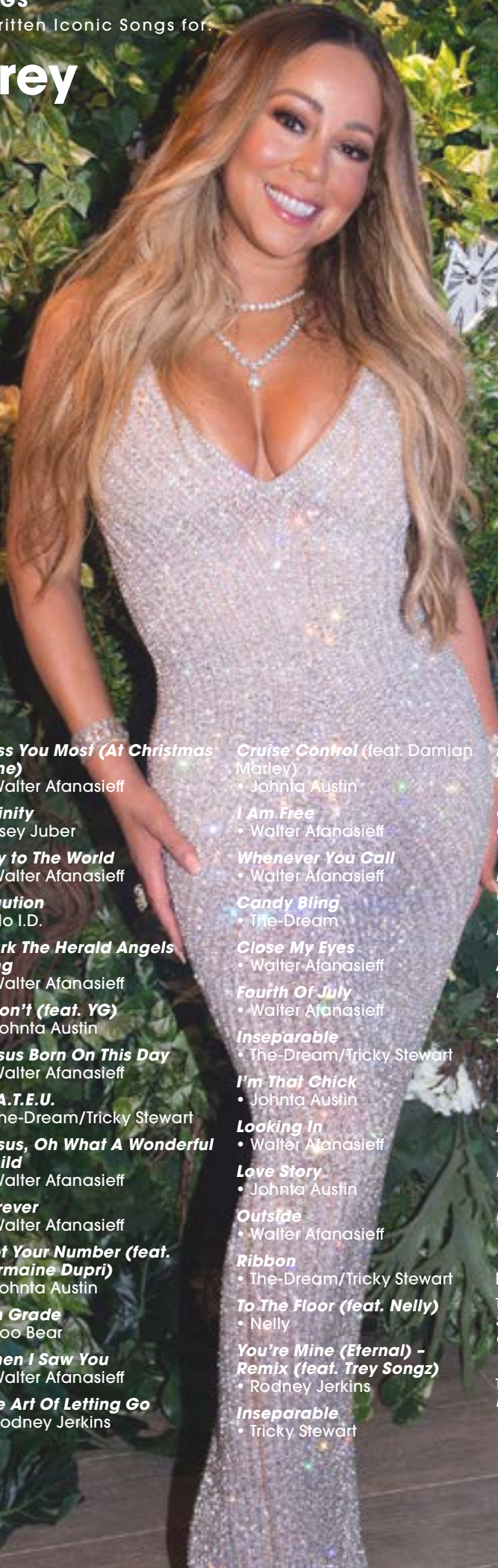
Chair

13 July 2022

SUPERSTARS • SUPER SONGS

Our Great Songwriters have written Iconic Songs for:

Mariah Carey



All I Want For Christmas Is You

• Walter Afanasieff

We Belong Together

• J. Austin/K. Edmonds

Obsessed

• The-Dream/Tricky Stewart

One Sweet Day (feat. Boyz II Men)

• Walter Afanasieff

#Beautiful (feat. Miguel)

• Happy Perez

Touch My Body

• The-Dream/Tricky Stewart

O Holy Night

• Walter Afanasieff

Shake It Off

• Johnna Austin

My All/Stay Awhile

• Walter Afanasieff

It's Like That (feat. Jermain Dupri & Fatman Scoop)

• Johnna Austin

I Want To Know What Love Is

• Tricky Stewart

Don't Forget About Us

• Johnna Austin

Bye Bye

• Johnna Austin

Butterfly

• Walter Afanasieff

Miss You Most (At Christmas Time)

• Walter Afanasieff

Infinity

• Ilsey Juber

Joy to The World

• Walter Afanasieff

Caution

• No I.D.

Hark The Herald Angels Sing

• Walter Afanasieff

I Don't (feat. YG)

• Johnna Austin

Jesus Born On This Day

• Walter Afanasieff

H.A.T.E.U.

• The-Dream/Tricky Stewart

Jesus, Oh What A Wonderful Child

• Walter Afanasieff

Forever

• Walter Afanasieff

Get Your Number (feat. Jermaine Dupri)

• Johnna Austin

8th Grade

• Poo Bear

When I Saw You

• Walter Afanasieff

The Art Of Letting Go

• Rodney Jerkins

Cruise Control (feat. Damian Marley)

• Johnna Austin

I Am Free

• Walter Afanasieff

Whenever You Call

• Walter Afanasieff

Candy Bling

• The-Dream

Close My Eyes

• Walter Afanasieff

Fourth Of July

• Walter Afanasieff

Inseparable

• The-Dream/Tricky Stewart

I'm That Chick

• Johnna Austin

Looking In

• Walter Afanasieff

Love Story

• Johnna Austin

Outside

• Walter Afanasieff

Ribbon

• The-Dream/Tricky Stewart

To The Floor (feat. Nelly)

• Nelly

You're Mine (Eternal) - Remix (feat. Trey Songz)

• Rodney Jerkins

Inseparable

• Tricky Stewart

Betcha Gon' Know (the prologue)

• The-Dream/Tricky Stewart

God Rest Ye Merry, Gentlemen

• Walter Afanasieff

Makin' It Last All Night (What It Do) - Ultra Album Version (feat. Jermaine Dupri)

• Walter Afanasieff/Johnna Austin

More Than Just Friends

• The-Dream/Tricky Stewart

Standing O

• The-Dream/Tricky Stewart

The Impossible

• The-Dream/Tricky Stewart

Do You Think Of Me

• Walter Afanasieff

Lead The Way

• Walter Afanasieff

Up Out My Face

• The-Dream/Tricky Stewart

MARIAH CAREY FEATURES:

TWISTA

So Lonely (feat. Mariah Carey)

• Rodney Jerkins

THE-DREAM

My Love (feat. Mariah Carey)

• The-Dream

SUPERSTARS • SUPER SONGS

Our Great Songwriters have written Iconic Songs for:

Beyoncé/ Destiny's Child

Halo

• Evan Bogart

Run The World (Girls)

• The-Dream

Irreplaceable

• Espionage

Love On Top

• The-Dream

Single Ladies (Put a Ring on It)

(2x GRAMMY®)

• The-Dream/Tricky Stewart

Partition

• The-Dream

XO

• The-Dream

Countdown

• The-Dream

Sweet Dreams

• Rico Love/Wayne Wilkins

Hold Up

• Emile Haynie

End Of Time

• The-Dream

Dance For You

• The-Dream/Tricky Stewart

Upgrade U (feat. Jay Z)

• Sean Garrett

Diva

• Sean Garrett

Listen (From the Motion Picture

"Dreamgirls")

• Scott Cutler

Party (feat. André 3000)

• Jeff Bhasker

1+1

• The-Dream/Tricky Stewart

Déjà vu (feat. JAY-Z)

• Rodney Jerkins

All Night

• Ilsey Juber

I Care

• Jeff Bhasker

Jealous

• Lyrica Anderson

6 Inch (feat. The Weeknd)

• The-Dream

Schoolin' Life

• The-Dream

Freedom

• Jonny Coffey

Ring The Alarm

• Sean Garrett

Smash Into You

• The-Dream/Tricky Stewart

Video Phone (+ Gaga remix)

• Sean Garrett

Video Phone (feat. Lady Gaga)

• Sean Garrett

Hello

• Evan Bogart

Yoncé

• The-Dream

Rather Die Young

• Jeff Bhasker

Flawless

• The-Dream

Radio

• Rico Love

Get Me Bodied

• Sean Garrett

Green Light

• Sean Garrett

Scared Of Lonely

• Rodney Jerkins/Rico Love

Save The Hero

• Rico Love

Daddy

• Mark Batson

World Wide Woman

• Sean Garrett

Check On It (feat. Bun B & Slim Thug)

• Sean Garrett

Grown Woman

• The-Dream

Lay Up Under Me

• Sean Garrett

Lost Yo Mind

• Sean Garrett

Poison

• Johnta Austin

BEYONCÉ FEATURES:

LADY GAGA

Telephone (feat. Beyoncé)

• Rodney Jerkins

J BALVIN

Mi Gente (feat. Beyoncé)

• The-Dream

JAY-Z

Lift Off (feat. Beyoncé & Kanye West)

• Jeff Bhasker

JAY-Z

Part II (On The Run) (feat. Beyoncé)

• The-Dream

JAY-Z

Family Feud ft Beyoncé

• No I.D.

MARY J. BLIGE

Love A Woman (feat. Beyoncé)

• Sean Garrett

DESTINY'S CHILD:

Say My Name

• Rodney Jerkins

Soldier (feat. TI & Lil' Wayne)

• Sean Garrett

Got's My Own

• Sean Garrett

Cater 2 U

• Rodney Jerkins

Lose My Breath (2004)

• Sean Garrett/Rodney Jerkins

The Girl Is Mine

• Rodney Jerkins

Brown Eyes

• Walter Afanasieff

T-Shirt

• Sean Garrett

Through With Love

• Sean Garrett

Is She The Reason

• Sean Garrett

Feel The Same Way I Do

• Rodney Jerkins

Game Over

• Sean Garrett

My Heart Still Beats

• Walter Afanasieff

Investment Adviser's Report



**Merck Mercuriadis, Founder,
Hipgnosis Songs Fund Ltd and
Hipgnosis Song Management Ltd**

Over the last four years we have acquired an incomparable portfolio of some of the most successful and culturally important Songs of all time, now valued at \$2.7 billion. The unique strength of our Catalogue is demonstrated by the 9.9% increase in the Operative NAV to \$1.8491 per share, as reported by our Portfolio Independent

Valuer. This is largely driven as a result of our iconic Songs outstripping the general market growth in Streaming, particularly in the second half of 2021, providing validation for our investment strategy.

This Operative NAV growth is an important initial step in our thesis that the value of Catalogues would re-rate as Streaming income grows and investors come to recognise the utility-like income this produces. Since inception, we have emphasised that not only would iconic Songs produce uncorrelated income, but that the most significant element in delivering an exceptional Shareholder return was the growth in the value of these Catalogues. We acquired Catalogues coming off the back of 15 years of piracy that left them as undervalued assets, being managed by traditional publishers whose model to manage these Catalogues was strictly passive and not suited for the incredible digital opportunities that allow Song Management to add value in a post-Streaming world. We are now seeing this growth start to come through as paid-for subscriptions exceed 500 million globally.

Not only has this delivered consistent double digit music revenue growth, it has transformed the quality of earnings that Songs produce. Iconic Songs no longer generate a single physical sale as a discretionary purchase, but a repeating utility income stream as fans go back to these Songs of great importance to them in good and bad times, over and over. You pay your tenner a month and you can push play as often as you like and iconic Songs win out. This is starting to be recognised by investors globally, with some of the largest private equity investors starting their own music funds in the last year, including the private fund Hipgnosis Song Management has with Blackstone. This is not only a validation of our thesis, but importantly increased competition for access to a limited number

of iconic Catalogues will re-rate prices and deliver further NAV growth to our Shareholders.

On top of this, our disruptive Song Management is built around the Streaming paradigm, focused on managing and promoting our great hit Songs of the past which have high demand rather than focusing on promoting continuous new releases with no track record. There will never be another *Good Times* by Chic, *Sweet Dreams (Are Made Of This)* by Eurythmics, *Heart of Glass* by Blondie, *Shape Of You* by Ed Sheeran, *Heart Of Gold* by Neil Young, *Under The Bridge* by Red Hot Chili Peppers, *Let's Stay Together* by Al Green or *Don't Stop Believin'* by Journey. In a month when Kate Bush's 1985 hit *Running Up That Hill* reached Number 1 in the UK singles chart, it is proven that these vintage iconic Songs can be introduced to and will resonate with new younger audiences. This increases their consumption and lifespan to deliver further growth in their income and value.

Market

2021/2022 has been another strong year for the music industry. According to the IFPI, global recorded music revenues grew by an impressive 18.5% year-on-year to \$25.9 billion in 2021, driven in large part by a continued acceleration in the adoption in paid for Streaming. 523 million subscribers globally now pay for music, up from 35 million in the US when we started four years ago. Streaming now contributes about 65% of global industry revenues, firmly establishing music as a utility income stream.

Whilst Streaming growth is not a new story, 2021/2022 saw some Streaming providers increase certain subscription prices in test markets. These price increases led to Spotify's first increase in Average Revenue Per User (ARPU) for five years, supporting our view that the DSPs have pricing power.

This strong Streaming market is reflected in these annual results, with 19% like-for-like Streaming PFAR growth in the second half of 2021 in our Portfolio compared with the first half of 2021, as shown in the PFAR analysis within the Financial Review.

Streaming remains an extremely attractive consumer proposition: it has the lowest pricing, provides the highest quality and depth of content and the highest level of interaction of all entertainment subscription offerings. With music revenues historically proven to be uncorrelated to consumer spending, and relatively low

penetration rates in both developed and emerging markets, we continue to believe that this affordability and convenience of Streaming will continue to grow global subscriptions and revenues strongly. This view is shared by leading industry experts, who have in the last month upgraded global Streaming revenue growth forecasts, despite the current macro-economic conditions.

Emerging platforms, such as TikTok, Triller and Twitch, also continue to be an increasingly important part of the music industry. TikTok, which few of us had heard of when we launched Hipgnosis in 2018, now has over 1 billion active users and is delivering a new revenue stream to copyright owners. Record companies and publishers, who have a shorter time lag on receiving income than Hipgnosis, received material revenues from these platforms in 2021. Due to this time lag, Hipgnosis received almost no revenue from these platforms in 2021/22, despite them contributing 5% of global music industry revenues in 2021. The continued emergence and increasing popularity of these new platforms is expected to drive strong growth, with revenues predicted to hit 12% of industry revenues by 2030. We expect material TikTok revenues to be paid through to us in this current financial year.

Performance income for the market has shown a strong recovery, driven by the re-opening of bars, shops and restaurants as well as the return to live performances. Live Nation has said it experienced its "best first quarter ever" for 2022. Based on what we are seeing, we share the view of the industry experts, our Portfolio Independent Valuer (Citrin Cooperman Advisors LLC, formerly Massarsky Consulting Inc.) of a near complete recovery in performance income in the next financial year.

Due to the time lag in collecting income as an IP owner, which is the time between the consumption of Songs and the royalty statements being processed, we have only just started to see the effects of the recovery of performance income, with a 9% like-for-like PFAR growth for the second half of 2021 and we expect to see more growth in the next financial year.

Overall, we remain very positive, with the global music Streaming market size expected to reach \$103.07 billion by 2030, a CAGR of 9%.

Finally, and possibly most importantly for Hipgnosis, there is a continued shift in music consumption towards Catalogue music (defined by the industry as older than

18 months). Catalogue music reached 75% of all music consumption in the US in 2021, up from 55% in 2016. With our Portfolio comprised almost entirely of songs older than 18 months we are well placed to continue to benefit from this shift, especially when almost all consumption of music is paid consumption, a marked contrast to even five years ago when so much music consumption was still illicit.

Our Portfolio

Proven hits and culturally important Songs are the heart of our portfolio and the soundtrack of our lives. They enjoy high levels of Streaming and are played on the radio, on TV, in adverts and heard at so many moments in our everyday lives including our commutes, exercise, video games, social media etc. We listen to them in times of celebration and reach for them when we are seeking comfort. As a result, they deliver high levels of reliable income over their long life cycle, which historically has been shown to be uncorrelated to macroeconomic conditions and consumer spending. This was demonstrated during the COVID-19 pandemic where income has been resilient, and able to support a fully cash covered dividend.

We manage these great Songs to enhance their legacy, introduce them to new audiences, which creates value for our Shareholders and reinforces their cultural significance in a virtuous circle. We also acquire a select group of the most important younger Songs that are already culturally significant and show the highest levels of success in the Streaming market. These Songs are able to deliver exceptional Streaming growth as shown in their outperformance in the second half of the year.

Hipgnosis has bought an incomparable portfolio of iconic Songs demonstrated by co-owning:

- 67 out of 271 Songs in Spotify's Billions Club,
- 52 of Rolling Stone's The 500 Greatest Songs of All Time
- 13 of the Top 30 YouTube's Most Viewed Music Videos of All Time
- 3,854 Songs that have held Number 1 positions in global charts
- 14,381 Songs that have held Top 10 positions in global chart
- 156 Grammy award winning Songs

Over the last year, Hipgnosis Songs Fund Ltd closed eight acquisitions, including Red Hot Chili Peppers, Christine McVie of Fleetwood Mac, Rhett Akins, The Monsters & Strangerz (Stefan and Jordan Johnson), Elliot Lurie, Ann Wilson and Kaiser Chiefs, for a total consideration of c.\$265 million. These were bought with the proceeds following a successful placing of £156 million (\$215 million) conducted in July 2021. As a result of these acquisitions, the portfolio as at 31 March 2022 is comprised of 146 Catalogues, 65,413 Songs,

with an aggregate fair value of \$2.69 billion (as determined by the Portfolio Independent Valuer), reflecting an average fair value multiple of 20.08x historical annual net publisher share income, compared to the blended acquisition multiple of 15.93x.

We have showcased a few superstar artists throughout this report to show the breadth of our many Songwriters associated with them. Songs performed by globally successful and culturally important artists include:

2 Pac, **5 Seconds of Summer**, 10cc, **21 Savage**, 50 Cent, **10,000 Maniacs**, A\$AP Rocky, **AC/DC**, Adele, **Al Green**, Alan Jackson, **Alicia Keys**, Aluna George, **Amy Winehouse**, Andrea Bocelli, **Anitta**, Anthony Hamilton, **Ariana Grande**, Aretha Franklin, **AudioSlave**, Avicii, **B-52s**, Baby Bash, **Backstreet Boys**, Barbra Streisand, **Barry Manilow**, Bebe Rexha, **Benny Blanco**, Beyoncé, **Biffy Clyro**, Big & Rich, **Big Freedia**, Birdy, **Blind Faith**, Blink 182, **Blondie**, Bon Jovi, **Booker T & The MG's**, Boyz II Men, **Britney Spears**, Bruce Springsteen, **Bruno Mars**, Bryan Adams, **Camila Cabello**, Carly Simon, **Celine Dion**, Charli XCX, **Cher**, Chic, **Chris Brown**, Christina Perri, **Christopher Cross**, Clipse, **Damian Marley**, Dave Matthews Band, **David Gray**, David Guetta, **Demi Lovato**, Destiny's Child, **Diana Ross**, Dierks Bentley, **Dionne Warwick**, Diplo, **Dire Straits**, DJ Snake, **Dua Lipa**, Duran Duran, **Dusty Springfield**, Ed Sheeran, **Ellie Goulding**, Eminem, **Enrique Iglesias**, Erica Banks, **Eric Prydz**, Ernestine Anderson, **Eurythmics**, Fantasia, **FKA Twigs**, Fleetwood Mac, **Florence And The Machine**, Flo-Rida, **Florida Georgia Line**, fun., **Galantis**, George Benson, **George Thorogood**, Gladys Knight, **Hailee Steinfeld**, Halsey, **Harry Styles**, Iggy Azalea, **Imagine Dragons**, James Bay, **James Morrison**, Jason Aldean, **Jason Derulo**, Jay Z, **Jennifer Hudson**, Jeff Buckley, **Jennifer Lopez**, Jess Glynne, **Jimmy Buffett**, Jodie Harsh, **John Legend**, John Newman, **Josh Groban**, Journey, **Juicy J**, Justin Bieber, **Justin Timberlake**, Kaiser Chiefs, **Kali Uchis**, Kanye West, **Katy Perry**, Keith Urban, **Kelis**, Kelly Clarkson, **Kelly Rowland**, Khalid, **Killswitch Engage**, Kylie Minogue, **Lady Gaga**, Lana Del Rey, **Lara Fabian**, Lauv, **LeAnn Rimes**, Leo Sayer, **Lindsey Buckingham**, Linkin Park, **Lionel Richie**, Little Mix, **Lizzo**, Lorde, **LunchMoney Lewis**, M.I.A., **Madonna**, Marc Anthony, **Maren Morris**, Mariah Carey, **Mark Ronson**, Maroon 5, **Mary J Blige**, Machine Gun Kelly, **Massive Attack**, Matchbox Twenty, **Matt & Kim**, MC Hammer, **Meatloaf**, Meek Mill, **Meghan Trainor**, Melissa Manchester, **Metallica**, Metro Boomin', **MF Doom**, Michael Bolton, **Michael Bublé**, Michael Jackson, **Mick Jagger**, Miguel, Miike Snow, **Miley Cyrus**, Molly Sanden, **Moses Sumney**, Mötley Crüe, **My Marianne**, Natalie Merchant, **Nelly**, Neil Young, **New Kids On The Block**, Nicki Minaj, **Nirvana**, No Doubt, **Ólafur Arnalds**, Olivia Rodrigo, **One Direction**, P!nk, **Paloma Faith**, Panic! At The Disco, **Papa Roach**, Paris Boy, **Patti Smith**, Paul Anka, **Paul McCartney**, Pearl Jam, **Pell**, Perfume Genius, **Phoebe Bridgers**, Pitbull, **Pop Smoke**, Post Malone, **Puff Daddy**, Pusha T, **Rage Against The Machine**, Rebecca Ferguson, **Rejjie Snow**, Rick James, **Rick Ross**, Ricky Martin, **Rihanna**, Rita Ora, **Robbie Williams**, Rod Stewart, **Rudimental**, RZA, **Santana**, Santigold, **Sawyer Brown**, Seal, **Selena Gomez**, Shakira, **Shawn Mendes**, Sia, **Sigala**, Sigma, **Silk City**, Simple Minds, **Sinead O'Connor**, Sister Sledge, **Skrillex**, Sky Ferreira, **Solange**, Soundgarden, **Spencer Davis Group**, Spice Girls, **Steve Aoki**, Steve Winwood, **Stevie Nicks**, Stormzy, **Sugarhill Gang**, Sum 41, **Super Furry Animals**, Swedish House Mafia, **SZA**, T.I., **Taio Cruz**, Take That, **Taylor Swift**, Tchami, **Teddy Bears**, Teenage Fanclub, **The Chainsmokers**, The Editors, **The Outfield**, The Pretenders, **The Wombats**, Third Day, **Tiesto**, Tim McGraw, **Timbaland**, Tina Arena, **Tinie Tempah**, TLC, **Toby Keith**, Tom Jones, **Tom Petty & The Heartbreakers**, The Kid Laroi, **The Mindbenders**, The Vamps, **Theophilus London**, Tom Walker, **Tofo**, T-Pain, **Tracey Chapman**, Traffic, **Train**, Trey Songz, **Trivium**, Troye Sivan, **TV On The Radio**, Ty Dolla \$ign, **U2**, Usher, **Waka Flocka Flame**, Weezer, **Westlife**, Whitney Houston, **Will Ferrell**, Wu-Tang Clan, **Young The Giant**, Zara Larsson and **Zedd**.

Portfolio as at 31 March 2022

Catalogue	Acquisition Date	Interest Ownership	Total Songs
The-Dream	13 Jul 2018	75%	302
Poo Bear	21 Nov 2018	100%	214
Bernard Edwards	28 Nov 2018	38%	290
TMS	17 Dec 2018	100%	121
Tricky Stewart	17 Dec 2018	100%	121
Giorgio Tuinfort	21 Dec 2018	100%	182
Rainbow	15 Jan 2019	100%	15
Itaal Shur	31 Jan 2019	100%	209
Rico Love	26 Feb 2019	100%	245
Sean Garrett	21 Mar 2019	100%	588
Johnta Austin	22 Mar 2019	100%	249
Sam Hollander	31 Mar 2019	100%	499
Ari Levine	31 Mar 2019	100%	76
Teddy Geiger	12 Apr 2019	100%	6
Starrh	25 Apr 2019	100%	73
Dave Stewart	7 May 2019	100%	1,068
Al Jackson Jr	8 May 2019	100%	185
Jamie Scott	15 May 2019	100%	144
Michael Knox	28 May 2019	100%	110
Brian Kennedy	14 Jun 2019	100%	101
John Bellion	14 Jun 2019	100%	180
Lyric Catalogue	17 Jun 2019	100%	571
Neal Schon	20 Jun 2019	100%	357
Jason Ingram	10 Jul 2019	100%	462
Eric Bellinger	12 Jul 2019	100%	242
Andy Marvel	23 Jul 2019	100%	740
Benny Blanco	2 Aug 2019	100%	93
The Chainsmokers	22 Aug 2019	100%	42
Timbaland	10 Oct 2019	100%	108
10cc	17 Oct 2019	100%	29
Journey (Publishing)	21 Oct 2019	100%	103
John Newman	5 Nov 2019	100%	47
Jaron Boyer	5 Nov 2019	100%	109
Arthouse	15 Nov 2019	100%	44
Fraser T Smith	5 Dec 2019	100%	298
Jack Antonoff	5 Dec 2019	99%	188
Ammar Malik	5 Dec 2019	100%	90
Ed Drewett	9 Dec 2019	100%	109
Kaiser Chiefs (Masters)	9 Dec 2019	100%	48

Catalogue	Acquisition Date	Interest Ownership	Total Songs
Jeff Bhasker	11 Dec 2019	100%	436
Johnny McDaid	11 Dec 2019	100%	164
Emile Haynie	13 Dec 2019	100%	122
Brendan O'Brien	13 Dec 2019	100%	1,855
Savan Kotecha	18 Dec 2019	100%	49
Tom DeLonge	23 Dec 2019	100%	157
Journey (Masters)	10 Jan 2020	65%	389
Rebel One	10 Jan 2020	100%	157
Scott Harris	10 Jan 2020	100%	129
Brian Higgins	22 Jan 2020	100%	362
Gregg Wells	10 Feb 2020	100%	11
Jonathan Cain	28 Feb 2020	100%	216
Jonny Coffey	28 Feb 2020	100%	85
Mark Ronson	28 Feb 2020	100%	315
Richie Sambora	4 Mar 2020	100%	186
Rodney Jerkins	16 Jul 2020	100%	982
Barry Manilow	16 Jul 2020	100%	917
RedOne	16 Jul 2020	100%	334
Eliot Kennedy	16 Jul 2020	100%	217
Closer (J King & I Slade)	27 Jul 2020	100%	2
NO I.D.	24 Jul 2020	100%	273
Pusha T	24 Jul 2020	100%	238
Ian Kirkpatrick	29 Jul 2020	100%	137
Blondie	30 Jul 2020	100%	197
Chris Cornell	10 Aug 2020	100%	241
Robert Diggs "RZA"	12 Aug 2020	50%	814
Ivor Raymonde	13 Aug 2020	100%	505
Nikki Sixx	3 Sep 2020	100%	305
Big Deal Music "BDM"	10 Sep 2020	100%	4,212
Julian Bunetta	10 Sep 2020	50%	188
Chrissie Hynde	10 Sep 2020	100%	162
Steve Robson	17 Sep 2020	100%	1,034
Rick James	18 Sep 2020	50%	97
Kevin Godley	23 Sep 2020	100%	358
Scott Cutler	24 Sep 2020	100%	111
Nate Ruess	30 Sep 2020	100%	59
LA Reid	30 Sep 2020	100%	162
50 Cent	30 Sep 2020	100%	388
Aristotracks	30 Sep 2020	100%	152

Catalogue	Acquisition Date	Interest Ownership	Total Songs
B-52's	30 Sep 2020	100%	96
Bonnie McKee	30 Sep 2020	100%	78
Brill Building	30 Sep 2020	100%	234
Christina Perri	30 Sep 2020	100%	68
Dierks Bentley	30 Sep 2020	100%	113
Editors	30 Sep 2020	100%	64
Eman	30 Sep 2020	100%	97
Enrique Iglesias	30 Sep 2020	100%	157
Evan Bogart	30 Sep 2020	100%	229
George Benson	30 Sep 2020	100%	107
George Thorogood	30 Sep 2020	100%	40
Good Soldier	30 Sep 2020	100%	760
Holy Ghost	30 Sep 2020	100%	62
J-Kash	30 Sep 2020	100%	90
John Rich	30 Sep 2020	100%	7
Kojak	30 Sep 2020	100%	148
Lateral	30 Sep 2020	100%	248
Lindsey Buckingham (Kobalt)	30 Sep 2020	100%	174
LunchMoney Lewis	30 Sep 2020	100%	116
Lyrca Anderson	30 Sep 2020	100%	96
Madcon	30 Sep 2020	100%	173
Mark Batson	30 Sep 2020	100%	210
Mobens	30 Sep 2020	100%	1,034
Nelly (Kobalt)	30 Sep 2020	100%	145
Nettwerk	30 Sep 2020	100%	25,259
PRMD	30 Sep 2020	100%	335
Rob Hatch	30 Sep 2020	100%	167
Rock Mafia	30 Sep 2020	100%	393
Savan Kotecha (Kobalt)	30 Sep 2020	100%	354
SK Music	30 Sep 2020	100%	23
Skrillex	30 Sep 2020	100%	153
Stereoscope	30 Sep 2020	100%	456
Steve Winwood	30 Sep 2020	100%	215
Tequila	30 Sep 2020	100%	1
Third Day	30 Sep 2020	100%	212
Timeflies (Masters)	30 Sep 2020	100%	80
Walter Afanasieff	30 Sep 2020	100%	213
Wayne Wilkins	30 Sep 2020	100%	113
Yaslina	30 Sep 2020	100%	73

Catalogue	Acquisition Date	Interest Ownership	Total Songs
Sacha Skarbek	20 Nov 2020	100%	303
Tricky Stewart (Masters)	27 Nov 2020	100%	95
Eric Stewart	2 Dec 2020	100%	255
Bob Rock	4 Dec 2020	100%	43
Caroline Ailin ("New Rules")	10 Dec 2020	100%	2
Nelly	15 Dec 2020	100%	240
Lindsey Buckingham	24 Dec 2020	100%	161
Joel Little	24 Dec 2020	100%	178
Jimmy Iovine	24 Dec 2020	100%	259
Neil Young	31 Dec 2020	50%	590
Shakira	31 Dec 2020	100%	145
Brian Kennedy (Writer Share)	31 Dec 2020	100%	139
Andrew Watt	17 Feb 2021	100%	105
Christian Karlsson	2 Mar 2021	100%	255
Carole Bayer Sager	17 Mar 2021	100%	983
Paul Barry	18 Mar 2021	100%	510
Espionage	26 Mar 2021	100%	151
Martin Bresso	31 Mar 2021	100%	51
Andy Wallace	31 Mar 2021	100%	1,242
David Sitek	31 Mar 2021	100%	230
Happy Perez	31 Mar 2021	100%	192
Red Hot Chili Peppers	14 Jul 2021	100%	220
Kaiser Chiefs	15 Jul 2021	100%	136
Christine McVie	21 Jul 2021	100%	115
Jordon Johnson	22 Jul 2021	100%	58
Stefan Johnson*	22 Jul 2021	100%	58
Rhett Akins	23 Jul 2021	100%	564
Ann Wilson	29 Jul 2021	50%	152
Elliot Lurie	24 Aug 2021	100%	70
Total Songs			65,413

* Not counted in total song count

Case Study - Bringing Songs Back to Life: *Talking to the Moon*, by Bruno Mars

TikTok has the capacity to expose songs, extend their life for new generations to come and make them hits all over again by introducing them to a new audience.

Talking to the Moon, by Bruno Mars, is an example of a Song that has been brought back to life; part of the Hipgnosis Catalogue through both the Ari Levine (publishing share) and the Jeff Bhasker (writer share of performance) acquisitions, it was released in April 2011. Ten years on, following a TikTok 'moment' in March 2021, there has been a marked increase in consumption on YouTube and on the Streaming platforms.

The Song has seen a notable increase in US Streaming consumption, starting in March 2021 when a single TikTok post covering 24 seconds of the Song went viral.

Since then, creators globally have started their own trend using a clip from the Song: there are now over 460,000 TikTok posts associated with **Talking to the Moon**, with surges coinciding with the release of new content.

For example, a dance remix version ended up on YouTube, which, to date has been viewed more than

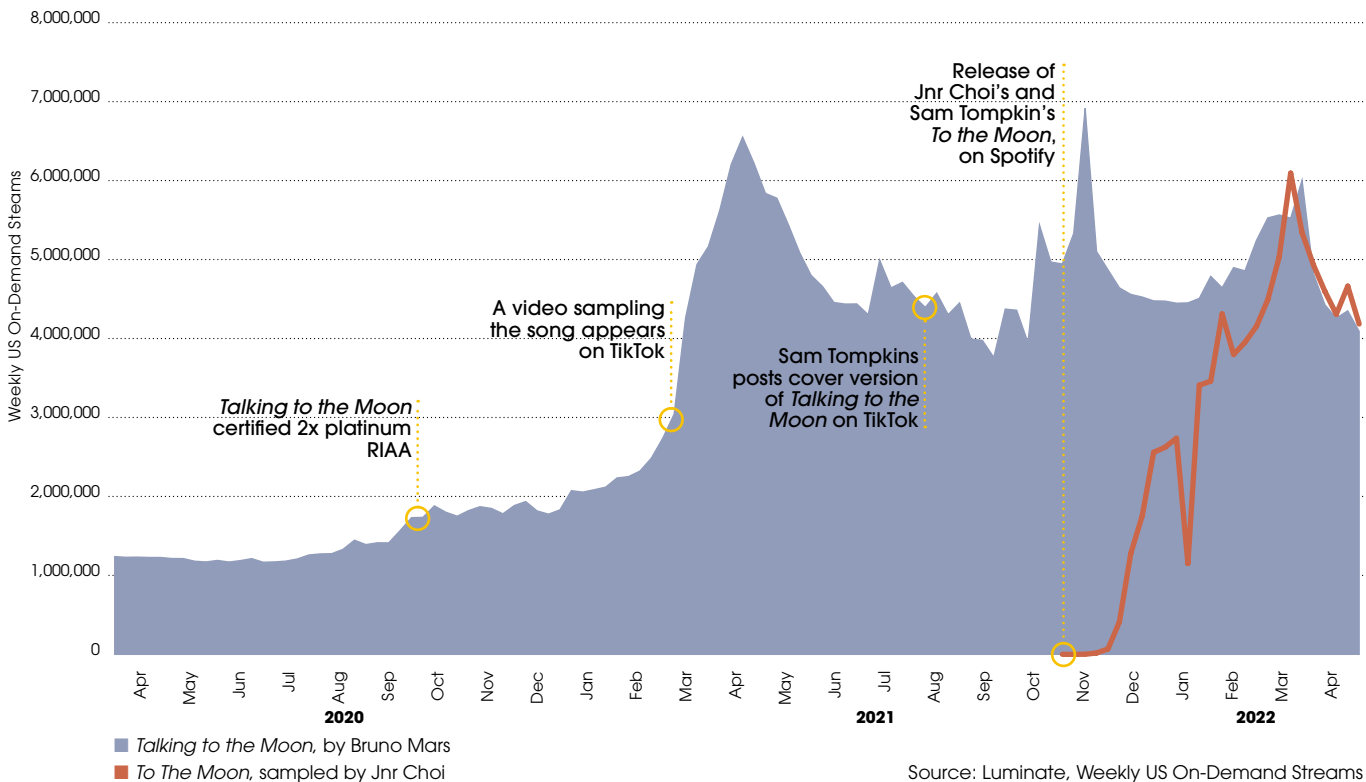
29 million times alone. The original clip that went viral in March 2021 has now been viewed 49.1 million times.

Talking to the Moon entered new charts in 2021 and also entered the Billboard Global 200 chart where it spent 27 weeks, peaking at Number 57 in May 2021, an impressive feat for a 2011 song. It has now been listened to over 750,000 times on Spotify alone.

In early November 2021, Sam Tompkin's cover of **Talking to the Moon** was sampled by rapper, Jnr Choi. The sampled version, **To The Moon**, went viral on TikTok as well as topping Spotify's Viral Hits playlist and landing a Top 10 spot on the Billboard Hot R&B/Hip-Hop Songs Chart. The original Bruno Mars song peaked once again at almost 7 million weekly streams across all DSPs in the US alone (below).

Hipgnosis has its own TikTok channel and has created a platform in which to showcase the Songs and their creations.

US Streams for *Talking to the Moon* and *To the Moon*

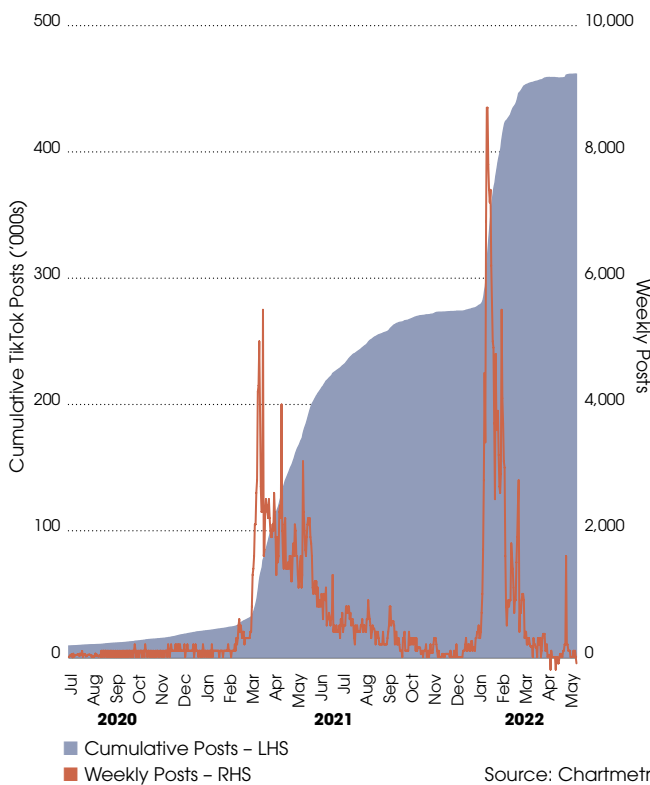




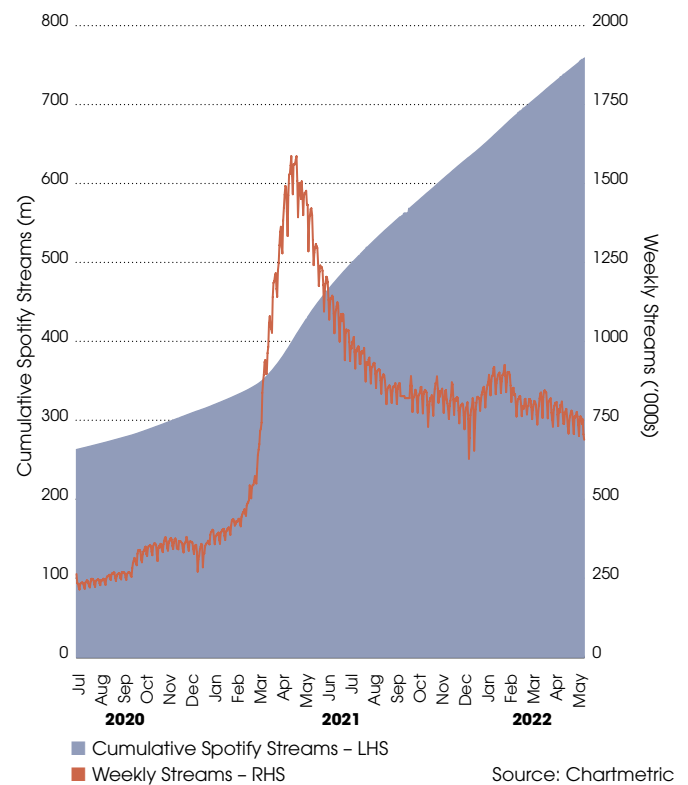
By owning a share of the publishing and writers share, Hipgnosis benefits from royalty receipts generated by the success of sample and cover versions of the 2011 original.

Talking to the Moon by Bruno Mars was released in April 2011 and is part of the Hipgnosis Catalogue though both the Ari Levine and Jeff Bhasker catalogues.

TikTok activity for Talking to the Moon



Global Spotify figures for Talking to the Moon



Song Management

We continue our focus on proactively managing the iconic Songs we have acquired.

Song Management is a new paradigm that we have created at Hipgnosis Song Management, where we manage proven hit Songs with responsibility and ensure that they're being put into movies, TV commercials, video games, on playlists and on TikTok so that new fans discover them, that new artists are covering them and that new Songwriters are interpolating them. This adds significant value for our Shareholders and enhances the legacies of the great Songwriters that have entrusted us with their work. In addition to Streaming, the beauty of today's environment is that almost all consumption of music is being paid for.

Song Promotion

Given Hipgnosis acquires proven, timeless, globally iconic Catalogues, the Song Management team is able to leverage off the high concentration of platinum-level hits in our portfolio. We have a relatively small Portfolio of Catalogues with a very high ratio of extraordinarily successful hits within it, which is unparalleled in today's music business.

The team works with all the traditional outlets as well as established and emerging areas of digital platforms, social media, video games and life-style outlets creating and taking advantage of natural opportunities to constantly refresh and increase the profile of our Songs. All of which fuels consumption and Streaming growth and increases the value and opportunity for licensing our Songs to film, television, gaming and advertising.

As explained previously, an example of a new emerging opportunity is TikTok, which has over a billion active users. Hipgnosis has been proactive in building a presence to promote our artists and Catalogues and our channel @Hipgnosissongs has rapidly built a following of over 2.1 million users, considerably more than most traditional publishers. Early in 2022, we launched three splinter TikTok channels focusing on Rock (@Tok.Rok), Country (@Whiskey.Nation) and Gaming (@Joy.Pad), each already have over 100K followers.

Activity on TikTok leads directly to YouTube views and additional Streaming of Songs, making it an entirely connected ecosystem. TikTok has the capacity to introduce our iconic Songs to a new younger audience and deepen the engagement of a Song bringing hit

Songs back into the mainstream all over again and extending their life for generations to come.

As a Short Video Clips content platform, TikTok's capacity to amass interest in music of all vintages is seemingly limitless. According to a recent study by Luminate, who provide the information for the Billboard music charts, 66% of Gen Z TikTok users discover new music via Short Video Clips, making it the Number 1 music discovery source for this group. Creating a viral hit on TikTok leads to users discovering songs on other Digital Service Providers (DSPs) and this, in turn, drives Streaming consumption for both Catalogue and frontline releases.

TikTok is a launch-pad for proven hits of yesterday both organically and as an industry standard promotional tool.

It is also a platform that has been demonstrated to extend the lifespan of a song or even reinvigorate songs which were not successful when they were first launched. This is a similar trend to the one seen for the Amazon-owned livestreaming platform Twitch. According to a study by Luminate, one in three music listeners in the US now discover new music through Twitch.

We explore in more detail the resurgence in the consumption of one of our Songs: *Talking to the Moon* by Bruno Mars (Ari Levine and Jeff Bhasker Catalogues) on pages 20-21.

Another classic example is *Truth Hurts* by Lizzo. The Song, which Hipgnosis Songs Group administers, was released in September 2017. It did not chart at the time and only rose in popularity in 2019 when TikTok users started using her lyrics (which include "I just took a DNA test, turns out I'm 100% that b****") to create new content in a DNA Test Challenge. Following this, the song reached Number One on the Billboard Hot 100. It spent seven weeks at Number One becoming the longest-running number one for a female solo rapper, earning her a Guinness World Record. It was also nominated for three Grammy awards in 2020 and certified 7x platinum by the RIAA. In 2021 it was included in Rolling Stone's 500 Greatest Songs of All Time.

The Song Management team actively promotes and showcases albums by our Songwriters when they celebrate major anniversaries working with industry partners to secure the re-release of classic albums, helping to deliver on the creative and drive supporting marketing activities. This is proven to deliver significant uplifts in interest in

THE ORS

with  Music



We congratulate Shakira, who was awarded the prestigious Special International Award at the at the Ivor Novello Awards with Apple Music, in May 2022. Hipgnosis Songs Fund bought her Catalogue in December 2020.



We congratulate Richie Sambora who, together with Jon Bon Jovi, was awarded the prestigious Special International Award at the Ivor Novello Awards with Apple Music in September 2021. Hipgnosis Songs Fund bought his Catalogue in March 2020.

an artist and their songs, both by reconnecting to the fans and introducing their music to a new audience. Vinyl re-releases we have helped to promote in 2021 include Nirvana's *Nevermind*, Journey's *Escape* and Shakira's *Laundry Service*.

Nirvana re-released *Nevermind* in November 2021, mixed by Andy Wallace. Analysis of the US album sales (Luminate) shows that their excess sales, i.e. sales over and above their baseline, jumped ten-fold in the week of its release and have stayed at a high level ever since. In fact, for the following 26 weeks, the excess sales have been equivalent to an additional 12 months of normal level of sales. The activity and interest around an album re-release can also drive an uptick in Streaming for the artist's music, which is not captured in this analysis.

Journey's re-release of their *Escape* album, in the form of a coloured vinyl, saw strong demand resulting in the exclusive retailer ordering additional pressings. A black vinyl release is now planned for August 2022.

Both Nirvana and Journey have a solid baseline of on-going vinyl sales. However, even where an artist's fanbase may be of a demographic which is not traditionally made up of vinyl purchasers, a high quality, proactive marketing campaign to promote an anniversary vinyl can be very successful. This was the case with Shakira's *Laundry Service* where sales surpassed our expectations.

Additionally, when a strong Synch is placed in a TV show or film, this can have an impact on all types of consumption with the power to push a song up to the top of the charts and create opportunities for more Synchs.

When *Something in the Way*, also from Nirvana's *Nevermind* album, enjoyed a prominent feature in the latest Batman franchise film, *The Batman*, the level of consumption via Streaming rose significantly. To complete the circle, Hipgnosis further boosted the Song using its TikTok channel. *Something in the Way* re-entered the charts, entering the Billboard Hot 100 at number 46, and it also made the Top 40 in several countries.

Following the excitement around the Journey album re-release, their Song *Separate Ways (World Apart)* was selected for use in the trailer to season 4 of the Netflix hit series *Stranger Things*, a major Synch success.

Synch

With our vision of a global, in-house '24/7' Synch licensing operation now a reality, our executives are able to respond to the opportunities being generated within a matter of minutes, right around the clock. For the vast majority of our repertoire – regardless of who administers the Song – we are the sole approval party for all Synch requests. This has allowed us to comprehensively slash approval/response times on some of the world's most iconic Songs. Music supervisors, studios and agencies are no longer being made to wait weeks-on-end for an answer and as a result favour working with us.

We have a dedicated, in-house sales function, tasked solely with curating our Catalogue from a Synch perspective. By comprehensively profiling our Catalogue, unearthing previously underused repertoire, we are enabling our global Synch pitching teams to be ahead of the game and chase down high-profile opportunities.

Our team have direct relationships with the world's biggest film studios, advertising agencies, broadcasters and music supervisors. These relationships and our efficiency in responding to opportunities are effective in getting our Songs to the front of the queue in the creative and commercial decision making process. It also means that we are not reliant on the administrators of our Songs to generate opportunities for our Catalogue.

During the year, we have invested in growing our global Synch team, particularly in London and New York. Additionally, we have built a comprehensive international network of Synch agents, providing coverage across all major markets in Europe and Asia. This has delivered a 20% increase of formal licensing requests approved in the 6 months to 31 March 2022 vs the prior half year period. We are starting to see our increasing Synch activity deliver additional income, with a +7% increase in Synch PFAR in H2 2021 vs H1 2021.

Here are some of our recent Synch successes from across the Catalogue:

TV and Streaming

- The trailer for season 4 of Netflix's smash hit 'Stranger Things' features Journey's song *Separate Ways (Worlds Apart)*. The trailer gained over 5.8 million views, in the first 24 hours.
- Three of the 10 songs featured in Season Two of Netflix's 'Bridgerton' were written by Hipgnosis songwriters: Pink *What About Us* (co-written by Johnny McDaid), Miley Cyrus' *Wrecking Ball* (co-written by Sacha Skarbek) and Harry Styles' *Sign of the Times* (co-written by Jeff Bhasker).
- Jill Andrews' recording of Neil Young's *Only Love Can Break Your Heart* features in the latest season of NBC's 'This Is Us'. In another episode, Lorde's *Royals* (co-written by Joel Little) was also used.
- Danny Boyle's Disney+ series 'Pistol' – about the story of the Sex Pistols, featured The Pretenders' *Kid* and *Brass In Pocket*, both of which were written by Chrissie Hynde.
- *Munich* (written by Hipgnosis' Editors) was featured in Showtime's breakout critically-acclaimed series, 'Yellowjackets'.
- *Here In Spirit* by Jim James featured in Netflix's 'Ozark' season 4. Following this, the song was on Shazam's biggest movers around the launch of the season.
- The first episode of CBS' 'The Equalizer' features an on-screen performance of Neil Young's timeless song, *Old Man*.
- *Bad To The Bone* by George Thorogood is the soundtrack to a major promotion for Amazon's global Prime Video Streaming platform.
- Ciara's *Girl Gang*, written by Tricky Stewart, soundtracks the trailer for Amazon Prime's forthcoming comedy, 'Harlem'.
- ABC's brand-new musical drama series 'Queens' features Diana Ross's *I'm Coming Out*, which was written by Nile Rodgers & Bernard Edwards.
- HBO Max's re-boot of 'Gossip Girl' features numerous Hipgnosis songs, including Jessie Ware's *Spotlight* and *B.O.M.B.* by St. Panther – and a cast performance of Lady Gaga's *Shallow*, which was written with Mark Ronson.
- Blondie's *One Way Or Another* was featured in the second season of Jerry Bruckheimer's TV series, 'Hightown'.
- BBC's 'Reclaiming Amy' documentary about Amy Winehouse features *Back To Black*, which was written by Mark Ronson.
- The trailer for season 3 of Netflix's 'Narcos' Mexico featured Soundgarden's *Black Hole Sun*, written by Chris Cornell.
- AppleTV's 'WeCrashed' drama series (about the WeWork organisation), features Katy Perry's *Roar* (co-written by Bonnie McKee), on multiple occasions throughout the series. The show also features St Vincent's *New York* (Annie Clark), Baauer's *Harlem Shake* (Harry Rodrigues), Nicolai Jaar's *Three Sides of Nazareth* and Odie's *Utopia* (Phil Scully).
- HBO Max's new series 'Our Flag Means Death' features both Heart's *Crazy On You*, co-written by Ann Wilson and Blondie's *Atomic*, written by Debbie Harry and Chris Stein.
- The new season of ABC's 'Black-ish' features Dionne Warwick's *That's What Friends Are For* (co-written by Carole Bayer Sager).

Film

- Nirvana's *Something In The Way*, mixed by Andy Wallace, enjoyed a prominent feature throughout the latest instalment of the Batman franchise. Consumption of the song surged across all major platforms following the release of the trailer for the film.
- The Spencer Davis Group *Gimme Some Lovin* is the soundtrack to the trailer of Warner Bros' hotly anticipated 'Father of The Bride' – a 2022 re-make of the iconic Steve Martin film from 1991.
- 'Sing 2' – which was the largest animated film of 2021, featured no fewer than eight of Hipgnosis' songs. Shawn Mendes *There's Nothing Holdin' Me Back*, co-written by Scott Harris & Teddy Geiger, was the main song in the film and has gone on to secure numerous ancillary usages relating to the film's global marketing campaign.
- Eurythmics' *Sweet Dreams (Are Made of This)*, co-written by Dave Stewart, featured in the main trailer for MGM's major worldwide Q4 release 'House of Gucci', directed by Ridley Scott and starring Lady Gaga and Adam Driver.

- The initial trailer for the same movie was also soundtracked by a Hipgnosis song, *Heart Of Glass* by Blondie, written by Debbie Harry and Chris Stein.
- The trailer for DC's hotly-anticipated 'Black Adam' was soundtracked by a remix of the Soundgarden song *Black Hole Sun*, which was written by Chris Cornell.
- *Love Shack* by the B-52's is featured in Netflix's hugely successful and critically acclaimed new musical, 'Tick, Tick... Boom!'.
- Oscar-winning Will Smith's film 'King Richard' featured Journey's *Only The Young*, which was co-written by Hipgnosis' Neal Schon & Jonathan Cain.
- *Livin' On A Prayer* by Bon Jovi (co-written by Richie Sambora) enjoys a key featured usage in the Oscar-nominated Olivia Coleman movie, 'The Lost Daughter'.
- Burberry's global campaign for their 'Hero' fragrance – starring Adam Driver, featured *Two Weeks* by FKA Twigs (written by Emille Haynie) as its soundtrack.
- Hipgnosis songwriter Birdy re-recorded Ivor Raymonde's *I Only Want To Be With You* (which is owned by Hipgnosis), for a major Deutsche Telekom advertising campaign.
- Michael Kors' Christmas commercial for 2021 was soundtracked by Sister Sledge's *We Are Family*, which was written by Nile Rodgers and Bernard Edwards.
- Wells Fargo selected Fitz & The Tantrums' *HandClap* (written by Sam Hollander) to soundtrack their North American brand campaign.
- Nelly's *Hot In Here* was chosen as the soundtrack for Burger King's North American advertising campaign.

Advertising

- Amazon's 2022 Superbowl commercial featured Fleetwood Mac's *Little Lies* (written by Hipgnosis' Christine McVie).
- 7-Up has selected Bruno Mars' *Uptown Funk*, co-written by Mark Ronson, as the soundtrack to their global 2022 re-launch campaign.
- Carolina Herrera's new global TV campaign for their 'Bad Boy' fragrance, is soundtracked by Mark Ronson's *Ooh Wee*.
- UK retailer Tesco selected *Hero* by Enrique Iglesias as the soundtrack to their latest TV advertising campaign.
- Mariah Carey's *All I Want For Christmas Is You*, co-written by Walter Afanasieff, was the focus of McDonald's Christmas 2021 campaign.
- Our classic Bond theme *Nobody Does it Better* by Carly Simon, co-written by Carole Bayer Sager, was the soundtrack for DHL's global advertising campaign, which was launched in conjunction with the long-awaited James Bond blockbuster film '007: No Time To Die'.
- *It's My Life* (written by Richie Sambora) was selected by German supermarket chain Penny for their Christmas campaign 2021. The commercial, which speaks about the difficult times especially teenagers are going through during the pandemic, went viral immediately, amassing close to 14 million views on YouTube alone in the first four weeks after its launch.
- Global car brand Genesis used two of Hipgnosis' songs for their GV70 and GV80 brand campaigns: FKA Twigs' *Video Girl* (written by Emille Haynie) and Ólafur Arnalds' *Particles*.
- BMW selected *Get After It* by The Cadillac Three as the soundtrack for one of their key 2021 brand campaigns.
- In Australia, McDonald's chose Bon Jovi's *Livin' On A Prayer* (co-written by Richie Sambora) to soundtrack their nationwide advertising campaign.

Video Game

- The El-P remix of *Supercut* by Lorde (written by Jack Antonoff) features in the soundtrack to EA's 'FIFA 22' video game.
- Hipgnosis has now approved the use of over 70 songs in the mobile game 'Beatstar', which launched globally in August 2021.
- A number of Hipgnosis songs are currently appearing in Fortnite, including: Glass Animals' *Heat Waves* (David Bayley), Zella Day's *Dance For Love* (Ryan Hahn), Bruno Mars' *Treasure and Locked Out of Heaven* (Ari Levine), Lennie Squire's *Gold* (Bede Kennedy), Mitski's *The Only Heartbreaker* (Dan Wilson) and Normani's *Motivation* (Savan Kotecha).
- Hundreds of songs from across the Hipgnosis catalogue are also being licensed for use in an array of other games, including: Grand Theft Auto, Fortnite, The Sims, Call of Duty, Let's Sing, NHL '22, Gran Turismo, WWE 2K22, Roblox, Beat Saber, Rocket League, Dance Church, Riders Republic, Rock Band and many more.

Song Administration

A key part of our strategy is to reduce administration costs and ensure that these payments from Publishers are received as quickly as possible. We continue to revert and renegotiate administration rates on Catalogues at the earliest possible opportunity (unless there are compelling reasons to partner with existing administrators) and we continually look for the best solution.

Our acquisition in September 2020 of Hipgnosis Songs Group (HSG), formerly Big Deal Music, has been instrumental in that journey. HSG's administration capabilities allow the Fund to benefit from its own efficient in-house administration function in the US. HSG now administers a total of 32 of the Fund's Catalogues across 60 specific agreements, representing 5,483 compositions. These include the US sourced income from Catalogues by: Red Hot Chili Peppers, Neil Young, Benny Blanco, Brian Higgins, Itaal Shur, Johna Austin, Sam Hollander, Tom DeLonge and Christine McVie. We anticipate more catalogues to move across in the coming months.

Reverted Catalogues for SONG

As at 31 March 2022	Number of agreements	Number of Catalogues
To Kobalt	60	29
To HSG	39	32
To Peermusic	2	2
Overall Catalogues Reverted		34*

*In most instances, Catalogues are reverted to more than one Administrator.

We review all options to ensure the administration of our Catalogues is carried out as efficiently and cost-effectively as possible. Following the financial year end, we have agreed a ground-breaking new deal whereby Sacem, the French CMO, will collect the digital rights income for the writers' share, primarily in the UK and the EU and pay them directly to Hipgnosis. This direct collection model eliminates one link in the royalty collection process, materially reducing third party administration and collection fees and the length of time it takes to collect digital revenues. Initially, we are transferring approximately 30 Catalogues where the Song Administration rights have fully reverted to Hipgnosis i.e. where existing administration deals have lapsed. We are thrilled to be partnering on this direct collection model with Sacem.

Alongside this, we have also signed a sub publishing partnership with Peermusic, the world's largest independent music publishing and neighbouring rights administration company, for them to administer specific Catalogues. Peermusic will collect royalties in territories not administered by HSG or Sacem, primarily Latin America and Asia. This deal allows us to help maximise local Synch markets through their worldwide offices.

Whilst HSG is increasingly administrating the US portions of our Catalogues, it continues to be a third-party administrator as well. Noteworthy, this year HSG has administered *Truth Hurts*, by Lizzo, as seen earlier, as well as Glass Animals' outstanding song *Heat Waves*. The latter reached Number One on the US Top 40 Charts as well as Number One on the Billboard Hot 100 and Billboard Global 200 Charts, and Number One on both the Spotify US and Global charts. It also became part of Spotify's Billions Club in September 2021.

Song Copyright Management and uplift

Our multi-pronged initiatives within Copyright Management, which centre on searching for missing revenues, continue unabated.

This has involved designing an in-house system gathering data available on every Song that we own, to help us build a true picture of our Catalogue. This aim serves various purposes: to make sure our Synch and Copyright teams have immediate and accurate access to all relevant information and to give us the ability to search for missing revenue across some of our major platforms.

Delays in payments occur when the aggregate compositional shares are greater than 100% within a song. We flag where this is the case in order to unlock disputes, which leads to higher revenues for Hipgnosis.

In order to increase monetisation, Hipgnosis has partnered with a number of third-party providers across different revenue streams. We set out in the following table the number of partners that Hipgnosis is working with. The number depends on the complexities and opportunities we have identified to seek extra revenues. Currently all our partners are in a trial period and as the results come through, we will roll-out successful partnerships across the Catalogue.

Third-Party Partnerships

	Number of partners
Online Revenues	3 (in trial)
Synch Revenues	1 (in trial)
Mechanical Revenues	4 (in trial)
Neighbouring Rights	1 (in trial)
Writer Share of Performance	1 (in trial)
Live Performance	3 (in trial)

We have partners that are focused on looking for missing YouTube revenues; in other cases, we are trialling technology platforms that scan US sports-related television channels for un-reported Synchronisations. Preliminary results of the trials are impressive and we are currently analysing the data in depth.

Our efforts are also centred on maximising revenues within the payment processing chain. For example, a variety of services have been commissioned to search and claim missing royalty streams via The Mechanical Licensing Collective (The MLC). This involves identifying registration issues and ensuring revenues are correctly linked between original and samples, remixes and cover versions.

The return to Live performances has given us the chance to trial the PRS Major Concert Service. This eliminates the standard PRS deductions on gross ticket sales and speeding up royalty payments.

Song Creation

Song Creation additionally delivers dynamic Catalogue growth via a stable of active, front-line writers and artists. Building future assets at a relatively low cost, providing contemporary context, contacts and synergistic opportunities throughout the industry is the strength and ongoing mission of HSG's Song Creation team.

The Song Creation team continues to invest in front line contemporary writers and has invested \$13.7 million in new signings, options and renewals during the financial year. Highlights from the period include the signings of Monsters and Strangerz, Normani, as well as a NO ID Joint Venture.

Highlights from Song Creation

Normani: Within the period, HSG signed six-time BMI Award winning songwriter Normani, who has also taken home two iHeartRadio Music Awards, an MTV VMA and a Soul Train Music Award already.

Jordan and Stefan Johnson (part of the Monsters & Strangerz) recently had their 4th Top 40 Number 1 with Justin Bieber's *Ghost*, and earned a combined 3 Grammy nominations for their work on Bieber's album *Justice*, including one for the single *Anyone*.

As an example of the opportunities that HSG provides, Hipgnosis Songs Fund acquired the Catalogue of Monsters & Strangerz in July 2021 and used the leverage of that deal to sign the writers for administering their new songs too. Stand out songwriting involvement from Monsters and Strangerz includes Dua Lipa's *Break My Heart* which reached Top Ten in 21 countries and Miley Cyrus featuring Dua Lipa's *Prisoner* which hit Number One slots across Europe. Most recently, their songwriting involvement with *Wild Dreams feat. Khalid*, on Burna Boy's new album, *Love, Damini*, is gaining global traction. The album opened its first week and is charting at Number 1 in 49 countries and 111 countries overall on Apple Music.

Jake Sinclair, is one of our publishing Songwriters and co-wrote all the Songs on Panic! At The Disco's forthcoming *Viva Las Vengeance* album. Their first single, eponymously titled, has just been released and went to Number 1 on 30 June 2022 on the US Alternative radio daily chart.

HSG writers were included in an impressive 18 Grammy nominations for 2021, and won the following:

- **Jon Batiste** – Album of the Year for *We Are* (Vic Dimotisi/Zach Cooper aka King Garbage, composers)
- **St. Vincent** – Best Alternative Music Album for *Daddy's Home*
- **Angélique Kidjo** – Best Global Music Album for *Mother Nature* (Shungudzo, composer, guest artist)
- **Esperanza Spalding** – Best Jazz Vocal Album for *Songwrights Apothecary Lab* (Phoelix, producer, multi-instrumentalist).

Live Music Is Back!

Red Hot Chili Peppers 2022 Tour Dates

2022 Tour Dates	City	Country	Stadium/Venue	Venue Capacity
Leg 1 - Europe				
4 June	Sevilla	Spain	Estadio de La Cartuja	75,000
7 June	Barcelona	Spain	Estadi Olímpic Lluís Companys	60,713
10 June	Nijmegen	Netherlands	Goffertpark	-
12 June	Bratislava	Slovakia	Lovestream Festival – Tehelné Pole	22,500
15 June	Budapest	Hungary	Puskás Aréna	52,000
18 June	Florence	Italy	Visarno Arena	11,000
22 June	Manchester	England	Emirates Old Trafford	50,000
25 June	London	England	London Stadium	80,000
26 June	London	England	London Stadium	80,000
29 June	Dublin	Ireland	Marlay Park	40,000
1 July	Glasgow	Scotland	Bellahouston Park	35,000
3 July	Werchter	Belgium	Festivalpark Werchter	88,000
5 July	Cologne	Germany	Müngersdorfer Stadion	80,000
8 July	Paris	France	Stade de France	100,000
9 July	Paris	France	Stade de France	100,000
12 July	Hamburg	Germany	Volksparkstadion	76,000
Leg 2 - North America				
23 July	Denver	United States	Empower Field at Mile High	76,125
27 July	San Diego	United States	Petco Park	42,445
29 July	Santa Clara	United States	Levi's Stadium	68,500
31 July	Los Angeles	United States	SoFi Stadium	70,000
3 August	Seattle	United States	T-Mobile Park	47,943
6 August	Paradise	United States	Allegiant Stadium	65,000
10 August	Atlanta	United States	Truist Park	41,149
12 August	Nashville	United States	Nissan Stadium	69,143
14 August	Detroit	United States	Comerica Park	41,083
17 August	East Rutherford	United States	MetLife Stadium	82,500
19 August	Chicago	United States	Soldier Field	64,500
21 August	Toronto	Canada	Rogers Centre	53,506
30 August	Miami Gardens	United States	Hard Rock Stadium	65,326
1 September	Charlotte	United States	Bank of America Stadium	75,412
3 September	Philadelphia	United States	Citizens Bank Park	43,305
8 September	Washington, D.C.	United States	Nationals Park	41,313
10 September	Boston	United States	Fenway Park	37,731
15 September	Orlando	United States	Camping World Stadium	65,000
18 September	Arlington	United States	Globe Life Field	40,300
25 September	Louisville	United States	Kentucky Exposition Center	19,196
7 October	Austin	United States	Zilker Park	-
14 October	Austin	United States	Zilker Park	-



**Red Hot Chili Peppers,
London Stadium 25-26 June 2022
- SOLD OUT, 160,000 people**

Photo by David Mushegains

Hipgnosis Song Management

During the period, the Investment Adviser, formerly The Family (Music) Ltd., changed its name to Hipgnosis Song Management Ltd (HSM). At the same time, it entered into an agreement with Blackstone, the alternative investment manager, with Blackstone taking an ownership stake in HSM. In addition, HSM is acting as Investment Adviser for Hipgnosis Songs Capital, a fund investing on behalf of funds managed by Blackstone.

This was made possible following several months of extensive negotiations with the Board of Hipgnosis Songs Fund and discussions with major Shareholders. This has ensured robust and well thought out co-Investment and conflicts policies. Under the co-investment policy, Hipgnosis Songs Fund has the right to participate in 20% of any Catalogue purchased, alongside the Blackstone backed fund on identical financial terms. This reflects the expected deployable capital of the two funds over the medium term. Further, the new arrangement will (when funds permit) enable Hipgnosis Songs Fund to participate in more transactions than would have been the case on a stand-alone basis.

Upgrading management/capabilities

The investment made by Blackstone into Hipgnosis Song Management has enabled us to make considerable investment in people and systems across our Song

Management, finance, investment teams and data analytic functions. This is enabling us to further improve the sophistication of our approach to acquiring Catalogues and ensuring that we maximise the earnings whilst respecting the artistic integrity of the songs which we curate.

We believe that the combined benefits of these investments will be demonstrated in future years by our ability to correctly price new acquisitions, our ability to reduce costs by carrying out additional functions in-house and by increased revenues as a result of our ability to proactively manage our Catalogue.

Respecting our artists

The removal of Neil Young's Master Recordings from Spotify in January 2022, at his request, in protest against misinformation on the COVID-19 virus on the platform created much comment.

Hipgnosis' thesis has always been that the longevity of a song's income is determined not only by the music, but equally by its cultural and emotional importance to listeners. Neil Young is a perfect example of this and as a result of always conducting himself with integrity to ensure that the cultural importance of his music is preserved, his songs are still popular and still have meaning over 50 years after their release.

Hipgnosis owns 13 of the top 30 from YouTube's Most Viewed Music Videos of All Time



2	Shape of You • Ed Sheeran • Johnny McDaid	18	Lean On (feat. MØ & DJ Snake) • Major Laser, MØ, DJ Snake • Martin Bresso
4	Uptown Funk (feat. Bruno Mars) • Mark Ronson • Mark Ronson, Jeff Bhasker	21	Waka Waka (This Time for Africa)(The Official 2010 FIFA World Cup™ Song) • Shakira • Shakira
7	Sugar • Maroon 5 • Jacob Kasher Hindlin	22	Mi Gente • J Balvin, Willy William • The-Dream
8	Roar • Katy Perry • Bonnie McKee	27	Baby (feat. Ludacris) • Justin Bieber • The-Dream, Tricky Stewart
10	Sorry • Justin Bieber • Skrillex	28	Chantaje (feat. Maluma) • Shakira • Shakira
13	Girls Like You (feat. Cardi B) • Maroon 5 • Starrah	30	New Rules • Dua Lipa • Caroline Ailin
17	Bailando (feat. Descemer Bueno, Gente De Zona) • Enrique Inglesias • Enrique Inglesias		

Song Title • Artist(s) • Hipgnosis contributor(s)
Source: YouTube, 28 May 2022

SUPERSTARS • SUPER SONGS

Our Great Songwriters have written Iconic Songs for:

Ariana Grande

No Tears Left To Cry

• Savan Kotecha

One Last Time

• Giorgio Tuinfort

God Is A Woman

• Savan Kotecha

**Break Up With Your Girlfriend,
I'm Bored**

• Savan Kotecha

Breathin

• Savan Kotecha

**Don't Call Me Angel (Charlie's Angels)
(with Miley Cyrus & Lana del Rey)**

• Savan Kotecha

Bloodline

• Savan Kotecha

Bad Idea

• Savan Kotecha

Fake Smile

• Happy Perez

Greedy

• Savan Kotecha

Ghostin And Everytime

• Savan Kotecha

Everytime

• Savan Kotecha

Honeymoon Avenue

• Rodney Jerkins

Why Try

• Ammar Malik

Break Your Heart Right Back

• Bernard Edwards

They Don't Know

• Savan Kotecha

Winter Things

• Thomas Brown/Rodney Jerkins

**Bad To You (with Normani &
Nicki Minaj)**

• Savan Kotecha

I Don't Care

• Rodney Jerkins

December

• Thomas Brown/Rodney Jerkins

Only 1

• Rodney Jerkins

Daydreamin'

• Rodney Jerkins

Hands On Me

• Rodney Jerkins

True Love

• Rodney Jerkins

Intro

• Rodney Jerkins

Wit It This Christmas

• Rodney Jerkins

Not Just On Christmas

• Rodney Jerkins

How I Look On You

• Savan Kotecha

Nobody (with Chaka Khan)

• Savan Kotecha

SUPERSTARS • SUPER SONGS

Our Great Songwriters have written Iconic Songs for:

Ed Sheeran



Shape Of You

• Johnny McDaid

Photograph

• Johnny McDaid

Castle On The Hill

• Benny Blanco

Galway Girl

• Johnny McDaid

Happier

• Benny Blanco

Dive

• Benny Blanco

Tenerife Sea

• Johnny McDaid

Supermarket Flowers

• Benny Blanco/Johnny McDaid

What Do I Know?

• Johnny McDaid

Kiss Me

• No I.D.

New Man

• Benny Blanco/Ammar Malik

Bloodstream

• Johnny McDaid

Barcelona

• Benny Blanco/Johnny McDaid

All Of The Stars

• Johnny McDaid

Nancy Mulligan

• Benny Blanco/Johnny McDaid

Hearts Don't Break

Around Here

• Johnny McDaid

Eraser

• Johnny McDaid

Bibia Be Ye Ye

• Benny Blanco

Afire Love

• Johnny McDaid

Nina

• Johnny McDaid

Take It Back

• Johnny McDaid

New York

• Emile Haynie

English Rose

• Johnny McDaid

I Will Take You Home

• Johnny McDaid

ED SHEERAN FEATURES:

EMINEM

River (feat. Ed Sheeran)

• Emile Haynie

CHRISTINA PERRI

Be My Forever

(feat. Ed Sheeran)

• Christina Perri

WRETCH 32

Hush Little Baby

(feat. Ed Sheeran)

• TMS

Neil Young asking for his music to be removed from Spotify not only stands by the artistic integrity of his songs but further adds to their cultural meaning.

The publicity around his decision led to an immediate jump in consumption of Neil's music as established fans returned, demonstrating their love for his music, and many new music lovers who had not previously found Neil's music discovered it for the first time, using one of the other platforms which still offered Neil's music.

Writer advocacy

Songwriters deliver the most important component of a Song but continue to be paid inequitably. Through our platform and influence, Hipgnosis continues to campaign for that to change. We aim to take the Songwriter from the bottom to the top of the economic equation with our advocacy on this issue. When a Catalogue is acquired, our Shareholders sit directly in the shoes of the songwriter so there is complete alignment between the Songwriting community and our Shareholders. What is in the best interest of the songwriter is also in the best interest of the Company.

In the US, rates for royalty payments are set by the Copyright Royalty Board (CRB), on a rolling five year period. We have worked closely with both the National Music Publishers' Association (NMPA) and the Nashville Songwriters Association International (NSAI). On 1 July 2022, the US Copyright Royalty Board (CRB) disallowed the appeal by various Streaming services against the CRB III determination to increase mechanical Streaming royalty rates for songwriters and publishers.

The increase, which is incremental over the period covered by CRB III (1 January 2018 until 31 December 2022) will culminate in a 44% uplift in the "all in"

(mechanical and performance) statutory minimum rates for Streaming paid in the US, rising from 10.5% of Streaming revenues prior to 2018 to 15.1% in 2022.

Additionally, in April 2022, the NMPA and the NSAI representing artists and Sony Music Entertainment, UMG Recordings, Inc. and Warner Music Group Corp made a joint proposal to the CRB for a settlement on mechanical royalties for the CRB IV period, running from 2023-2027.

The proposed settlement, if confirmed by the CRB, would result in a 32% uplift from 2023 in the mechanical rate paid to publishers and Songwriters for music purchased as a physical sale from 9.1¢ per track to 12¢ per track. Additionally, these royalty rates would increase annually in line with the Consumer Price Index. This is the first increase in the rate since 2006 and this is a step in the right direction and has been heavily influenced by our advocacy.

In the UK, an investigation by the Department for Digital, Culture, Media and Sport Select Committee (DCMS), published in the summer of 2021, prompted the Secretary of State for Digital, Culture, Media and Sport to refer the dominance of the major music groups to the Competition and Markets Authority (CMA) for a market study. Hipgnosis has submitted evidence to the CMA and continues to meet with them on a regular basis with the belief that the CMA will launch a full market investigation. A decision is due by the end of July 2022.

It is worth repeating: the Song is the currency of our business. Yet the Songwriter – who delivers the most important component to the success of a record company, publisher, promoter, manager, agent, music venue, radio station, broadcaster etc. – is the lowest paid person in the economic equation.

The Advisory Board

The Advisory Board assembled by Merck Mercuriadis assists the Investment Adviser.

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Nile Rodgers

Rock And Roll Hall Of Fame and Songwriters Hall Of Fame Inductee, Chairman Of The Songwriters Hall Of Fame. Grammy award-winning Songwriter, producer and musician. Founder of the band Chic. Co-writer and producer of iconic hits for David Bowie, Madonna, Duran Duran and Daft Punk.



The-Dream

Grammy award-winning Songwriter, producer and musician. Wrote and produced iconic hits for Beyoncé, Jay Z, Kanye West, Rihanna, Mariah Carey, Britney Spears and Justin Bieber.



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HIPGNOSIS



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Poo Bear

Multi-platinum producer, singer and Songwriter aficionado, Jason Boyd, better known to the masses as Poo Bear, is a five-time Grammy winning musical force of nature having sold over 500 million records worldwide. Best known for his unforgettable collaborations with Ed Sheeran and Justin Bieber.



Rodney "Darkchild" Jerkins

Grammy Award winning super-producer with a trail of outstanding accomplishments. He has added to the hit lists of music talents such as Whitney Houston, Justin Bieber, Ariana Grande, Drake, Destiny's Child and countless others. These artists know that having the "Darkchild" touch on their song puts it on the fast track toward reaching Number One.



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Starrah

Amongst the most important young Songwriters having written 14 hit singles thus far including the Number 1 Song Havana by Camila Cabello and Girls Like You by Maroon 5. Havana was the biggest song in the world in 2018.



David A. Stewart

One of the most successful Songwriters, Artists and Producers of all time. His work with Eurythmics, Tom Petty & The Heartbreakers, Shakespears Sister, No Doubt, Mick Jagger, Bob Dylan and Eric Clapton amongst many others defines its era.



Giorgio Tuinfort

Grammy award winning Songwriter and one of the most important pop writers of the last 10 years. The partner of choice for David Guetta and Akon. He has written number 1 Songs for Sia, Gwen Stefani and Ariana Grande.



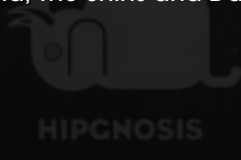
Ian Montone

Attorney and founder of Monotone Management. Manager of Jack White, The White Stripes, Vampire Weekend, The Shins and Danger Mouse.



Bill Leibowitz

Attorney, founding partner of Roberts, Leibowitz and Hafitz PLLC. Former COO and General Counsel for The Sanctuary Group. Specialises in intellectual property law and during his legal career of 35 years he has represented many renowned artists and major international intellectual property companies.



HIPGNOSIS



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Financial Review

NAV

The Company reports two net asset values; an IFRS NAV which is prepared in accordance with IFRS under which the Company's investments in Catalogues are held at cost less amortisation and impairment, and an Operative NAV which adjusts the IFRS NAV to reflect the fair value of the Company's Catalogues, as determined by the Portfolio Independent Valuer. The Board and the Investment Adviser consider that the most relevant NAV for Shareholders is the Operative NAV.

The Operative NAV per share increased by 9.9% to \$1.8491 during the year (31 March 2021: \$1.6829), which, when including dividends paid of 5.25p per Share (7.26c per Share) represents a 12-Month Total \$ NAV Return of 14.2%. As a testament to the resilience of the Hipgnosis Portfolio, despite the significant impact of COVID-19 during the period, the dividends paid of 5.25p per Share were fully covered by Leveraged Free Cash Flow (1.01x). Total \$ NAV Return to Shareholders is 59.1% since the IPO on 11 July 2018.

Based on the Sterling to Dollar exchange rate at 31 March 2022 of 1.3134, the Operative NAV presented in Sterling would be 140.79p per Share (31 March 2021: 122.50p based on Sterling to Dollar exchange rate of 1.3738).

The growth in the Operative NAV over the year was primarily driven by a 9.5% like-for-like uplift in the Fair Value of Catalogues as appraised by the Portfolio Independent Valuer, Citrin Cooperman Advisors LLC (formerly Massarsky Consulting Inc.). The strong growth across the portfolio, but in particular in the contemporary Catalogues evidences the benefits of the Company's acquisition strategy of purchasing incredibly successful and culturally important songs that are at the heart of Streaming. This growth in the value of the Catalogues resulted from:

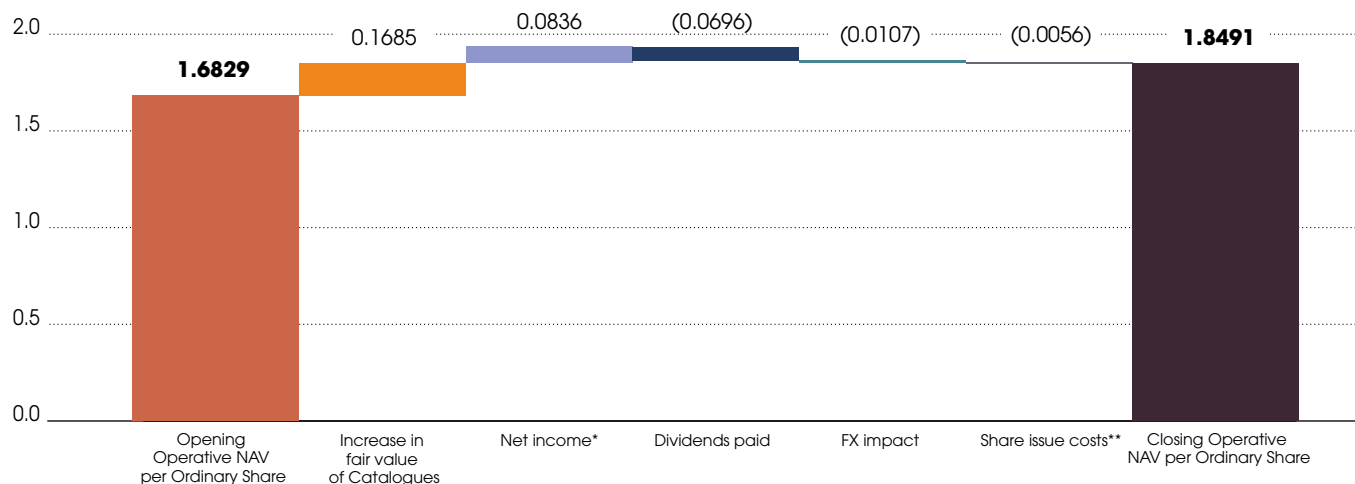
- Strong Streaming growth across the Portfolio particularly in the second half of the year, in excess of the Portfolio Independent Valuer expectations and market growth rates, resulting in an increase in expected future Streaming revenues; and
- An increase in expected revenues due from alternative platform licensing, which refers to licensing on social media, gaming and other emerging platforms including TikTok, Facebook and Triller, as material revenues start to be paid by these sources to publishers and recorded music companies.

The Portfolio Independent Valuer calculated the Catalogue Fair Value as at 31 March 2022 using a discount rate of 8.5% (31 March 2021: 8.5%).

The Portfolio Independent Valuer believes that a

Operative NAV Bridge (\$)

from 1 April 2021 to 31 March 2022



* Net income reflects net revenue less operating expenses (excluding foreign exchange loss and amortisation of catalogues) less tax expense.

** Share issue costs reflect the costs of share issuances during the period, which were fully borne out of the gross proceeds of the respective issue and were fully recouped through the issue price premium to the latest published Operative NAV per Ordinary Share at that time.

discount rate of 8.5% is the correct rate within a rising interest rate environment, and also reflects music's stability as an asset class, given its decreased risk profile compared to other industry sectors, such as predictability of earnings.

Revenue

Gross revenue increased by 24.7% year-on-year to \$200.4 million (31 March 2021: \$160.7 million). Net revenue of \$168.3 million increased by 21.7% year-on-year (31 March 2021: \$138.3 million), this is after royalty cost deductions of \$32.0 million (31 March 2021: \$22.5 million) which relate to contractual royalties due to writers in HSG and Kobalt Fund One.

The increase in gross and net revenue were primarily a result of an increase in the number of Catalogues owned during the period, with the Company investing \$265.1 million into 8 Catalogues in the year, partly offset by a reduction in Right To Income (RTI) to \$17.97 million (31 March 2021: \$66.6 million).

In addition, in order to present comparable accounts with listed major music companies, the Company has optimised its accrual process to also more accurately recognise earnings based on expected usage (where appropriate), rather than when earnings were paid to, and being processed by, collection societies, publishers and administrators. This change in estimate has affected the timing of the recognition of certain revenues, with a \$36.0 million additional estimate accrual for the current year, compared to the prior year basis of estimation. This is not considered to be a change in accounting policy but a refinement of the estimate methodology. As this refinement was applied this year for the first time, the like-for-like increase in the revenue accrual from this year to that in the prior year is not expected to occur in future periods. Further detail is provided in the Usage Accrual section below.

In order to provide its Shareholders with an understanding of the like-for-like performance of the Company's revenues, by removing the impact of non-

recurring items, including the impact of new Catalogue acquisitions, RTI and the Usage Accrual, the Company presents the Pro Forma Annual Revenue (PFAR) performance measure. This shows the royalty revenue earned by Catalogues in a calendar year largely based on royalty statements received, irrespective of whether the Songs were owned by the Company over the period analysed. The Company believes this provides a relevant like-for-like full year income comparison of the Group's Catalogues of Songs held as at the year end.

There is a significant time lag for music royalties between the time a song is performed and when the revenue is received by the copyright owner. As a result, as set out in the interim report for the period ended 30 September 2021, the reported Pro Forma Annual Revenue (PFAR) figure for the 12-months to December 2020 that includes statements received up to 31 March 2021, of \$121.26 million was impacted by the restrictions put in place to combat the COVID-19 pandemic in 2020.

Lockdowns had a material impact on performance income (which is driven by songs performed in shops, bars, restaurants and live music) and the income of younger Catalogues (<10 years old) which are more reliant on promotional activities surrounding live shows and new releases.

The table below shows PFAR at six monthly intervals for Catalogues owned at 31 March 2022. In order to give investors greater insight into the recovery from the impact of COVID-19, the Company has also included the PFAR for the year to 31 December 2021.

In addition, the PFAR for the year to December 2021, has been broken down into the first and second six months. Whilst the full year PFAR to 31 December 2021 (\$114.86 million) shows a COVID-19 impacted 5.3% decrease compared to the equivalent period in 2020 (\$121.26 million), the Company has seen strong like-for-like growth 11.6% in the second half of 2021. This growth has been driven by a strong increase in Streaming

Pro Forma Annual Revenue for Catalogues owned as at 31 March 2022

	12 months to Jun 20 \$m	12 months to Dec 20 \$m	12 months to Jun 21 \$m	12 months to Dec 21 \$m
PFAR for Catalogues owned as at 31 March 2022	131.68	121.26	115.91	114.86
<10 years	65.84	57.14	50.99	49.32
>10 years	65.84	64.12	64.92	65.54

Note. Older or Younger than 10 years of a Catalogue is calculated as the average release year of a Catalogue as at 1 January 2022 weighted on earnings, at time of acquisition.

income together with a partial recovery in performance income as COVID-19 restrictions eased.

Historically the Company has provided analysis of its net revenues split by income type however, due to the high level of RTI in the prior year and the Usage Accrual in the current year, this analysis does not provide comparable results in the current period. As a result the Company has presented the income type split over its six month pro forma revenues to provide like-for-like analysis of its growth drivers.

12-month PFAR to December 2021, split by half year and by income type

	Six months to Jun 21 \$m	Six months to Dec 21 \$m	Change %
Mechanical Income	2.55	2.31	(9.4)
Performance Income	12.16	13.24	8.9
Digital Downloads Income	1.83	1.68	(8.0)
Streaming Income	21.92	26.18	19.4
Synchronisation Income	7.41	7.93	7.0
Producer Royalties	3.76	3.92	4.2
Masters Income	3.75	4.04	7.6
Other Income	0.91	1.27	38.6
	54.29	60.57	11.6

This data shows strong Streaming growth, with 19.4% increase for the half, which compares favourably against global Streaming annual market growth of 24.3% as disclosed by IFPI. As a result, Streaming income represented 43.2% of pro forma revenue between July and December 2021 (Jan-June 2021: 40.4%). The Company is now seeing a number of contemporary Catalogues delivering stabilised earnings indicating the end of their decay cycle ahead of the Portfolio Independent Valuer's original expectations.

This strong growth leaves the Company well positioned to benefit from the continued expected growth in the Streaming market. In addition, despite strong user levels, the Company is yet to receive meaningful revenues from emerging platforms, such as TikTok, and expects this to be a material source of revenue growth in future periods. Record companies and publishers, who experience a shorter time lag on income, are already recognising significant revenues from these platforms.

Performance income, which is driven by songs performed in shops, bars, restaurants and live music, and

was therefore materially impacted by various lockdowns during COVID-19 grew by 8.9% in the second half of the year. This growth indicates that the Company is now starting to see the recovery in performance income from the impacts of various COVID-19 lockdowns. The major publishers, who experience a shorter time lag on performance income than Hipgnosis, have now reported a full recovery in performance income to pre-COVID-19 levels. The Company therefore expects to see strong growth and a full bounce back in performance income in the new financial year. This view is shared by our Portfolio Independent Valuer who is anticipating a full recovery in the Company's performance income in the financial year ending 31 March 2023.

There has also been an increase in the Company's Synch PFAR in the second half of 2021, growing by 7.0% partly driven by one-time settlements from TikTok and Peloton.

Mechanical income, driven by physical sales of CDs and vinyl relating to our Portfolio, and digital download income continued to decline as music consumption continues to transition from discretionary purchases of music towards Streaming.

Usage Accrual

As noted above, to bring the Group in line with other major publishers, the Company has updated its revenue accrual estimates also to reflect revenue at the point at which usage by the end customer is expected to occur. Revenues were previously recognised when earnings were paid to, and being processed by, collection societies, publishers and administrators. The Group now also includes an estimation of revenue to include the expected usage as of the accrual date, which is expected to trigger a contractual royalty payment to The Group. This element of the accrual estimate royalty statement data to calculate the delay between usage and subsequent payment to collection societies, publishers and administrators and applies this factor to our best reliable estimate of revenue for those periods.

This change in estimate has affected the timing of the recognition of certain revenues, with a \$36.0 million additional estimate accrual for the current year, compared to the prior year basis of estimation.

Costs

Adjusted operating costs less interest costs increased to \$38.4 million (31 March 2021: \$32.4 million). This is driven by an increase in Investment Advisory fees due to the

growth of the Company since the prior period, aborted deal costs and the recognition of a contingent bonus accrual in relation to specific Catalogue acquisitions.

Ongoing Charges as a percentage of the average Operative NAV has remained stable at 1.58% for the year ended 31 March 2022 (31 March 2021: 1.59%), reflecting the Board's commitment to control operating costs and maximise returns to Shareholders. The ongoing charges include a full year of Hipgnosis Songs Group's (HSG) operating costs compared to approximately seven months in the prior year. HSG has an internal administration function which enables the Company to benefit from reduced administration fees and faster royalty payment processing.

EBITDA

EBITDA for the year ended 31 March 2022 increased by 21.8% to \$129.9 million (31 March 2021: \$106.7 million), reflecting the growth in net revenue.

Leverage

Loan interest has increased to \$20.4 million (31 March 2021: \$7.3 million). The rise in interest costs are due to the increase in drawn debt as the Company has grown over the past two years. As at 31 March 2022 gross debt was \$600.0 million (31 March 2021: \$577.3 million) and net debt was \$569.9 million (31 March 2021: \$464.7 million). Net debt as a percentage of Operative NAV at 31 March 2022 was 25.4% (31 March 2021: 25.7%).

Leveraged Free Cash Flow was \$84.7 million as at 31 March 2022 (31 March 2021: \$82.1 million), which covered dividends paid out during the period by 1.01 times.

The Board, together with the Investment Adviser, is in the process of a review of its leverage structure with a view to reducing interest rate risk and control costs for the Company.

EPS

EPS for the year ended 31 March 2022 is -1.65¢ (31 March 2021: 4.72¢), the year-on-year decrease is largely driven by the impact of higher RTI in the prior year.

Adjusted EPS, as defined within the Alternative Performance Measures, removes the impact of Catalogues amortisation. The Group amortises Catalogues over a useful life, using a straight-line method of 20 years, which is in line with industry standard. Adjusted EPS for the year ended 31 March 2022 is 9.09¢ (31 March 2021: 12.41¢).

Accruals and Receivables

Accrued Income and Receivables at 31 March 2022 were \$111.9 million (on a gross basis), a breakdown of which is set out below:

- \$7.2 million receivable representing royalty statements received in March 2022 with payment received in April 2022 and May 2022;
- \$32.9 million for calendar Q1 2022 earnings where, due to the time lag in royalty reporting, statements are not expected to be received until calendar Q3 and Q4 2022;
- \$9.7 million for calendar Q4 2021 earnings which are not reported to the Company until calendar Q2 2022;
- \$7.3 million income accrual relating to time-lagged international reporting on PRO earnings. International PRO reporting has a significant time lag due to the additional collection time taken for PROs to distribute income from territories. The lag is due to the nature of processing royalties locally, then distributing them to the domestic PRO, which will in turn process and distribute these royalties to the Group. Six months of international PRO earnings are accrued, although can typically result in an earnings lag of up to 24 months;
- \$6.8 million HSG gross revenue accrual, which includes the accrued PRO lag. Separately, a \$5.6 million royalty creditor representing contractual royalties due to writers has been recognised;
- \$36.0 million income Usage Accrual, see Usage Accrual section for more details; and
- \$12.0 million relating to calendar Q2 2021 to Q3 2021 earnings for Catalogues where royalty reporting is still in the process of being redirected/switched over to the Company. These accruals are based on royalty statements received with invoices due to be raised on completion of the Letter of Direction.

Right to Income (RTI)

On acquisition of a Catalogue, the accounting policy of the Company is to allocate the full purchase consideration to the cost of the Catalogues asset. Income is recognised on acquisition via two separate mechanisms as follows:

1. Income derived from cash receipts from the Vendor, representing royalties collected by the Vendor starting from the date determined by the purchase agreement, which precedes the date of acquisition; and
2. Accrued receivables are recognised for any revenues generated by ownership of the IP to the extent that these are not yet collected.

If the income due under these mechanisms is for a period that precedes the start of the financial year that the Catalogue is acquired within, that income is booked within the financial year in which the Catalogue is acquired.

As discussed in the Interim Report, to provide further clarity to investors on RTI, the Company is providing additional disclosure of these revenues. In the prior Annual Report, RTI was solely defined as including revenue that was recognised on the acquisition of a Catalogue that preceded the financial year, so that investors could clearly identify all revenues which were not from the financial period being reported on. RTI has been re-defined to show both revenue recognised in 'Pre-Financial Year RTI' and 'Within Financial Year RTI'. Within Financial Year RTI is considered as recurring as it relates to a revenue period that will be collected and received by SONG in the following financial year.

The combined RTI recognised in the period was \$17.97 million (31 March 2021: \$66.6 million), of which the Pre-Financial Year RTI was \$14.09 million and the Within Financial Year RTI was \$3.88 million.

The table opposite shows Recurring Revenue vs. Pre-Financial Year RTI for each financial year to date.

Financial Year	Description	No. of Catalogues	Prior year (over)/under accrual	Financial year revenue (\$m)			
				Pre-FY (RTI)	Recurring revenue		Total revenue
					Within FY, pre-acq (RTI)	Within FY, Post-acq	
FY19	New acquisitions in year	13	-	2.52	-	6.88	9.40
			-	27%	-	73%	100%
FY19	Pre-existing Catalogues	-	-	-	-	-	-
			-	-	-	-	-
FY19	Total	13	-	2.52	-	6.88	9.40
			-	27%	-	73%	100%
FY20	New acquisitions in year	41	-	13.40	27.57	23.56	64.53
			-	16%	34%	29%	79%
FY20	Pre-existing Catalogues	13	1.66	-	-	15.88	17.54
			2%	-	-	19%	21%
FY20	Total	54	1.66	13.40	27.57	39.44	82.07
			2%	16%	34%	48%	100%
FY21	New acquisitions in year	84	-	28.94	37.66	26.16	92.76
			-	21%	27%	19%	67%
FY21	Pre-existing Catalogues	54	(4.90)	-	-	50.54	45.64
			(4%)	-	-	37%	33%
FY21	Total	138	(4.90)	28.94	37.66	76.70	138.40
			(4%)	21%	27%	56%	100%
FY22	New acquisitions in year	8	-	14.09	3.88	9.32	27.29
			-	8%	2%	6%	16%
FY22	Pre-existing Catalogues	138	(5.21)	-	-	146.27	141.06
			(3%)	-	-	87%	84%
FY22	Total	146	(5.21)	14.09	3.88	155.59	168.35
			(3%)	8%	2%	93%	100%

- **Prior Year over/under accrual** is the residual amount recognised in each financial year for the unwinding of estimates made for statements yet to come.
- **Pre-FY RTI** is revenue recognised in the current financial year where the entitlement to revenue arose prior to the commencement of that financial year. The pre-FY RTI is recognised on the date on closure of the deal.
- **Within FY, pre-acq RTI** is revenue recognised in the financial year for periods within the same financial year, but before the date of acquisition and recognised on the date on closure of the deal.
- **Within FY, post-acq** is revenue recognised in the financial year for periods after the date of acquisition.

Outlook

Despite the current challenging macro-economic environment, with expectations of high inflation and a squeeze on consumer spending, we believe in the uncorrelated nature and growth opportunities of music and we therefore go into 2022/2023 extremely confident of our future. Great Songs are not just entertainment. They are the soundtrack of our lives and people turn to them for comfort and escape equally in times of hardship as they celebrate with them in times of prosperity. As a result, music revenues have been historically uncorrelated to economic conditions, and we strongly believe that Streaming growth will continue uninterrupted over the coming years.

Music Streaming remains the most inexpensive form of entertainment with the highest value return. It provides one of the highest quality offerings of all entertainment subscription services and has low penetration rates with significant room for growth in both the developed markets as well as emerging markets. The recent 2022 Goldman Sachs update to their *Music in the Air* series, which is recognised as the gold standard since its first iteration almost 5 years ago, concurs with our views.

Add into this the confirmed songwriter royalty rates uplift from CRB III, the efficiencies that our own US administration and the new agreements that Sacem and Peermusic bring to our collections, combined with the value that's added as a result of our strong Song Management focus and Songs as an asset class have a very bright future.

We will continue to deliver on our promises to you in the years to come that will leave you singing *Sweet Dreams (Are Made Of This)* and *Good Times*.

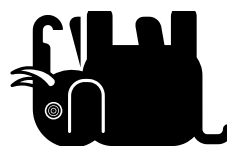
Thank you once again to you, our Shareholders for your tremendous support, to our Board for their tireless efforts and to the incomparable Songwriters, artists and producers who have not only entrusted us with their great Songs but have also helped us make Hipgnosis the preferred choice of the Songwriting community.

Best wishes,

Merck Mercuriadis

Founder, Hipgnosis Songs Fund Ltd and
Founder/CEO, Hipgnosis Song Management Ltd.

13 July 2022



HIPGNOSIS SONGS FUND

31 out of the Top 100 Best Selling Albums in the UK have involvement from Hipgnosis' Songwriters



3 <i>SOUR</i> • Olivia Rodrigo 1 Song • Jack Antonoff	55 <i>Best Of 50 Cent</i> • 50 Cent 19 Songs • Curtis Jackson, Mark Batson
5 <i>Between Us</i> • Little Mix 4 Songs • Ed Drewett, TMS	57 <i>Nevermind</i> • Nirvana 13 Songs • Andy Wallace
6 <i>50 Years - Don't Stop</i> • Fleetwood Mac 50 Songs • Lindsey Buckingham, Christine McVie	58 <i>In The Lonely Hour</i> • Sam Smith 1 Song • Fraser T. Smith
8 <i>Divide</i> • Ed Sheeran 13 Songs • Benny Blanco, Johnny McDaid	59 <i>Greatest Hits</i> • Red Hot Chili Peppers 15 Songs • Red Hot Chili Peppers
9 <i>Curtain Call: The Hits</i> • Eminem 2 Songs • Jimmy Iovine, Mark Batson	66 <i>Justice</i> • Justin Bieber 4 Songs • Jordan K. Johnson, Stefan Johnson
20 <i>23</i> • Central Cee 1 Song • Bernard Edwards, Thomas Richardson	77 <i>No. 6 Collaborations Project</i> • Ed Sheeran 1 Song • Benny Blanco
21 <i>Rumours</i> • Fleetwood Mac 11 Songs • Lindsey Buckingham, Christine McVie	81 <i>21</i> • Adele 1 Song • Fraser T. Smith
22 <i>Future Nostalgia</i> • Dua Lipa 2 Songs • Grimes, Jordan K. Johnson, Stefan Johnson	83 <i>Get Rich or Die Tryin'</i> • 50 Cent 21 Songs • Curtis Jackson
35 <i>I Will Always Love You: The Best Of Whitney Houston</i> • Whitney Houston 5 Songs • Steve Winwood, Rodney Jerkins, Tricky Stewart, LA Reid	85 <i>Teenage Dream</i> • Katy Perry 11 Songs • Tricky Stewart, Bonnie McKee
36 <i>Shoot For The Stars</i> • Pop Smoke 1 Song • Curtis Jackson	86 <i>The Singles Collection</i> • Britney Spears 11 Songs • Savan Kotecha, Tricky Stewart, The-Dream, Rodney Jerkins, Christian Karlsson, Marcella Araica
41 <i>Singles</i> • Maroon 5 5 Songs • Ammar Malik, Savan Kotecha, JKash	95 <i>Back To Black</i> • Amy Winehouse 1 Song • Mark Ronson
42 <i>Dua Lipa</i> • Dua Lipa 5 Songs • Grimes, Ian Kirkpatrick, Caroline Ailin, Ilsey Juber, Banx & Ranx	96 <i>Without Fear</i> • Dermot Kennedy 7 Songs • Scott Harris, Nate Ruess
43 <i>1989</i> • Taylor Swift 3 Songs • Jack Antonoff	97 <i>Reputation</i> • Taylor Swift 6 Songs • Jack Antonoff
49 <i>Doo-Wops & Hooligans</i> • Bruno Mars 11 Songs • Ari Levine, Jeff Bhasker	99 <i>Greatest Hits</i> • Pitbull 3 Songs • Ilsey Juber, Bernard Edwards, RedOne
51 <i>X</i> • Ed Sheeran 9 Songs • Benny Blanco, Johnny McDaid, Emile Haynie	100 <i>The Stars Beneath My Feet</i> • James Blunt 10 Songs • Mark Batson, Sacha Skarbek, Steve Robson
52 <i>Lover</i> • Taylor Swift 7 Songs • Jack Antonoff, Joel Little, Scott Harris	

Album Title • Artist • **Number of Songs** • Hipgnosis contributor(s)
Source: Half year UK Album Sales, Official Charts, June 2022

SUPERSTARS • SUPER SONGS

Our Great Songwriters have written Iconic Songs for:

Lady Gaga

Shallow (feat. Bradley Cooper)

• Mark Ronson

Million Reasons

• Mark Ronson

Bad Romance

• RedOne

Poker Face

• RedOne

Just Dance

• RedOne

Telephone (feat. Beyoncé)

• Rodney Jerkins

Stupid Love

• Martin Bresso

Applause

• Martin Bresso

Alejandro

• RedOne

Perfect Illusion

• Mark Ronson

Judas

• RedOne

Love Game

• RedOne

John Wayne

• Mark Ronson

A-YO

• Mark Ronson

Joanne

• Mark Ronson

Dancin' In Circles

• Mark Ronson

Diamond Heart

• Mark Ronson

Monster

• RedOne

Hey Girl (feat. Florence Welch)

• Mark Ronson

Sinners Prayer

• Mark Ronson

So Happy I Could Die

• RedOne

Come To Mama

• Emile Haynie

Grigio Girls

• Mark Ronson

Boys, Boys, Boys

• RedOne

Sexxx Dreams

• Martin Bresso

Angel Down

• RedOne

Schei(B)e

• RedOne

Hair

• RedOne

Gypsy

• RedOne

Paper Gangsta

• RedOne

Fashion

• RedOne/Giorgio Tuinfort

Money Honey

• RedOne

Highway Unicorn (Road To Love)

• RedOne

LADY GAGA FEATURES:

NEW KIDS ON THE BLOCK

• **Big Girl Now (feat. Lady Gaga)**

• RedOne

Our Market

Streaming continues to grow

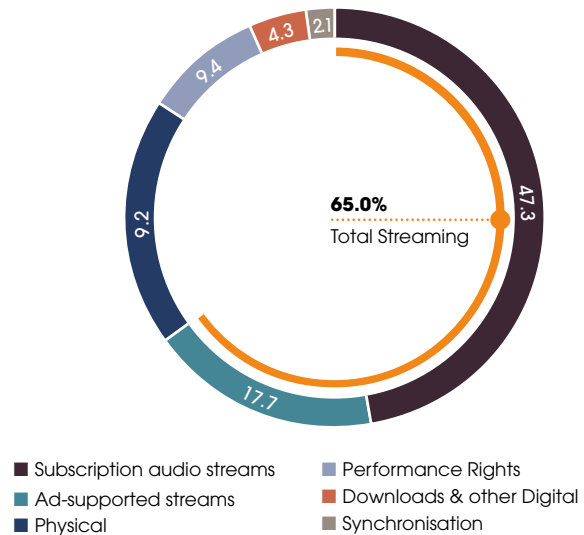
As discussed on pages 3 and 15, 2021 was another strong year for the music industry. Global recorded music revenues grew by an impressive 18.5% year-on-year to \$25.9 billion, according to IFPI, driven in large part by a continued acceleration in the adoption in paid-for Streaming, where revenues grew by 21% year-on-year. Overall global Streaming revenues grew by 24.3% year-on-year. 523 million subscribers globally now pay for music, an 18.5% increase on last year, with Streaming now contributing 65% of all revenues; music is now perceived by many to be a utility.

The US continues to be the largest single market.

US recorded music revenues, as reported by the RIAA, grew by 24% year-on-year in 2021 to \$15 billion, versus the prior year's growth of 9% year-on-year. Streaming growth outperformed, growing at 24% year-on-year in 2021. In the US, over 80% of music is now consumed via Streaming, with over three-quarters of that being paid-for Streaming.

US recorded market revenue has now reached the same level seen in 1999, before the industry was decimated by piracy and illegal downloading. However, on an inflation-adjusted basis the industry has only reached two-thirds of this historic peak suggesting there is still room for significant revenue growth.

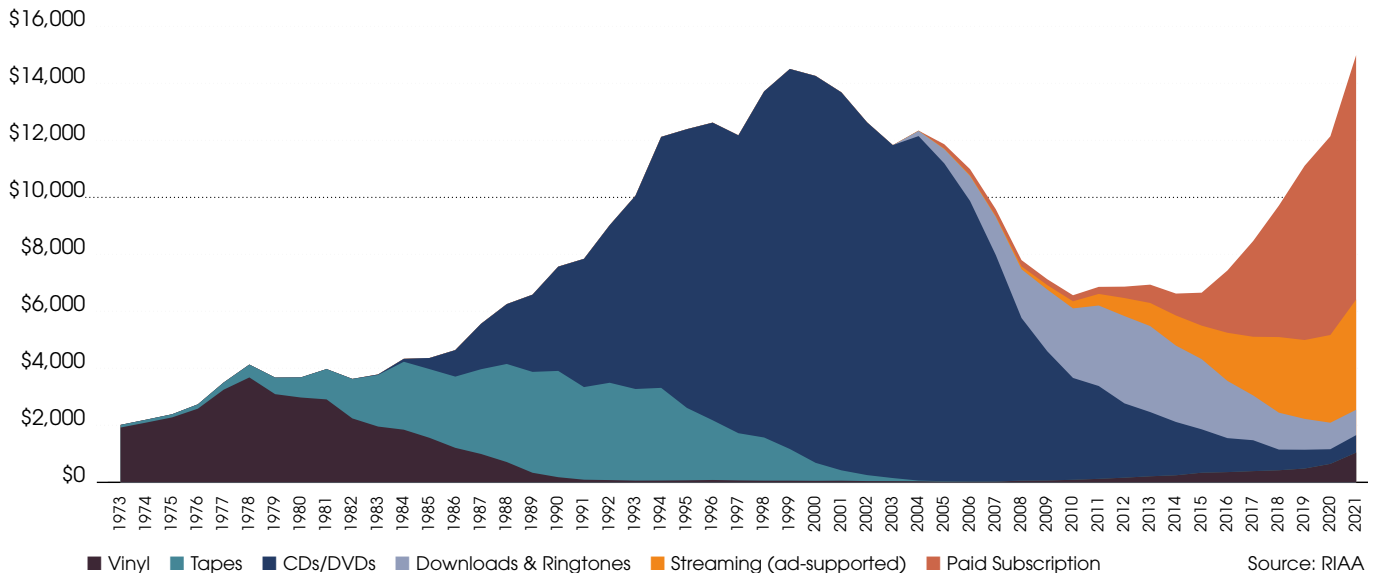
Global recorded music revenues by segment 2021 (%)



Source: IFPI

Growth in Streaming is expected to remain strong and is part of Hipgnosis' strategy, as discussed on pages 54 and 73. The consumer market company Statista highlights there are over six billion smartphone subscriptions worldwide. With 523 million global music subscribers in 2021, market penetration by Streaming of smartphone owners is under 10%. This figure is expected to more than double by 2030, according to Goldman Sachs.

RIAA US Recorded Music Revenues (\$m)



Source: RIAA

In their 2022 *Music In the Air* report, Goldman Sachs forecasts global music market revenues will reach \$103 billion by 2030, a 9% CAGR 2021-2030, with Streaming revenues growing at a CAGR of 12% over the same timeframe.

Significantly for Hipgnosis, as an older demographic increasingly embrace Streaming and subscriptions, the Hipgnosis Catalogue of iconic, culturally significant Songs is likely to be increasingly in demand as more casual music lovers become subscribers.

Music publishing

The latest Global Collections Report, published by The International Confederation of Societies of Authors and Composers (CISAC) in October 2021, reported that worldwide royalty collection in 2020 fell by 9.9% as a result of the pandemic reducing music consumption.

Since then, the music publishing market has seen a gradual recovery in revenues throughout 2021, driven by the public performance segment, which has benefited from the re-opening of public venues. For example, in the UK, the Collection Society *PRS for Music* reported a 59.6% increase in public performance revenues in 2021 to £137.6 million, even though the UK was in lockdown for over five months of the year. Despite this, their revenues are still 38.1% below 2019 levels.

Looking forward, Goldman Sachs predict the global music publishing market will grow by 6-7% in 2022/23 with a CAGR of 6% through to 2030, reaching a value of \$11.7 billion in 2030.

Consumption of music is evolving

Music is the soundtrack to our lives. Nowhere is this more clearly demonstrated than in both established and emerging online platforms.

As with Streaming, as connectivity rises and data costs reduce, the attractiveness and sophistication of social media sites increases. When music is used on these sites, royalties are due to the artists who created the music and therefore Hipgnosis. Additionally, sites like TikTok, which has over one billion active users, can be shown to drive traffic to other Digital Service Providers (DSP) such as YouTube where users consume more of the music they have heard.

TikTok's music 2021 report states that around 430 Songs reached one billion views on their platform during 2021,

triple the total for 2020, with the most popular Songs exceeding 20 billion views on videos they soundtrack. Over 175 Songs that trended on TikTok in 2021 charted on the Billboard Hot 100, double the 2020 number. Hipgnosis has been proactive in building a presence to promote our artists and catalogue and our channel @Hipgnosisongs has 2.1 million subscribers and 11.3 million likes on TikTok. More details on the impact of TikTok can be found on page 22.

Importantly, the monetisation of music on emerging platforms is accelerating. As noted by the Portfolio Independent Valuer, revenues from these emerging platforms are increasingly being captured by the music industry as licences are agreed.

The Directors expect this trend to continue and believe it is highly likely that new platforms will emerge and music will become an increasingly important element of the content on other social media platforms.

Live performance

The pandemic decimated the Live sector in 2020 and 2021. According to the UK's *PRS for Music*, royalties from the Live sector declined further in 2021, and have seen an overall 85.2% reduction since 2019.

As anticipated in last year's annual report, the relaxation or ending of restrictions put in place by Governments to slow the spread of COVID-19 has seen a widespread return of live music as artists who had delayed tours reschedule, new tours are arranged and music festivals, once again, take place.

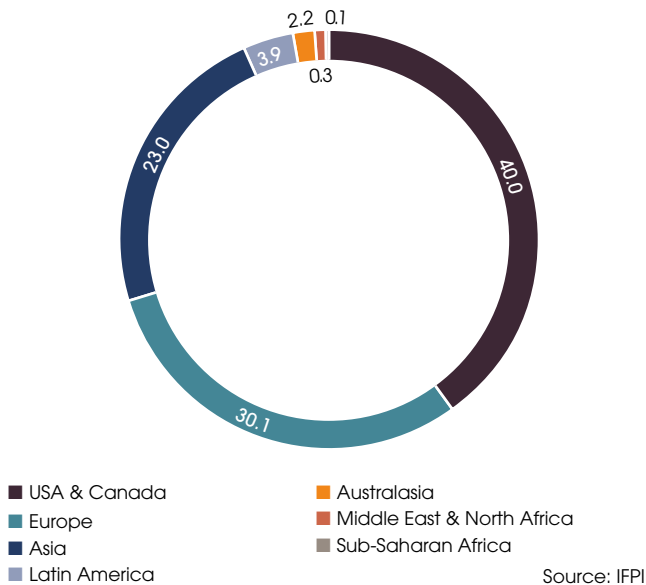
For the first quarter of 2022, Live Nation revenues (which mainly come from concerts) was \$1.8 billion (Q1 2021: \$290.5 million), with all leading indicators pointing to double digit growth in fan attendance at concerts this year compared to the prior year.

On 24 May 2022, CTS Eventim, a live entertainment market leader in Europe, announced that "ticket sales in April 2022 and so far in May too have been well above the level seen in the same period of 2019, which had been a record year."

As a result, the Directors expect 2022 to be a record year for concerts and festivals with many of our artists such as Nile Rodgers and CHIC, Blondie, The Chainsmokers, The Wombats and the Red Hot Chili Peppers touring, the latter having already sold over a million tickets.

Emerging Markets

Global music revenues by region, 2021 (%)



The US & Canada is still the biggest music market (c.40% of the total, source: IFPI).

Elsewhere, the global growth of Streaming has resulted in an increase in the monetisation of Songs in jurisdictions in which it has historically been difficult to recover royalties due to factors including high piracy rates or poor revenue collection methods.

IFPI saw growth in revenues in Asia of 16.1% year-on-year, Latin America by 31.2% year-on-year and Middle East & North Africa by 35% year-on-year.

According to the IPFI Global Music Report 2022, recorded music revenues grew in every region around the world in 2021. Both the Middle East and North Africa region and Latin America enjoyed growth in excess of 30%, with Asia excluding Japan growing at 25%.

Payments to Songwriters

Hipgnosis has been, and continues to, be an advocate for Songwriters to be fairly rewarded for their work.

Partly as a result of this campaign, in the UK, the Government asked the Competition and Markets Authority (CMA) to carry out a market study into music and Streaming. The CMA is due to announce by the 26 July 2022 whether they will carry out a full market investigation.

In April 2022, in the US, The National Music Publishers' Association (NMPA) and Nashville Songwriters Association International (NSAI), representing artists, and Sony Music Entertainment, UMG Recordings, Inc. and Warner Music Group Corp have proposed to the Copyright Royalty Board (CRB) a settlement on mechanical royalties for the CRB IV period, running from 2023-2027 which would see the mechanical rate paid to publishers and songwriters for music purchased as a physical sale increase from 9.1¢ per track to 12¢ per track from 2023-2027. Additionally, these royalties will increase annually in line with the Consumer Price Index.

On 1 July 2022, The US Copyright Royalty Board (CRB) announced it had disallowed the appeal by various Streaming services against the CRB III determination to increase mechanical Streaming royalty rates for songwriters and publishers.

The increase, which is incremental over the period covered by CRB III (1 January 2018 until 31 December 2022) will culminate in a 44% uplift in the "all in" (mechanical and performance) statutory minimum rates for Streaming paid in the US, rising from 10.5% of Streaming revenues prior to 2018 to 15.1% in 2022.

For most of the period since the appeal was launched in 2020, the majority of the increased revenue due to the owner of song copyrights has been withheld and revenues have been paid off the CRB II rate of 10.5% in most cases. Hipgnosis will now receive US Streaming revenues based on the royalty rates set out in CRB III.

In addition, Hipgnosis has not accounted for any withheld revenue since 2020. This is expected to be received by Hipgnosis in the coming periods, as money flows from the Digital Service Providers (DSPs) to the publishers and then copyright owners.

The Board welcomes the decision of the CRB and believes that it is a positive indicator of their thinking as they consider the outcome of all facets relating to CRB IV. CRB IV, which will determine songwriter payments for 2023-2027, is currently underway.

Macroeconomic conditions

One of the strengths of Hipgnosis' investment thesis is the belief that listening to music and therefore the revenues this now generates is uncorrelated to macro-economic conditions.

Streaming revenues make up the largest proportion of Hipgnosis' income and the Directors believe that, notwithstanding current macroeconomic conditions and given the unsaturated nature of the market, Streaming subscriber numbers are likely to continue to grow rapidly. Given the very good consumer value that Streaming represents, the Directors are optimistic that, as has been the case in previous economic slowdowns, consumers will choose to maintain lower ticket entertainment items (such as Streaming) even if they need to cut back on more expensive items.

As such, the Directors believe that the DSPs have significant pricing power which will, over time, offset the impact of inflation.

Ukraine

When considering the suffering created by the war in Ukraine, it feels inappropriate to consider the financial implications.

Hipgnosis is fully compliant with the sanctions introduced by the US and UK governments. The Company did not receive any revenues directly from Russia or Belarus. Revenues received indirectly via collection societies are immaterial.

At a practical level, the Directors are delighted that HSM was able to sponsor five Ukrainian refugees to come to the UK, one of whom, who has considerable musical knowledge and experience, has been employed by HSM.

The victory for Ukraine in the Eurovision Song Contest demonstrates the important role that music can have in bringing comfort and demonstrating support even in the most terrible of situations.

SUPERSTARS • SUPER SONGS

Our Great Songwriters have written Iconic Songs for:

Harry Styles/ One Direction

Sign Of The Times

• Jeff Bhasker

Kiwi

• Jeff Bhasker

Two Ghosts

• Julian Bunetta/John Ryan

From The Dining Table

• Jeff Bhasker

Meet Me In The Hallway

• Jeff Bhasker

Carolina

• Jeff Bhasker

Woman

• Jeff Bhasker

Ever Since New York

• Jeff Bhasker

Only Angel

• Jeff Bhasker

ONE DIRECTION

Drag Me Down

• JB/JS/JR

Story Of My Life

• JB/JS/JR

Perfect

• Julian Bunetta/John Ryan

What Makes You Beautiful

• Savan Kotecha

Night Changes

• JB/JS/JR

History

• JB/ED/JR

Steal My Girl

• Ed Drewett

You and I

• JB/JS/JR

Best Song Ever

• JB/ED/JR

Kiss You

• Kristoffer Fogelmark/Albin Nedler

18

• Steve Robson

One Thing

• Savan Kotecha

No Control

• JB/JS/JR

Infinity

• Julian Bunetta/Jamie Scott

Love You Goodbye

• Julian Bunetta

AM

• JB/ED/JR

Olivia

• Julian Bunetta/John Ryan

Midnight Memories

• JB/JS/JR

End Of The Day

• JB/ED/LL/JR

Half A Heart

• Ed Drewett/Steve Robson

Stockholm Syndrome

• Julian Bunetta/John Ryan

Where Do Broken Hearts Go

• Julian Bunetta

Fireproof

• JB/JS/JR

What A Feeling

• Jamie Scott

More Than This

• Jamie Scott

Strong

• JB/JS/JR

Fools Gold

• Jamie Scott

Last First Kiss

• Kristoffer Fogelmark/
Albin Nedler

Rock Me

• Sam Hollander/Kool Kojak

Diana

• JB/JS/JR

Ready To Run

• JB/JS/JR

Never Enough

• JB/JS/JR

Girl Almighty

• JB/JS/JR

Up All Night

• Savan Kotecha

Temporary Fix

• TMS

I Want To Write You A Song

• Julian Bunetta/Ammar Malik/John Ryan

Hey Angel

• JB/ED/JR

Walking In The Wind

• JB/JS/JR

She's Not Afraid

• JB/JS/JR

Act My Age

• JB/ED/JR

C'mon, C'mon

• Julian Bunetta/John Ryan

Long Way Down

• JB/JS/JR

Through The Dark

• Jamie Scott

I Wish

• Savan Kotecha

Better Than Words

• JB/JS/JR

Spaces

• JB/JS/JR

Clouds

• JB/JS/JR

Little White Lies

• JB/ED/JR

Summer Love

• Steve Robson

Home

• Jamie Scott

Once In A Lifetime

• JB/JS/JR

Back For You

• Kristoffer Fogelmark/
Albin Nedler

Does He Know

• JB/JS/JR

Little Black Dress

• Julian Bunetta

Change Your Ticket

• Julian Bunetta

Same Mistake

• Steve Robson

Illusion

• JB/JS/JR

Loved You First

• Julian Bunetta/John Ryan

Alive

• Julian Bunetta/Jamie Scott

Stole My Heart

• Jamie Scott

Why Don't We Go There

• Steve Robson

Save You Tonight

• Savan Kotecha/RedOne

Everything About You

• Steve Robson

Na Na Na

• Savan Kotecha

I Should Have Kissed You

• Steve Robson

Another World

• RedOne

Our Purpose, Business Model, Culture and Values

Our Purpose

Hipgnosis was created to give the investment community access to extraordinarily successful hit Songs by culturally important artists and to establish Songs as an uncorrelated asset class with attractive returns. Our ulterior motive is to use the importance of our unparalleled Catalogue and our financial clout as influence to improve the Songwriter's position in the economic equation.

A. Our Business Model

The key characteristics of the Hipgnosis business model are:

- 1. Sustainable earnings**, uncorrelated to global capital markets, with sources of income from across the spectrum of music consumption patterns made up of millions of microtransactions such as Streaming, physical purchase, downloading, Synchronisation, performance, licensing and merchandising.

Related principal risks: ①③④⑤⑥⑦⑨⑩⑪

- 2. A durable and diversified portfolio** of high-quality assets founded on the copyright security – 70 years after the death of the last co-composer – of works across a broad range of genres, vintages and geographies of consumer markets. On average our Songs have more than 100 years of copyright protected revenue.

Related principal risks: ③⑩

- 3. The benefits of scale** on diversification; giving smoother income the larger the fund gets; and the opportunity to drive incremental equity yield over the contracted period through active management and appropriate outsourcing of administration.

Related principal risk: ③⑤

- 4. Exposure to structural growth themes** in relation to:
 - i) the penetration of technology into everyday life;
 - ii) the growing value of entertainment markets; and
 - iii) the recognition of the real asset value of intellectual property rights.

Related principal risk: ⑨

Our principal risks and uncertainties are discussed on pages 70-73.

The Income Stream for Copyright Owners

Every Song has two copyrights: Composition (lyrics & melody), held by the Songwriter and Sound Recording (the sound heard), held by those involved in the recording of the Song. Royalties stemming from the Composition Copyright are referred to as Publishing Rights (aka Songwriter Rights). Hipgnosis Songs Fund focuses primarily on acquiring these, but owns selective Sound Recording Rights as well.

Publishing Rights

These are rights in a musical composition (lyrics and/or music) and generate Mechanical and Performance Royalties. In the UK, "blanket licences" are issued to organisations including radio and TV.

Mechanical Royalties – These are triggered when a copy of a Song is made, whether physical (e.g. CDs, DVDs) or digital (e.g. permanent downloads, Streaming, webcast). The Streaming of a Song is a hybrid: a temporary copy is made, so it generates a Mechanical Royalty, but it is also treated as a public performance of that Song, generating a Performance Royalty.

Performance Royalties – These royalties largely come from live performances and licences taken out by shops, restaurants, clubs and bars etc to publicly perform or broadcast a Song.

Sound Recording Rights

Master (Recording) Royalties – These (aka Recording Royalties) are generated on behalf of a sound/master recording. This is the most basic royalty performing artists and labels earn when their master recording is downloaded, physically bought, or streamed.

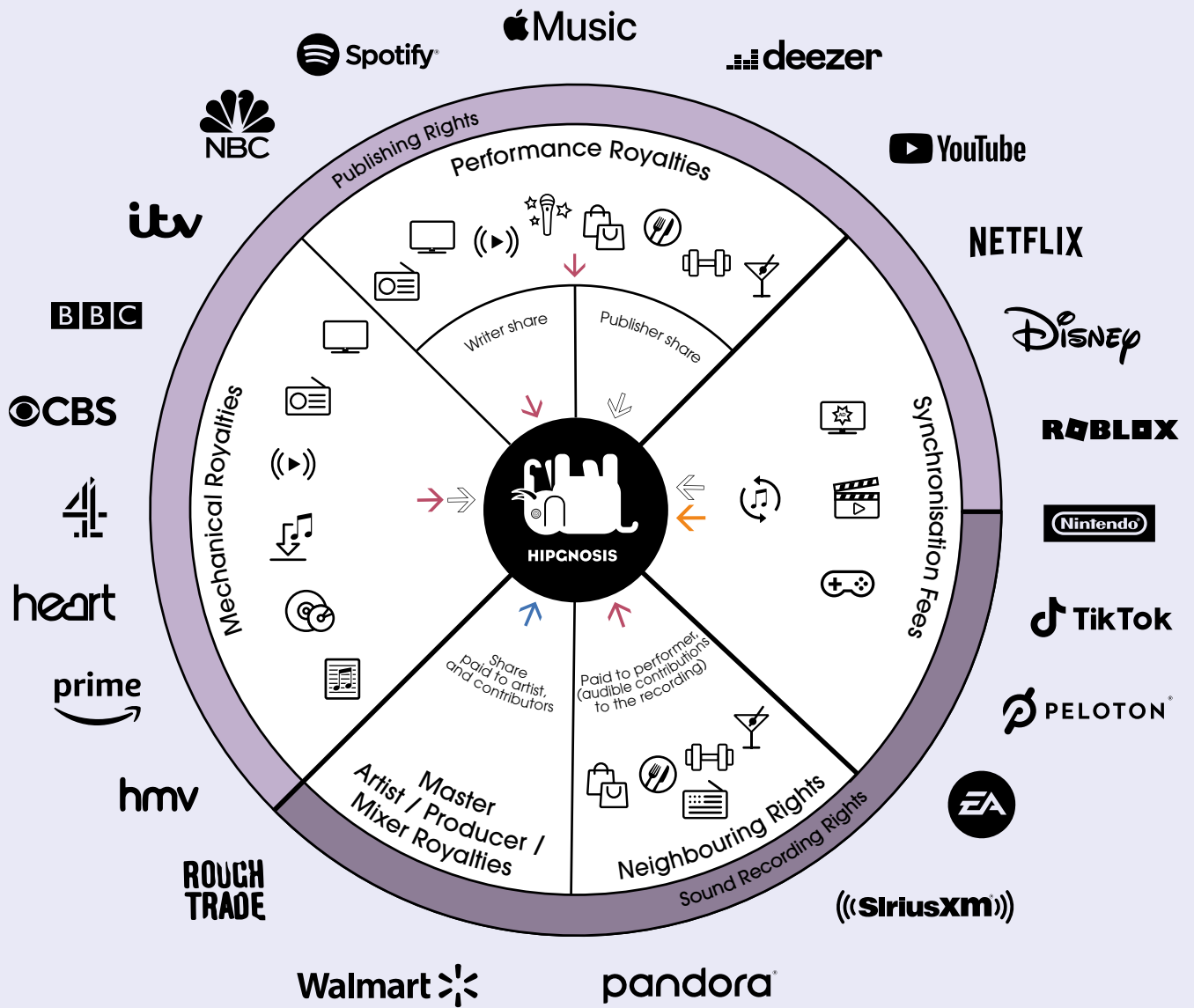
Neighbouring rights – These (aka Related Rights) are public performance royalties due to the sound recording copyright holder. One has to distinguish between terrestrial broadcast platforms (like radio, TV, and venues) and digital platforms (like Internet and satellite radio) because not every country, notably the US, recognises or pays terrestrial neighbouring rights.

Synchronisation Fees

These are generated when a visual image (e.g. TV, film, advertising or video games) is matched to a Song.

There are multiple channels through which royalties are collected. These are depicted by the arrows in the diagram opposite.

The diagram opposite shows the flows to Hipgnosis Songs Fund from its ownership of its Copyrights



Footnote: The logos above are representative of users for illustrative purposes only. The trade marks are the property of the respective owners. The Company does not earn revenue directly from these sources, but through third parties, as illustrated.

- ⇒ **Collected by the Administrators eg:**
 - Sony Publishing
 - Universal Publishing
 - Warner Chappell
 - Kobalt Publishing
 - HSG
 - BMG
 - Peermusic
- **Collected by the Societies eg:**
 - ASCAP
 - BMI
 - PRS for Music
 - SESAC
 - PPL
 - Sound Exchange
 - Sacem
- **Earned by the Record Companies eg:**
 - Universal Music Group
 - Sony Music
 - Warner Music Group
- **Direct**

B. Our Sources of Advantage

Our Purpose is to achieve great risk-adjusted returns for Shareholders as well as to use your Company's influence (and the countless great Songs owned) to achieve an ulterior motive; improve the Songwriter's undervalued position in the economic equation of the music industry.

1. Access and Culture of our Investment Adviser

- We have the relationships, reputation and expertise in the industry to be advocates and catalysts for improving the Songwriters' share of income and where they sit in the economic equation.
- This also enables our team to overcome the high barriers to entry in relation to the acquisition and active management of Catalogues.
- We are Song Managers; when compared to the major publishing houses, we are viewed as a safer alternative custodian who can protect the meaning and secure the financial future of the creator's Songs, and address the structural imbalance between payments on recorded music and payments to the Songwriters.
- We have created an Advisory Board, assembled from leading music industry figures, who we believe are well placed to advise on any given Song's potential market, reach and popularity.
- Our team's extensive experience across a broad spectrum of music genres, together with its relationships with Songwriters and recording artists in the music industry, means it is well-positioned to continue to source opportunities for us to invest in a diverse range of attractive Catalogues and then assist us in maximising earnings from them.
- We are positioned as an attractive potential purchaser of Catalogues from Songwriters and other owners of music intellectual property rights who are protective of their legacy and selective about whom they are willing to sell to. We have made our reputation by working with Songwriters, artists and producers, not at their expense.

- Our culture is focused on long lasting relationships, excellence delivered with integrity and world-class leadership backed by extensive industry knowledge that will help create a Songwriter community rapport and a diverse, innovative, multi-cultured portfolio of song assets, with a strong emphasis on the great works of the African-American Songwriting Community.

Related principal risks: ⑧ ⑩

2. Streaming

- Technology has changed music consumption.
- The monetisation of music has improved.
- The revenue pie has grown dramatically – the IFPI reports that there were 523 million global users of subscription Streaming services at the end of 2021, compared to 68 million global subscribers in 2015.
- Music is now a utility purchase rather than discretionary or a luxury spend in many established global economies.
- High exposure to Streaming and low exposure to live music, allowing us to tailor our portfolio to fit the new requirements of popular culture and media, including playlists, social and virtual reality platforms.

Related principal risks: ③ ⑨ ⑪

3. Song Management

- Our Investment Adviser has an extensive network of relationships with broadcasting networks, TV studios and advertising agencies to create Synchronisation opportunities for the Company and enable it to increase its income. Having a diversified Portfolio of Songs enables the Company to capitalise on multiple Synch opportunities.
- Our Investment Adviser's expertise results in us being well-positioned to manage the Songs we own successfully, increasing royalty collection, improving the speed and accuracy of collection of royalty income, and improving Synch placement of the Songs.
- Our Investment Adviser's team is specifically structured to have the bandwidth that allows us to Song Manage in order to extract incremental revenue with a focus on a smaller number of songs per Executive than the publishing majors.

Related principal risk: ⑧

4. Efficiencies In collection

- We work to bring efficiencies via faster and more transparent collection of micro-payments via our preferred administrators.
- The Company is moving the administration for the US component of our Catalogues to HSG at the earliest practicable opportunity. The Investment Adviser and the Directors expect this to enhance returns for Shareholders as it is anticipated that HSG can provide US administration cheaper than a third-party administrator, generating administration cost savings of approximately 1.0-1.5% of royalty income administered.
- Likewise, outside the US, we proactively manage our options to ensure the administration of our Catalogues is carried out as efficiently and cost-effectively as possible. We look to minimise third-party administration fees, reduce the time taken to collect payments, maximise Synch opportunities and increase transparency over distributions.

Related principal risks: ①④⑩

SUPERSTARS • SUPER SONGS

Our Great Songwriters have written Iconic Songs for:

Enrique Iglesias



Bailando (feat. Descemer Bueno, Gente De Zona)
Enrique Iglesias

SUBEME LA RADIO (feat. Descemer Bueno, Zion, Lennox)
Enrique Iglesias

Bailando - English Version (feat. Sean Paul)
• Enrique Iglesias

SUBEME LA RADIO (feat. Sean Paul)
• Enrique Iglesias

DUELE EL CORAZON (feat. Wisin)
• Enrique Iglesias

Hero
• Enrique Iglesias/Paul Barry

Cuando Me Enamoro
• Enrique Iglesias

Tonight (I'm Fuckin You) (feat. Ludacris)
• Enrique Iglesias

Loco (feat. Romeo Santos)
• Enrique Iglesias

I Like It (feat. Pitbull)
• RedOne

El Perdedor
• Enrique Iglesias

I'm A Freak (feat. Pitbull)
• Enrique Iglesias

Do You Know? (The Ping Pong Song)
• Sean Garrett/Enrique Iglesias

Escape
• Enrique Iglesias

Heart Attack
• Enrique Iglesias

Finally Found You
• Enrique Iglesias

Heartbeat (feat. Nicole Scherzinger)
• Jamie Scott

Dímelo
• Sean Garrett/Enrique Iglesias

I Like How It Feels (feat. Pitbull, The WAV.s)
RedOne/Adam Baptiste/
Enrique Iglesias

Be With You
• Paul Barry/Enrique Iglesias

Dirty Dancer (ft Usher, Lil Wayne)
• Enrique Iglesias/Evan Bogart

No Me Digas Que No (feat. Wisin, Yandel)
• Enrique Iglesias

There Goes My Baby (feat. Flo Rida)
• Enrique Iglesias/Paul Barry

Por Amarte
• Enrique Iglesias

Si Tu Te Vas
• Enrique Iglesias

Nunca Te Olvidaré
• Enrique Iglesias

Dónde Están Corazón?
• Enrique Iglesias

Loco (feat. India Martínez)
• Enrique Iglesias

Takin Back My Love (feat. Ciara)
• Enrique Iglesias

You And I
• Enrique Iglesias

Quizas
• Enrique Iglesias

Escapar
• Enrique Iglesias

Turn The Night Up
• Enrique Iglesias

Lloro Por Ti
• Enrique Iglesias

Ayer
• Enrique Iglesias

No Llores Por Mi
• Enrique Iglesias

Somebody's Me
• Enrique Iglesias

Alguien Soy Yo
• Enrique Iglesias

Enamorado Por Primera Vez
• Enrique Iglesias

One Day At A Time (feat. Akon)
• Enrique Iglesias

Ring My Bells
• Savan Kotecha/Enrique Iglesias

Mentiroso
• Enrique Iglesias

Let Me Be Your Lover
• Enrique Iglesias

Push (feat. Lil Wayne)
• Enrique Iglesias

Why Not Me?
• RedOne/Enrique Iglesias/
Evan Bogart

Solo En Ti
• Enrique Iglesias

Can You Hear Me
• Enrique Iglesias

Don't Turn Off The Lights
• Paul Barry

Only A Woman
• Enrique Iglesias

Dile Que
• Enrique Iglesias

Addicted
• Paul Barry/Enrique Iglesias

Physical (feat. Jennifer Lopez)
• Enrique Iglesias

Still Your King (feat. The Cataracs)
• Enrique Iglesias

Esperanza
• Enrique Iglesias

Tu Y Yo
• Enrique Iglesias

Love To See You Cry
• Paul Barry/Enrique Iglesias

Para Que La Video
• Enrique Iglesias

Maybe
• Enrique Iglesias

Heartbreaker
• Enrique Iglesias

Wish I Was Your Lover
• Enrique Iglesias/Arnthor Birgisson

Falta Tanto Amor
• Enrique Iglesias

No Apagues La Luz
• Enrique Iglesias

Away (feat. Sean Garrett)
• Sean Garrett

Coming Home
• Enrique Iglesias/Jamie Scott

Don't You Forget About Me
• Paul Barry/Enrique Iglesias

Everythings Gonna Be Alright
• Enrique Iglesias

Will Survive
• Enrique Iglesias

Little Girl
• Paul Barry/Enrique Iglesias

Not In Love (feat. Kelis)
• Paul Barry/Enrique Iglesias

On Top Of You
• Johnna Austin/Enrique Iglesias

Stay Here Tonight
• Enrique Iglesias

The Way You Touch Me
• Enrique Iglesias

Inalcanzable
• Enrique Iglesias

If the World Crashes Down
• Enrique Iglesias

I'm Your Man
• Enrique Iglesias

Miss You
• Enrique Iglesias/Arnthor Birgisson

One Night Stand
• Paul Barry/Enrique Iglesias

She Be The One
• Paul Barry/Enrique Iglesias

You're My #1
• Enrique Iglesias

Adicto
• Enrique Iglesias/Paul Barry

Alguien Como Tú
• Enrique Iglesias

Contigo
• Enrique Iglesias

Lluvia Cae
• Enrique Iglesias

Marta
• Enrique Iglesias

Oyeme
• Enrique Iglesias

Pienso En Tí
• Enrique Iglesias

Tres Palabras
• Enrique Iglesias

Noche Y De Día
• Enrique Iglesias

Be Yourself
• Paul Barry/Enrique Iglesias

Break Me Shake Me
• Enrique Iglesias

California Callin'
• Paul Barry

Free
• Paul Barry/Enrique Iglesias

Live It Up Tonight
• Enrique Iglesias

Roamer
• Enrique Iglesias

Wish You Were Here With me
• Paul Barry/Enrique Iglesias

You Rock Me
• Enrique Iglesias

Alabao
• Enrique Iglesias

Al Despertar
• Enrique Iglesias

Dicen Por Ahí
• Enrique Iglesias

Gracias A Ti Remix
• Enrique Iglesias

Mamacita
• Enrique Iglesias

Para De Jugar
• Enrique Iglesias

Suéltame Las Riendas
• Enrique Iglesias

Viviré Y Moriré
• Enrique Iglesias

Volveré
• Enrique Iglesias

ENRIQUE IGLESIAS FEATURES:

NICKY JAM
El Perdón (feat. Enrique Iglesias)
• Enrique Iglesias

PITBULL
Messin' Around (feat. Enrique Iglesias)
• Enrique Iglesias

REDONE
Don't You Need Somebody (feat. Enrique Iglesias, R. City, Serayah & Shaggy)
• Enrique Iglesias

DESCEMER BUENO
Nos Fuimos Lejos (feat. Enrique Iglesias)
• Enrique Iglesias

DEV
Naked (feat. Enrique Iglesias)
• Enrique Iglesias

PITBULL
Come N Go (feat. Enrique Iglesias)
• Enrique Iglesias

LIONEL RICHELIE
To Love A Woman (feat. Enrique Iglesias)
• Enrique Iglesias/Paul Barry

Our Objective, Strategy and Investment Policy

Our Investment Objective

The Company's objective is to provide Shareholders with an attractive and growing level of income, together with the potential for capital growth, from investment in Songs and associated musical intellectual property rights, in accordance with its investment policy.

Investment Policy

The Company's Investment Policy is to diversify risk through investment in a Portfolio of Songs and associated musical intellectual property rights (including, but not limited to, master recordings, rights over future Songs that are acquired by the Group through the payment of Advances to such Songwriter and secured against the future Songs, and producer royalties). The Company seeks to acquire 100% of a Songwriter's copyright interest in each Song, which would comprise their writer's share, their publisher's share and their performance rights. In appropriate cases, however, the Company may not acquire all 3 elements of the Songwriter's interest. The Company acquires interests in Songs which are sole authored or co-authored. The Company may also acquire interests in Songs jointly with another purchaser. Each Song is considered by the Company to be a separate asset.

The Company, directly or indirectly via portfolio administrators, enters into licensing agreements, under which the Company receives payments attributable to the copyright interests in the Songs which it owns. Such payments may take the form of royalties, licence fees and/or advance payments, including:

- mechanical royalties – when a copy of a Song is made, whether physical (e.g. CDs, DVDs, vinyl) or digital (e.g. permanent downloads, Streaming, webcast);
- performance royalties – when a Song is performed live or broadcast on TV or Radio, or when a song is streamed online; and
- Synchronisation fees – when a Song is used in another form of media or moving picture (e.g. movie, TV show, video game, advertisement).

The Company also receives royalties and fees payable in respect of master recordings. Master recordings are the copyright in the master recording of a musical composition or Song. Master recordings earn Synchronisation royalties and generate income from

sales of both physical records and digital downloads as well as from DSPs.

The Company focuses on delivering income growth and capital growth by pursuing efficiencies in the collection of payments and active management of the Songs it owns.

The Company may acquire Songs for consideration consisting of cash, Shares or a combination of cash and Shares, and payment of part of the consideration may be on deferred terms. The Company may acquire Songs or Catalogues directly, or indirectly by acquiring the entity through which such Songs or Catalogues are held.

Whilst the Company does not intend to sell the Songs it owns, it may make disposals of Songs where it considers such a disposal to be in the best interests of Shareholders.

Investment restrictions

The Company invests its assets and manages the Songs it acquires with the objective of constructing a high quality and diversified Portfolio of Songs. The Company acquires Catalogues from a number of different Songwriters, which includes Songs diversified across music genres and sung by numerous recording artists. The Company is subject to the following investment restrictions:

- a) the Company holds interests in a minimum of 300 Songs;
- b) the Advances made to Songwriters in connection with the acquisition of rights over future Songs will not represent more than 5% of the Company's Gross Assets, calculated at the date of the relevant Advance;
- c) the value of any single Song does not, and will not, represent more than 10% of the Company's Gross Assets, calculated at the date of the acquisition of such Song (and re-calculated in the aggregate upon the acquisition of any additional interest in a Song). In the event this limit is breached at any point after the relevant investment has been made or added to (for example due to a change in valuation of any Song), there is no requirement to sell any Song, in whole or in part; and
- d) the Company does not, and will not, invest in closed-ended investment companies or other investment funds.

Cash management

The Company's uninvested capital may be invested in cash, cash equivalents, near cash instruments and money market instruments.

Hedging and derivatives

The Company may utilise derivatives for efficient portfolio management. In particular, the Directors may engage in full or partial foreign currency hedging and interest rate hedging. The Company does not, and will not, enter into such arrangements for investment purposes.

Leverage

The Company may incur indebtedness of up to a maximum of 30% of its Operative Net Asset Value, calculated at the time of drawdown. For these purposes all bank borrowings and other forms of indebtedness incurred by any member of the Group (as defined below), and any non-equity share capital, will be taken into account. "Group" means the Company and its subsidiaries (as defined in section 531 of the Companies (Guernsey) Law, 2008, as amended).

Amendments to and compliance with the Investment Objective and Policy

Any material change to the Company's Investment Objective and Policy will be made only with the prior approval of the FCA and the Shareholders by ordinary resolution.

In the event of a material breach of any of the investment restrictions applicable to the Company, Shareholders will be informed of the actions to be taken by the Company through an announcement made via an RNS announcement.

Our Strategy

1. Smart acquisition of Songs or Catalogues

To benefit from the structural growth drivers discussed in Our Market, we continue to identify Catalogues of culturally important proven hit Songs which we believe offer significant value opportunities both from market growth and Song Management.

Related principal risks: ③⑤⑨⑪

a) A diversified and balanced Portfolio of Songs

Our Portfolio mostly comprises seasoned, classic Songs (often referred to as 'evergreen'), which include Songs released more than 10 years ago. These Songs accounted for approximately half of the Portfolio (based on fair value) as at 31 March 2022, and produce income that is expected to grow progressively in line with the continued adoption of Streaming, and have the potential for further growth through being actively managed by the Investment Adviser.

In addition, with Streaming growth being the backbone of our investment thesis, we seek to source some Catalogues that include newer hit Songs which have demonstrated extraordinary, recent success. As at 31 March 2022, approximately 1% of the Portfolio (based on fair value) was derived from Songs that were released less than 3 years ago. The Investment Adviser therefore seeks to identify newer Songs from this group in order to provide the Company with high exposure to Streaming.

b) Acquisition of rights over Songs through payment of advances by the Group

We may acquire rights over future (unwritten) Songs that are acquired by payment of Advances to Songwriters, with such advanced amounts (in aggregate) being capped at 5% of the Company's gross assets, calculated at the time of investment. The non-refundable Advance to a Songwriter is consideration for them writing Songs and is recoupable from the future royalties generated by those Songs, which will include the writer's share of those royalties but may also include the performer's share of such royalties and the master recording rights. As at 31 March 2022, we maintain an active roster of over 175 Songwriters.

We consider Advances to be a cost-effective way to generate royalties in the future from Songs written by highly regarded Songwriters.

2. Active Song Management to provide upside potential

We follow a diligent approach to sourcing potential Catalogues for acquisition, which includes careful assessment of the underlying Songs and an assessment of the opportunity for Song Management. Once a Catalogue has been acquired by us, the Songs are pro-actively managed on an ongoing basis in order to maximise the earning potential and income growth, including through improved Synch placement and usage, and through pursuing efficiencies in revenue collection. This, we hope, will lead to:

Related principal risks: ①②⑥⑧⑨⑩

a) Driving income growth through pursuing efficiencies in revenue collection

i) Registration audit

On acquisition of a Catalogue we perform a deep dive exercise into the detailed ownership of all Songs within the Catalogue to ascertain ownership rights, income sources and key Songs, in order to determine an optimal strategy for revenue growth. As part of this exercise, we seek to identify any issues relating to the registration of Songs, or the collection of a Song's income, and remedial actions are taken.

ii) Efficiencies from improved portfolio administration agreements

The acquisition of the Administration capabilities within HSG represented a significant step in the Group's strategy of driving income growth through pursuing efficiencies in the collection of payments and Song Management.

iii) Early adoption of technological advancements to increase collections

The Investment Adviser monitors technological advances that will enable it to exploit, identify and locate lost revenues.

b) Improving Synch placement and usage of Songs to grow income

i) Synchronisation

The Investment Adviser seeks to exploit all variations of potential Synchronisation opportunities, from placing Songs in commercials, popular TV shows and films to encouraging popular recording artists to cover older Songs within a Catalogue. The Investment Adviser seeks to source Catalogues for the Company which it believes contain Songs which have been overlooked, or Songs that do not have strong, historic revenue figures but for which the Investment Adviser sees potential fresh revenue streams through Synchronisation opportunities. The Investment Adviser seeks to leverage its expertise and deep relationships, and to utilise the innovative technology and business relationships of portfolio administrators, in order to pursue these Synchronisation opportunities.

ii) Digital audit

The Investment Adviser undertakes a full digital audit of each Catalogue to ensure that the Company's Songs have maximum exposure on all of the key digital and social media platforms including each of the DSPs.

iii) Maximising presence across DSPs globally

The Investment Adviser has relationships with all key DSPs, digital partners and Synch and creative networks including YouTube, Spotify, Apple, Deezer, Amazon, Tencent/QQ and TikTok. Through direct contact with these platforms, the Investment Adviser is able to identify opportunities for its Songs to increase their exposure on the platform.

iv) Promoting Songs to increase usage and introduce new audiences

The Investment Adviser, and its Advisory Board, due to their existing position and relationships, are able to create new opportunities to place and promote the Company's Songs. The Investment Adviser believes that the Company is one of the only investment companies which invests in Songs that is strategically using its cultural position in the music industry to promote the Songs it owns.

For a discussion of our performance against our strategic priorities, see pages 15-44. Our principal risks and uncertainties are presented on pages 70-73.

SUPERSTARS • SUPER SONGS

Our Great Songwriters have written Iconic Songs for:

Justin Bieber



Love Yourself

- Benny Blanco

Sorry - Latino Remix (feat. J Balvin)

- Sonny Moore

What Do You Mean

- Poo Bear

Ghost

- Jordan K. Johnson

Company

- Poo Bear

I'll Show You

- Sonny Moore

Baby (feat. Ludacris)

- The-Dream/Tricky Stewart

Purpose

- Poo Bear

As Long As You Love Me (feat. Big Sean)

- Rodney Jerkins/Andre Lindal

The Feeling (feat. Halsey)

- Ian Kirkpatrick/Sonny Moore

One Time

- Tricky Stewart

As I Am (feat. Khalid)

- Jordan K. Johnson

No Pressure (feat. Big Sean)

- Poo Bear

Mark My Words

- Poo Bear/Rodney Jerkins

Home To Mama (feat. Cody Simpson)

- Andrew Watt

All That Matters

- Poo Bear

Life Is Worth Living

- Poo Bear

No Sense (feat. Travis Scott)

- Poo Bear

Anyone

- Jordan K. Johnson

Children

- Poo Bear/Sonny Moore

Been You

- Poo Bear

Get Used To It

- Poo Bear

We Are (feat. Nas)

- Poo Bear

Hold Tight

- Poo Bear

Trust

- Poo Bear

All In It

- Poo Bear

Love You Different

- Jordan K. Johnson

Die In Your Arms

- Rodney Jerkins

Right Here (feat. Drake)

- Eric Bellinger

Rollercoaster

- Rodney Jerkins

Recovery

- Poo Bear

Never Let You Go

- Johnita Austin

Thought Of You

- Eric Bellinger

Bad Day

- Poo Bear

Maria

- Rodney Jerkins

All Bad

- Poo Bear

Change Me

- Poo Bear

Swap It Out

- Poo Bear

PYD (feat. R. Kelly)

- Poo Bear

She Don't Like The Lights

- Rodney Jerkins

Name (feat. Tori Kelly)

- Stefan Johnson

JUSTIN BEIBER FEATURES:

LUIS FONSI

Despacito - Remix (feat. Justin Bieber, Daddy Yankee)

- Poo Bear

DJ SNAKE

Let Me Love You (feat. Justin Bieber)

- Andrew Watt

MAJOR LAZER

Cold Water (feat. Justin Bieber, Mo)

- Benny Blanco

JACK U

Where Are You Now (feat. Justin Bieber)

- Poo Bear/Sonny Moore

DAVID GUETTA

2U (feat. Justin Bieber)

- Poo Bear

DJ KHALED

I'm The One (feat. Justin Bieber, Quavo, Chance the Rapper, Lil Wayne)

- Poo Bear

FAR EAST MOVEMENT

Live My Life (feat. Justin Bieber)

- RedOne

SUPERSTARS • SUPER SONGS

Our Great Songwriters have written Iconic Songs for:

Bruno Mars

Just The Way You Are

• Ari Levine

When I Was Your Man

• Ari Levine

Locked Out Of Heaven

• Ari Levine

Grenade

• Ari Levine

Treasure

• Ari Levine

Lazy Song

• Ari Levine

The Lazy Song

• Ari Levine

Marry You

• Ari Levine

Talking To The Moon

• Jeff Bhasker/Ari Levine

Count On Me

• Ari Levine

It Will Rain

• Ari Levine

Young Girls

• Jeff Bhasker/Emile Haynie/
Ari Levine

Gorilla

• Ari Levine

Runaway Baby

• Ari Levine

Too Good To Say Goodbye

• Jeff Bhasker

***Liquor Store Blues (feat.
Damian Marley)***

• Ari Levine

Calling All My Lovelies

• Bhasker/Haynie

If I Knew

• Ari Levine

***Versace (feat. David
Guetta)***

• Giorgio Tuinfort

Moonshine

• Ari Levine

***The Other Side (feat. B.o.B,
CeeLo Green)***

• Ari Levine

Show Me

• Ari Levine

Our First Time

• Ari Levine

Money Make Her Smile

• Ari Levine

Somewhere In Brooklyn

• Ari Levine

BRUNO MARS FEATURES:

B.O.B

***Nothin' On You (feat. Bruno
Mars)***

• Ari Levine

TRAVIE MCCOY

***Billionaire (feat. Bruno
Mars)***

• Ari Levine

MARK RONSON

***Uptown Funk (feat. Bruno
Mars)***

• Jeff Bhasker/Mark Ronson

SNOOP DOGG

***Young, Wild & Free (feat.
Bruno Mars, Wiz Khalifa)***

• Ari Levine

Our Resources and Relationships

To achieve our purpose, Hipgnosis has to generate attractive financial returns from our business; to do that we need to have the right resources and relationships in place and to nurture them.

Our business takes the form of investment in the intellectual property rights of proven hit Songs of cultural importance, primarily in North America and Europe.

While music copyrights do not have any significant environmental or corporate governance implications, per se, being abstract legal entitlements rather than corporate or physical entities, we seek to ensure that the conduct of our business and the promotion of our Songs is undertaken in a manner consistent with best practice in ESG.

This is because our activities have a high profile and our actions, as custodians of these musical assets, can have deep implications across society and the musical community.

Which is why our ulterior motive is at the heart of our stated purpose: to use the importance of our unparalleled Catalogue and financial clout as influence to improve the songwriter's position in the economic equation. What is good for Songwriters is good for all of our stakeholders. This ethos flows into wider ESG issues, too.

Our ability to continue to grow our business and be successful is entirely contingent on our integrity and behaviour. As a consequence, our responsible investment policy is constantly evolving. As a first mover in our asset class, we seek to set the benchmark for responsible investment in music assets for others to measure themselves against.

Key Decisions

We view key decisions as those that are material to our success and sustainability, but also as those that are materially significant to any of our key stakeholders or that have a material impact on our community or environment. In making a decision, we consider the outcome based on our understanding from our stakeholder engagement activities, as well as the need to maintain a reputation for high standards of business conduct.

We invest in a culturally diverse range of Songs, with a particular emphasis on supporting music from African-American heritage. The Company has adopted a responsible investing policy and legal due diligence is undertaken to make sure the Company acquires assets from reputable sources.

The Key Decisions that the Board has made are summarised within the Board Leadership and Company Purpose section on page 84.

Whilst there is still more to do, we are committed to demonstrating continued and transparent progress regarding Hipgnosis' ESG impacts.

Sustainability Risks and SFDR

The EU Sustainable Finance Disclosure Regulation (SFDR) is a regulatory framework which applies to us in our capacity as a self-managed investment trust. We have therefore made the following sustainability-related disclosures in accordance with Articles 6(1) of SFDR. The Company is not considered to be an 'ESG financial product' since it does not promote and does not maximise portfolio alignment with Sustainability Factors (as defined in SFDR). The investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities. However, the Company is nevertheless exposed to sustainability risks due to the nature of the assets in which it invests:

1. How Sustainability Risks are integrated into our investment decisions

Sustainability Risks are integrated into our investment decision making and risk monitoring to the extent that they represent potential or actual material risks and/or opportunities for maximizing long-term risk-adjusted returns for our Shareholders. The Investment Adviser considers sustainability risks as part of its broader analysis of potential investments and the management of the current portfolio. The factors considered will vary depending on the Catalogue in question, but we are always seeking to invest in Songs that have a positive social purpose.

2. The assessment and likely impacts of Sustainability Risks on returns of the Company

The returns generated by our investments are exposed to varied Sustainability Risks, most of which are deemed minimal, which include, but are not limited to: brand and reputational issues, shift in cultural mores, changes to regulation, environmental threats, physical threats and work practices of our suppliers.

Relations with stakeholders

The culture and success of the music industry are founded on relationships. We are very much part of this and we welcome it. We have various groups of stakeholders with whom we have close and direct relationships fundamental to our existence, they include our Shareholders, our service providers, our Advisory Board, the songwriting community and the publishers, administrators and PROs. There are many others who we recognise as well, even though we may not interact with them directly – prime amongst these are the millions who listen to music. Our Investment Adviser is at the heart of our engagement work and is responsible for the day-to-day interactions with all of our stakeholders.

Hipgnosis places great importance on its relationships with its **Shareholders**, as they provide us with the resources to make the acquisitions necessary to build our portfolio and so support songwriters and performers. We undertake both direct and indirect engagement activities with this group and this is covered in more detail in the Corporate Governance Statement on page 78.

Following the acquisition of HSG, Hipgnosis Songs Fund now has 41 employees. None of the **employees** are classified as senior executives as they do not report directly to the Board of the Company. The Board has delegated responsibility for these employees to the Investment Adviser, consistent with their policies and procedures.

Additionally, we operate through, and work closely with, a number of third-party **service providers**, including the Investment Adviser, Administrator, Company Secretary, Corporate Brokers, lawyers and our other professional advisers. The quality and timeliness of their service provision is critical to the success of the Company, as is their adherence to best practice ESG requirements. Our ESG policies are shared with our suppliers.

The Investment Adviser manages the vital input of our Advisory Board, discussed on pages 11, 36, 52 and 58. Our Investment Adviser also enables us to **engage with the writers and composers** of Song Catalogues acquired to update them on management activity around the Catalogues, explore creative projects, create new interpolations and discuss new commercial opportunities. An example of this is placing songwriters, who are featured in the Hipgnosis portfolio, in the recording studio together to collaborate and create new compositions.

The Investment Adviser also has regular communication with publishers and Administrators and the PROs who administer the payment of royalties due to a songwriter or recording artist in respect of a Song, either directly from the end user or from royalty collection agents, in order to assess that the royalties paid through are accurate and delivered in a timely manner.

The Investment Adviser has procedures in place that enable them to identify any under/over payments of revenue and work quickly to resolve this with the Publishers, collection societies and PROs. These Copyright Management initiatives are described on page 28 in more detail; there have been multiple occasions where we have returned millions of Dollars which we weren't entitled to.

Society

We want to help the communities on whom our success is based

While the Company's purpose is to give our Shareholders a strong, reliable and uncorrelated return on investment, we also have an ulterior motive which is to use the importance of our unparalleled Catalogue and financial clout as platform and leverage for the Songwriting community and to take Songwriters from the bottom of the economic equation to the top.

Without the Songwriter there would be no music, however, as individuals their voice has frequently not been heard nor their contribution financially recognised.

The principles of copyright protection are generally well established and the concept and value of making it economically feasible for "creators to create" is widely recognised. This is very much at the heart of our advocacy but Copyright protection is not enough, the important societal role of the Songwriter also needs to be recognised by apportioning them a far more significant share of the economic pie.

Our advocacy on the part of the Songwriting community has served to make us the preferred buyer for that community, which is also in the best interest of our Shareholders.

The impact of our advocacy is being felt at every level from the Copyright Royalty Board (CRB) hearings in the US to the global headquarters of the major recorded

music companies that are, in our view, responsible for the Songwriter's role not being properly remunerated and recognised, the Performing Rights Societies, who have to advocate for Songwriters more aggressively and straight through to the excellent work of DCMS Select Committee which prompted the UK Department of Digital, Culture, Media (DCMS) and sport to engage the Competition and Markets Authority to conduct a market study. Hipgnosis has submitted evidence to the CMA and continues to meet with them on a regular basis with the belief that the CMA will launch a full market investigation. A decision is due by the end of July 2022.

We have dedicated significant time, money and resources to supporting the Songwriting community. Led by Merck Mercuriadis, this includes work with The Ivors Academy, who nurture new Songwriting talent and advocate for the Songwriters and The Nashville Songwriters Association International, who work at the highest levels of the US Congress and Senate on the same themes.

We have been proactive with engagement with UK ministers, members of the DCMS Select Committee and MPs. Our Chief Catalogue Officer sits on the DCMS metadata transparency committee, which meets monthly.

We welcomed the announcement in the Government's legislative plans set out in May 2022 for legislation to create the legal framework for the statutory Digital Markets Unit. This is a huge opportunity to redress the current imbalance in the music Streaming market which favours digital platforms over Songwriters and Artists. By including digital music platforms, this new draft law will pave the way for a major boost to Songwriters, the UK's music industry and its creative potential.

Both in public and in private, Hipgnosis and the senior management of our Investment Adviser have established themselves as credible, informed and reasonable advocates for change. We continue to engage across government and with regulators to make the case for and on behalf of Songwriters.

Given the alignment of interests between Songwriters and Hipgnosis Songs Fund's Shareholders, where we are successful in our campaigning it will also deliver value accretion for the fund's Shareholders.

Broader music industry engagement

We are working to gain enough influence in the music rights space to bring about a change in the recompense seen by Songwriters in the Streaming age.

We are working with like-minded individuals and organisations across the industry to support each other's initiatives and increase general awareness of the issues arising.

If our mission is successful it will benefit both Songwriters and our investors as the value of Songs grows. Our interests are naturally aligned with what's best for the Songwriter also being best for our Shareholders (as the direct owners of some of the world's most culturally important Songs).

Following the Russian invasion of the Ukraine and the humanitarian crisis that has ensued, the Directors are delighted that Merck Mercuriadis and HSM have sponsored five Ukrainian refugees coming to the UK and provided not only for their travel and housing, but in the case of one of them, who has music experience, also a full time position at HSM.

The Social Mandate

Our Investment Adviser and its Advisory Board

We fully endorse our Investment Adviser and its Advisory Board, who believe that any company must reflect the values and best interests of the communities it benefits from.

They are active in using their influence as a catalyst for an end to all discrimination including sex, ethnicity, background, mental health or other discriminatory lenses. We endorse their strong Anti-Racist, Anti Gender and pro LGBTQQIAAP approach and we welcome social change organisations and programmes which struggle for equality such as the Black Lives Matter Foundation (the charitable foundation within the BLM movement).

We support the actions taken by our Investment Adviser to promote #blacklivesmatter initiatives and calls to action. All Hipgnosis trade advertising in the last 25 months has highlighted #blacklivesmatter and sent an important message to the wider music industry that the issue was not confined to a few weeks in June of 2020 but in fact needs to be part of our daily lives.

We support the actions taken by our Investment Adviser to promote the important achievements of the *We Are Family Foundation* founded by Advisory Board Member, Nile Rodgers, which has created programmes promoting cultural diversity while nurturing and mentoring the vision, talents, and ideas of young people.

We support Merck Mercuriadis in joining Richard Branson, Mike Novogratz, Arianna Huffington and other business leaders in the *Responsible Business Initiative For Justice* to bring an end to the death penalty which has taken the lives of many innocent people of colour purely on the basis of racial and socio-economic injustices. Further to this we continue to support the contributions of former HSM Advisory Board Member, Jason Flom, founding board member of the *Innocence Project*, in his work for criminal justice reform and his advocacy for those who have been wrongfully convicted and imprisoned.

We are proud to support *Nordoff Robbins*, whose groundbreaking work uses music as therapy to enrich the lives of people with life limiting illnesses, disabilities and feelings of isolation. In 2021, we produced the annual Christmas Carol Service for the second year in a row which is a key highlight of Nordoff Robbins' fundraising calendar. Our Investment Adviser once again stepped in with a significant donation to create an incredible experience at St Luke's Church in Chelsea with Sir Rod Stewart as well as a virtual event. Merck Mercuriadis and Andrew Wilkinson were the Executive Producers for the event and Nile Rodgers not only hosted the online event, but also performed along with Neil Young, Shakira, Enrique Iglesias, Tony Bennett, Eurythmics Songbook featuring David A. Stewart, Lindsey Buckingham and many other Hipgnosis' friends. Entitled *The Stars Come Out To Sing Again At Christmas*, we once again brought on board our friends at Open Exchange and the London Stock Exchange to bring the biggest viewership possible and raised over \$200,000, approximately double what the event usually achieves.

Our Investment Adviser contributes to the talent of tomorrow via one of the UK's leading educational establishments in performing and creative arts, The BRIT School, where Merck Mercuriadis, Nile Rodgers and Paul Burger are all very active. Next year *Nile's Night* will be launched in conjunction with the Ivor Novello Awards to raise money that will be shared between The BRIT School, the *We Are Family Foundation* and the *Ivors Academy*.

We are delighted that our Investment Adviser has supported *Songwriters Hall of Fame*, chaired by Nile Rodgers, and their work celebrating and developing writing talent as well as *MusiCares*, which helps music people in times of need. Given the Song is the currency of the music business and we believe the songwriter should be appreciated, applauded and celebrated above all, we were delighted the Investment Adviser sponsored the Song of the Year Category at the 2021 *A&R Awards*. This year our Investment Adviser has also supported the *Elton John Aids Foundation* mission to end the Aids epidemic; *Music To Life*, which builds on the strong historical legacy of social movements' intentional use of music to educate, recruit, and mobilise; and *Music Support*, the charity created by and for music industry professionals to provide help for UK workers affected by mental ill-health and/or addiction. Rosa Mercuriadis has co-created *sicksadgirlz* an Instagram community with 25,000 followers where young women can find support for mental health and women's issues.

Impact on the Environment

Hipgnosis' direct environmental impact is very limited. We have considered the materiality of our environmental risks and have concluded that they are minimal. The direct impact of our Investment Adviser is also limited to running office facilities and the international transport of key personnel.

We acquire a growing portfolio of music copyrights. As intangible assets, returns are generated by Songs being listened to through many third-party channels including retail, hospitality, digital entertainment, advertising, film and others. Our assets are being consumed and monetised as an adjunct to other, sometimes more environmentally impactful business activities, that would occur whether our assets were used or not.

We keep under consideration the impact on the environment relating to the shift from the physical to digital consumption of music. The popularity of Streaming as the preferred method of enjoying digital entertainment has generated concerns about a concomitant increase in the energy consumption of the required data centre infrastructure. At the moment, there is considerable debate, with no clear consensus view, on the relative environmental merits and impacts of the various channels, physical and virtual, used to supply music as entertainment. We continue to monitor

the environmental commitments made by DSPs to reduce the energy intensity of their datacentres.

The necessity for international travel is another area on which much attention has been focused, brought into stark practical relief by the necessary responses to the pandemic. The entertainment industry generally, and our business model specifically, are heavily reliant on the establishment and maintenance of personal relationships; to us, these relationships are amongst our most valuable assets. Hipgnosis, and its suppliers, are applying the lessons learned during the pandemic about the various alternatives to physical meetings and are working to keep international travel to the level needed to sustain these key relationships.

To better understand and manage our environmental impact, our Investment Adviser will monitor its greenhouse gas (GHG) emissions to manage its climate-related impacts. This will initially focus on Scope 1, 2 and certain Scope 3 emissions.

The Hipgnosis Song Management Team

Our Team is comprised of HSM, its Advisory Board and HSG across multiple locations, including London, Los Angeles, New York and Nashville. In total we are now 89 strong.



Our Senior Management Team



Merck Mercuriadis
Founder & CEO, HSM



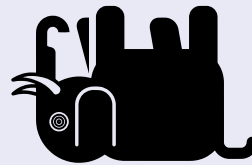
Chris Helm
CFO & Executive Vice President Business Development, HSM



Amy Thomson
Chief Catalogue Officer, HSM



Ted Cockle
President, HSM



HIPGNOSIS



Rosa Mercuriadis
Chief Creative, Marketing & Culture Officer, HSM



Markku Lonnqvist
Chief Investment Officer, HSM



Kenny MacPherson
CEO, HSG



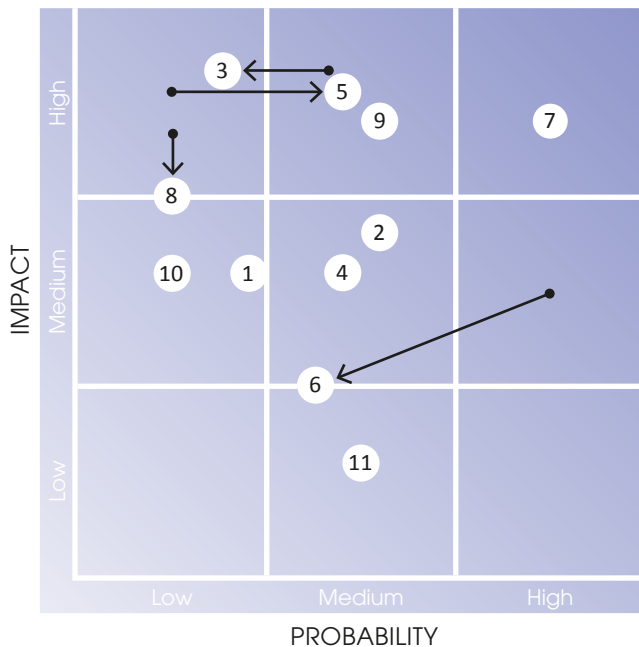
Rufina Pavry
Director, Investor Relations, HSM

Our Principal Risks and Uncertainties

Our risk assessment

The graphic below shows the Group’s principal risks and uncertainties and the changes year-on-year. Information on our risk management framework can be found on page 97.

- ① Adverse change in policies by Collection Societies and other entities through whom the Company receives royalty payments
- ② Cyber security
- ③ Due diligence
- ④ Exchange rate
- ⑤ Financial leverage
- ⑥ Impact due to the COVID-19 pandemic
- ⑦ Interest rate
- ⑧ Key person
- ⑨ Market trends
- ⑩ Operational reliance on service providers
- ⑪ Payments as advances to Songwriters don’t yield projected returns



↔ Movement from last year

① Adverse change in policies by Collection Societies and other entities through whom the Company receives royalty payments

Business Model: A1, B4

Strategy: 2. Song Management

Probability: Low/Medium Impact: Medium

Description

Should Collection Societies or other entities, including the major music publishers and record companies, alter the way that they collect royalties, or set lower royalty rates, or decide to disproportionately favour major music publishers, the Company may receive significantly reduced revenues compared to the level it had forecast at the time of acquiring the relevant Catalogues or Songs.

Mitigation

The Investment Adviser actively monitors the market and provides the Company with any data or intelligence of which it becomes aware. The financial model, which supports the Board’s assessment of Going Concern and the Viability Statement, reflects these regulatory and industry risks should they materialise.

② Cyber security

Strategy: 2. Song Management

Probability: Medium Impact: Medium

Description

The Company (like all others) is exposed to external cyber-security threats which have the possible impact of sensitive information leakage and cyber fraud and, in a worst case scenario, interruption of royalty payments.

Mitigation

The Company recognises the increased incidence of cyber-security threats and annually reviews its own policies, procedures and defences to mitigate associated risks, as well as those of the Investment Adviser, Administrator and key service providers, engaging market-leading specialists where appropriate.

For a discussion of our market, see page 47; business model, see page 52; strategy, see page 58; and resources and relationships, see page 63.

③ Due diligence

Business Model: A1, A2, A3, B2

Strategy: 1. Smart Acquisition

Probability: Low Impact: High

Description

The due diligence process may not reveal all facts that may be relevant in connection with investment opportunities and any mismanagement, fraud, or accounting irregularities on the part of any seller of Catalogues, or their advisers, may materially affect the integrity of the Investment Adviser's due diligence on such investment opportunities.

When conducting due diligence and making an assessment regarding an investment, the Investment Adviser and the Company's legal and financial advisers are required to rely on resources available to them, including internal sources of information as well as information provided by existing and potential sellers of Songs. The due diligence process may at times be required to rely on limited or incomplete information.

Due to the lower rate of acquisitions, the increasing length of ownership of our Catalogues, and the continuation in the investment into our investment team, the probability of this risk has reduced.

Mitigation

The Investment Adviser will select investment opportunities to be tabled to the Directors for their consideration.

Before recommending a deal to the Board, the Investment Adviser carries out detailed financial modelling and due diligence which includes: analysing publicly available market information, reviewing three years' worth of royalty statements, corroborating data back to third-party sources, conducting independent financial and legal due diligence and sourcing third-party valuation.

④ Exchange rate

Business Model: A1, B4

Probability: Medium Impact: Medium

Description

The Company has issued share capital denominated in Sterling and aims to pay regular dividends in that currency. However, the Group's functional currency is Dollars, most of the Group's revenue is received in Dollars, and exchange rate fluctuations may significantly affect the NAV and the ability to pay targeted Sterling dividends.

Mitigation

The Company considers on a regular basis the benefits and cost of passive currency hedging. To date the Company has not implemented passive currency overlay strategies. The Company will continue to pay any dividends in Sterling and its primary listing will remain denominated in Pounds. The Company moved its functional currency from Pound Sterling to US Dollar in the financial year ending 31 March 2021, which reduces the volatility of overall revenues.

⑤ Financial leverage

Business Model: A1, A3

Strategy: 1. Smart Acquisition

Probability: Medium Impact: High

Description

The Company uses leverage and may utilise borrowings for working capital and interest rate hedging purposes. In case of default under the relevant financing arrangement the Company may face adverse action from its lenders leading to operating constraints and increased controls. This may affect the Company's ability to pay dividends. Due to the current expectations of inflation and the increased US interest rates, the probability of this risk has increased.

Mitigation

On a quarterly basis, and on the occasion of each drawdown, and prior to each dividend being paid, the Company confirms its compliance with key covenants set out in the loan facility and documented within the Company's policies and procedures.

⑥ Impact due to the COVID-19 pandemic

Business Model: A1

Strategy: 2. Song Management

Probability: Medium/Low Impact: Medium/Low

Description

The business and economic disruption as a result of the COVID-19 pandemic and associated lockdowns had a material adverse effect on certain income streams, in particular performance revenues, which relate to revenues collected from shops, bars, gyms and live performances. Whilst the impact of COVID-19 on music royalties is diminishing, the occurrence of a new vaccine-resistant variant may lead to a re-introduction of lockdowns.

Mitigation

The Company has invested in proven hit Songs that are of cultural importance, which have benefited from the growth in Streaming that accelerated during COVID-19. Revenues from these Songs have been historically uncorrelated to macro-economic conditions, limiting the impact on earnings.

⑦ Interest rate

Business Model: A1

Probability: High Impact: High

Description

The Company is exposed to changes in global interest rates in several ways. Predominantly, but not exclusively, the fiscal and monetary decisions of the US Government and its Central Bank will affect the interest rates of the Company's floating-rate RCF. It may also impact the discount rate, which is used to evaluate the current and forecast value of Catalogues it is purchasing, or has already invested in. Interest rates also have an impact on currency, mentioned above. The interest rate environment is now very unpredictable and consequently this could affect our ability to meet bank covenants and pay dividends.

Mitigation

The Company's cash resource must be held by approved banks. Interest rates in connection with any debt facility are monitored on a frequent basis by the Investment Adviser. Interest risk and sensitivity are also monitored on a monthly basis, aligned with the JPM Fed rate forecast. The Board and the Investment Adviser regularly consider using interest rate hedging tools available within the debt facility.

⑧ Key person

Business Model: B1, B3

Strategy: 2. Song Management

Probability: Low Impact: High/Medium

Description

The Company depends on the services of the Investment Adviser, in particular on Merck Mercuriadis, Chief Executive of the Investment Adviser.

Mitigation

To broaden the expertise within the Investment Adviser, the Investment Adviser has continued to invest in growing its staff and systems which has reduced reliance on any individual. The Investment Adviser is also supported by the Advisory Board members (named on page 16 of this report). Both entities bring their considerable industry experience to bear in support of the Company's investment objectives.

Subsequent to the period end, Blackstone Inc., which brings considerable investment experience and resources, has taken an ownership stake in the Investment Adviser, reducing this risk.

Furthermore, the third-party Administrators to the Company's Catalogues each have an important role to play in pursuing efficiencies in the collection of royalties and active management of the Songs that the Company owns. The Investment Adviser's longstanding relationships with those third-party Administrators bring with them further music management experience that adds support for Merck Mercuriadis and his team in the performance of their services to the Company.

⑨ Market trends

Business Model: A1, A4, B2

Strategy: 1. Smart Acquisition; 2. Song Management

Probability: Medium Impact: High

Description

The Company is heavily reliant on Streaming (or an equivalent technology) remaining popular with consumers. Any adverse change in this would affect revenues. Performance income may be impacted by a major downturn in the global economies if this led to closure of venues. Conversely, technological advances could lead to a growth in royalties as consumers' access to music continues to improve.

Mitigation

The Company has a Portfolio well diversified around vintage, territory, genre and income type and will be heavily reliant on the continuing presence and popularity of DSPs in order to maximise access to the consumer market. The Company is continuously reviewing this risk and most recently took note from the Goldman Sachs *Music in the Air* report (published 13 June 2022) in which they estimate global paid subscriptions increasing to 1.26 billion in 2030, from 523 million in 2021, as a result of an expected rise in paid subscription penetration (as a percentage of smartphone population), from 11% in 2021 to 20% in 2030, as well as a proliferation of new Streaming services.

⑩ Operational reliance on service providers

Business Model: A1, A2, B1, B4

Strategy: 2. Song Management

Probability: Low Impact: Medium

Description

The Company relies primarily on third-party service providers for its core operations including oversight of its subsidiaries under the terms of its Investment Advisory Agreement. In particular, although the ultimate responsibility for the investment strategy lies with the Company, the Investment Adviser is responsible for sourcing potential opportunities and advising the Company on acquisitions and active management of Catalogues.

The Company also depends heavily on the specialist administrative services of the Investment Adviser, the Portfolio Administrators and other collection agents as well as third-party suppliers with whom the Company conducts business. In the event that these service providers experience business disruption or cyber security breaches, the ability of the Group to collect revenues due may be limited.

Mitigation

The Company continually reviews the performance of its service providers and will raise any concerns regarding performance or efficiency should the need arise.

⑪ Payments to Songwriters don't yield projected returns

Business Model: A1, B2

Strategy: 1. Smart Acquisition

Probability: Medium Impact: Low

Description

Investment in Songs that are yet to be written or proven commercially over a sustained period of time, is considered more speculative than investment in proven Songs and may not be commercially successful or generate sufficient royalties to recoup the Advance over the forecast period or at all.

Mitigation

The Advances made to Songwriters in connection with the acquisition of rights over future Songs will not represent more than 5% of the Company's Gross Assets, calculated at the date of the relevant Advance; as at 31 March 2022, HSG had made Advances to Songwriters totalling \$18.6 million, which are expected to be recouped from the future royalty income generated by the Songs written by the Songwriters over time.

Emerging Risks

Emerging risks are regularly considered to assess any potential impact on the Group and to determine whether any actions are required. These include regulatory/legislative change, macroeconomic and geo-political change, climate risks as well as new competitors entering the market. These are monitored, mitigated and managed by the Company through continual review, policy setting and updating of the Company's risk matrix at each quarterly meeting to ensure that procedures are in place with the intention of minimising the impact of the above-mentioned risks. We have considered the materiality of our environmental risks and have concluded that they are minimal. The Company relies on periodic reports provided by the Investment Adviser and Administrator regarding risks that the Group faces. When required, experts, including tax advisers and legal advisers, will be employed to gather information and to provide advice.

Key Statements

Viability Statement

To assess the future prospects of the Company the Board has conducted a financial and Portfolio review for a period of three years to 31 March 2025, which is deemed appropriate for the following reasons:

- i. The long-term outlook for music publishing and recorded music remains very positive;
- ii. Three years is often considered the benchmark of normalised earnings within music publishing;
- iii. The remaining copyright term of the Company's Portfolio as of 31 March 2022 will give rise to future income significantly beyond the period of review;
- iv. Experience to date provides confidence that the performance of catalogues will generally continue to perform in accordance with their acquisition business plans.

Based on past performance, the returns generated within the investment Portfolio are expected to be stable and predictable in both the medium and longer term. Music royalties remain a stable asset class, which has demonstrated resilience during the COVID-19 pandemic. The previous short-term impact on Performance income is now showing strong signs of recovery and many PROs are reporting revenues levels equal to those prior to the pandemic.

The long copyright term combined with the resilience of music and a continually expanding ecosystem of consumers underpins the value of catalogues and provides the basis for assessing the business of the Company as viable within the three-year forecast period.

The Investment Adviser has prepared, and the Board has reviewed, the Portfolio projections which forecast the Company's revenue, cashflow and working capital projections over the next three years and has considered the impact of the principal risks and some of the emerging risks of the Company.

In support of this statement, the Board has also considered all the principal risks and significant emerging risks and their mitigation as identified in the risk register that is periodically reviewed by the Board. The Board paid particular attention to the risk of a deterioration in the short-term economic outlook which would adversely impact catalogue fundamentals causing a reduction in cash flows.

The remaining principal risks, whilst having an impact on the Company's business model, are not considered by the Board to have a reasonable likelihood of impacting the Company's viability over the three-year period to 31 March 2025.

On a rolling basis, and at times of issuing a new Prospectus, the Board evaluates the performance of the portfolio of Songs and the Company's financial position as well as assessing sensitivities that impact dividend cover, credit covenants and profitability of the Company to assess an 'extreme downside scenario'. The 'extreme downside scenario', reflecting a severe short term economic downturn, incorporated the following assumptions based on our principal risks and uncertainties:

- The strengthening of Sterling versus US Dollar, to account for the 86% of revenues that are received from the USA. This assessment assumes Sterling strengthens against the US Dollar and the exchange rate for £1.00 equals \$1.40 (based on rates in Q2 2021). The Board considered this a medium risk, and cash reserves would remain sufficient to maintain the dividend at the current level. The base case scenario assumes no change in exchange rates so that, as a result no covenant breaches are expected.
- The extreme downside scenario assumes an accelerated increase in 1 month LIBOR to 2.7% by September 2022. The Company's debt facility is based on a fixed rate, plus a floating rate based on the London Interbank Offered Rate (LIBOR). The base case scenario assumed expected increases in LIBOR, which shows no covenant breaches.
- Cash collections are delayed due to late payment by Publishers and Collection Societies. Cash payment is based on usage already occurred and the delay in payment would lead to a reduction in operational cash flow. The risk associated with non-payment from Publishers and Collection Societies is deemed low as reported in Note 17. In the unlikely event that this scenario occurs then this could lead to potential events of default relating to the Company's debt covenants. The time lag between the Company recognising the Revenue and cash collection is something that the Company is actively looking to reduce.

Each of these scenarios were incorporated into a detailed financial model, and their impact assessed on revenues and future cash flows. The results of this stress testing show that a combination of all these hypothetical scenarios could result in a cash shortfall and impact the ability of the Company to maintain the current dividend policy. Were this unlikely scenario to occur the Board would take mitigating actions to ensure the viability and future cash flows of the Company, including making changes to the timing or size of future dividend payments.

However, in light of the liquidity available to the Company and based on this analysis, the Directors have a reasonable expectation that, even under these severe stress tests, the Company will be able to continue in operation and meet its liabilities as they fall due and remain viable over the three-year period of assessment.

In arriving at their conclusions, the Board considered, amongst other things:

- The Company's historic consistency in generating material net cash generated from operating activities (Year to 31 March 2022 of \$84.9 million, 31 March 2021 of \$85.9 million).
- The Company's expected credit loss based on the probability that future default on trade receivables has been deemed close to nil, due to the long-standing history of PROs, Publishers and Record Labels within the music industry and the existing framework of cash collection amongst the Company's stakeholders.
- The Company's liquidity, given cash balances of \$30.1 million as at 31 March 2022.
- The Company's headroom under its borrowing policy as a percentage of NAV.
- The majority of the Company's operational expenses are based on fixed contracts and are not linked to future inflationary pressure or increased trading. This gives the Company a high degree of operational leverage.

Notwithstanding this assessment, forecasting for individual Catalogues can deliver variances versus the actual revenues received but these variances are considered immaterial in the context of the whole diversified Portfolio. Any risk is thus mitigated, and the overall forecast assumptions adopted are reasonable and sustainable at the present time.

The Board is of the opinion that the long-term outlook for music publishing and recorded music remains very positive as evidenced throughout this Annual Report. As further explained in principal risks and uncertainties in the Corporate Governance Report on pages 76-114 the Board do not consider the effects of COVID-19 to have had a material impact on their assessment of the Company as a going concern or the prospects of the Company.

Going Concern

The Board monitors the liquidity and capital resilience of the Company, prepared by the Investment Adviser, monthly, which spans a 12-month forecast horizon.

Revenue assumptions for future periods, and therefore cash receivable, are based on forecasts of royalties and other revenue receivable combined with the unwinding of revenue accruals plus revenues forecast from new catalogue acquisitions. Sensitivities are also applied to revenues to assess the impacts of COVID-19 and other economic factors on contractual obligations.

Expenses and acquisition costs are forecast on both a contractual and non-contractual basis, whereby the non-contractual analysis is derived from the run-rate expenses over the prior 12-month period. The 12-month forecast assumes a 'steady state' so does not include the impact of any future equity raises, debt refinancing or acquisitions.

Based on these sources of information and the Company's history of profitable operations, which are expected to continue, it is the Board's judgement that the Company will continue to have a reliable source of revenue from its Publishers and PROs, sufficient for the company to meet its obligations over at least the next 12 months. Accordingly, the Directors believe it is appropriate to prepare the Consolidated Financial Statements of the Company on a going concern basis.

The Directors have also considered the ongoing impact of COVID-19, increased interest rates and other relevant factors on the Company as reflected in the Viability Statement.

Section 172(1) Statement

The purpose of the Strategic Report is to inform members of the Company and help them assess how the directors have performed their duty under section 172. This section 172(1) statement incorporates information from other areas of the Annual Report to avoid unnecessary duplication.

Section 172 of the UK Companies Act 2006 applies directly to UK domiciled companies. Nonetheless the AIC Code requires that the matters set out in section 172(1) are reported on by all companies, irrespective of domicile. This requirement does not conflict with Guernsey company law.

The Directors have had regard for the matters set out in section 172(1)(a)-(f) of the Companies Act 2006 when performing the duties set out in section 172. The Directors consider that they have acted in good faith in the way that would be most likely to promote the success of the Company for the benefit of its members as a whole, while also considering the broad range of stakeholders who interact with and are impacted by our business.

The table below indicates where the relevant information is that demonstrates how we act in accordance with the requirements of s.172(1).

s172 matter**Likely consequences of any decision in the long term**

Introduction from Merck Mercuriadis, pages 3-7
 The Chair's Statement, pages 11-12
 Investment Adviser's Report, pages 15-19, 22-29, 32, 35, 38-44
 Our Market, pages 47-51
 Our Purpose, Business Model, Culture and Values, pages 52-57
 Our Objective, Strategy, Investment Policy, pages 58-62
 Our Resources and Relationships, pages 63-67
 Our Principal Risks and Uncertainties, pages 70-73
 Viability Statement, pages 74
 Chair's Introduction, page 78
 Application of AIC Code Principles, pages 80-83
 Board Leadership and Company Purpose, pages 84-85
 Composition, Succession and Evaluation, pages 90-91
 Report of the Nomination Committee, pages 94-96
 Audit, Risk and Internal Control, page 97
 Report of the Audit and Risk Management Committee, pages 98-101
 Report of the Management Engagement Committee, pages 104-105
 Report of the Portfolio Committee, page 106-107
 Directors' Remuneration Report, pages 108-110

The interests of the Company's employees

Our Resources and Relationships, pages 63-67
 Compliance Statement, page 79
 Application of AIC Code Principles, pages 80-83
 Board Leadership and Company Purpose, pages 84-85
 Report of the Management Engagement Committee, pages 104-105
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The need to foster the Company's business relationships with suppliers, customers and others

Introduction from Merck Mercuriadis, pages 3-7
 The Chair's Statement, pages 11-12
 Investment Adviser's Report, pages 15-19, 22-29, 32, 35, 38-44
 Our Purpose, Business Model, Culture and Values, pages 52-57
 Our Objective, Strategy, Investment Policy, pages 58-62
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 Report of the Management Engagement Committee, pages 104-105

Impact of the Company's operations on the community and environment

Introduction from Merck Mercuriadis, pages 3-7
 Investment Adviser's Report, pages 15-19, 22-29, 32, 35, 38-44
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Chair's Introduction



Dear Shareholder,

On behalf of the Board I am pleased to present the Corporate Governance Report for the year ended 31 March 2022. This report describes the Corporate Governance structures and procedures, and summarises the work of the Board and its Committees to illustrate how we have discharged our responsibilities over the year. The Board is collectively responsible for how the Company is directed and controlled. Our responsibilities include: agreeing the Company's strategic aims and values; monitoring and constructively challenging the Investment Adviser on the operations of the business; ensuring a framework of prudent and effective controls; and reporting to Shareholders on the Board's stewardship. As Chair, I am responsible for leading and ensuring an effective Board.

The Board recognises its duties and responsibilities to our Shareholders and other stakeholders. Further details of how we take account of Shareholder and wider stakeholder interests in our strategic planning and decision-making processes are set out on pages 84 and 63. We will continue to work with the Investment Adviser to deliver on our strategic goals while ensuring that we continue to engage with all stakeholders.

Andrew Sutch

Chair

13 July 2022

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Corporate Governance Report

Compliance Statement

Hipgnosis Songs Fund Limited is a company registered in Guernsey and has a Premium Listing on the Main Market on the London Stock Exchange. The Company became a member of the AIC on 22 August 2018.

The Board has considered the Principles and Provisions of the AIC Code of Corporate Governance 2019 (AIC Code). The AIC Code addresses the relevant Principles and Provisions set out in the UK Corporate Governance Code 2018 (the UK Code), as well as setting out additional Provisions on issues that are of specific relevance to the Company.

The Board considers that reporting against the Principles and Provisions of the AIC Code, which has been endorsed by the Financial Reporting Council and the Guernsey Financial Services Commission, provides more relevant information to Shareholders. By reporting against the AIC Code we are meeting our obligations under the UK Code (and associated disclosure requirements under paragraph 9.8.6 of the Listing Rules) and as such do not need to report further on issues contained in the UK Code which are irrelevant to us.

Throughout the year ended 31 March 2022, the Company has applied the Principles (as explained on pages 80-83), and complied with the relevant Provisions of the AIC Code.

Throughout the year ended 31 March 2022, the Company has complied with the recommendations of the AIC Code and the relevant provisions of Section 1 of the UK Code, except as set out below.

The UK Code includes provisions relating to:

- the role of the chief executive;
- executive directors' remuneration; and
- the need for an internal audit function.

For the reasons set out in the AIC Code, and as explained in the UK Code, the Board considers that the above provisions are not currently relevant to the position of the Company which delegates most day-to-day functions to third parties.

In September 2020, through acquisition of the assets of Big Deal Music (renamed Hipgnosis Songs Group, or HSG), the Company acquired employees. However, none of the employees are classified as Senior Executives as they do not report directly to the Board, and the management of the employees has been delegated to the Investment Adviser in its entirety; however, the Board retains oversight through the Investment Advisory Agreement. The absence of an internal audit function is discussed in the Report of the Audit and Risk Management Committee.

The AIC Code is available on the AIC website (<https://www.theaic.co.uk/>).

Application of the AIC Code Principles

The AIC Code, and the underlying UK Code, have placed increased emphasis on “apply and explain” with regard to the Principles of the Codes.

Our explanations about how we have applied the application of the main principles of the AIC Code can be found as follows:

Board Leadership and Company Purpose

Principle A. A successful company is led by an effective Board, whose role is to promote the long-term sustainable success of the company, generating value for Shareholders and contributing to wider society.

Strategic Report, pages 2-77

Governance, pages 78-110

Principle B. The Board should establish the company’s purpose, values and strategy, and satisfy itself that these and its culture are aligned. All Directors must act with integrity, lead by example and promote the desired culture.

Strategic Report, pages 2-77

Board Leadership and Company Purpose, pages 84-85

Principle C. The Board should ensure that the necessary resources are in place for the company to meet its objectives and measure performance against them. The Board should also establish a framework of prudent and effective controls, which enable risk to be assessed and managed.

Our Resources and Relationships, pages 63-67

Our Principal Risks and Uncertainties, pages 70-73

Section 172(1) Statement, pages 76-77

Board Leadership and Company Purpose, pages 84-85

Audit, Risk and Internal Control, page 97

Report of the Audit and Risk Management Committee, pages 98-103

Principle D. In order for the company to meet its responsibilities to Shareholders and stakeholders, the Board should ensure effective engagement with, and encourage participation from, these parties.

Our Resources and Relationships, pages 63-67

Section 172(1) Statement, pages 76-77

Board Leadership and Company Purpose, pages 84-85

Division of responsibilities

<p>Principle F. The Chair leads the Board and is responsible for its overall effectiveness in directing the company. They should demonstrate objective judgment throughout their tenure and promote a culture of openness and debate. In addition, the Chair facilitates constructive Board relations and the effective contribution of all Non-executive Directors, and ensures that Directors receive accurate, timely and clear information.</p>	The Chair's Statement, pages 11-12
	The Chair's Introduction, page 78
	Board Leadership and Company Purpose, pages 84-85
	Division of Responsibilities, pages 86-89
<p>Principle G. The Board should consist of an appropriate combination of Directors (and, in particular, independent Non-executive Directors) such that no one individual or small group of individuals dominates the Board's decision making.</p>	Division of Responsibilities, pages 86-89
	Board of Directors, pages 91-93
<p>Principle H. Non-executive Directors should have sufficient time to meet their Board responsibilities. They should provide constructive challenge, strategic guidance, offer specialist advice and hold third-party service providers to account.</p>	The Chair's Statement, pages 11-12
	Board Leadership and Company Purpose, pages 84-85
	Division of Responsibilities, pages 86-89
	Report of the Audit and Risk Management Committee, pages 98-103
	Report of the Management Engagement Committee, page 104-105
<p>Principle I. The Board, supported by the company secretary, should ensure that it has the policies, processes, information, time and resources it needs in order to function effectively and efficiently.</p>	Our Resources and Relationships, pages 63-67
	Our Principal Risks and Uncertainties, pages 70-73
	Section 172(1) Statement, pages 76-77
	Board Leadership and Company Purpose, pages 84-85
	Division of Responsibilities, pages 86-89
	Audit, Risk and Internal Control, page 97
	Report of the Audit and Risk Management Committee, pages 98-103
Report of the Management Engagement Committee, page 104-105	

Composition, succession and evaluation

Principle J. Appointments to the Board should be subject to a formal, rigorous and transparent procedure, and an effective succession plan should be maintained. Both appointments and succession plans should be based on merit and objective criteria and, within this context, should promote diversity of gender, social and ethnic backgrounds, cognitive and personal strengths.

Report of the Nomination Committee, pages 94-96

Principle K. The Board and its committees should have a combination of skills, experience and knowledge. Consideration should be given to the length of service of the Board as a whole and membership regularly refreshed.

Board of Directors, pages 91-93

Report of the Nomination Committee, pages 94-96

Principle L. Annual evaluation of the Board should consider its composition, diversity and how effectively members work together to achieve objectives. Individual evaluation should demonstrate whether each director continues to contribute effectively.

Report of the Nomination Committee, pages 94-96

Audit, risk and internal control

Principle M. The Board should establish formal and transparent policies and procedures to ensure the independence and effectiveness of external audit functions and satisfy itself on the integrity of financial and narrative statements.

Audit, Risk and Internal Control, page 97

Report of the Audit and Risk Management Committee, pages 98-103

Principle N. The Board should present a fair, balanced and understandable assessment of the company's position and prospects.

Strategic Report, pages 2-77

Audit, Risk and Internal Control, page 97

Report of the Audit and Risk Management Committee, pages 98-103

Financial Statements, pages 126-161

Principle O. The Board should establish procedures to manage risk, oversee the internal control framework, and determine the nature and extent of the principal risks the Company is willing to take in order to achieve its long-term strategic objectives.

Our Principal Risks and Uncertainties, pages 70-73

Viability Statement, pages 74-75

Audit, Risk and Internal Control, page 97

Report of the Audit and Risk Management Committee, pages 98-103

Notes to the Financial Statements, pages 131-161

Remuneration

<p>Principle P. Remuneration policies and practices should be designed to support strategy and promote long-term sustainable success.</p>	Strategic Report, pages 2-77
	Board Leadership and Company Purpose, pages 84-85
	Directors' Remuneration Report, pages 108-110
<p>Principle Q. A formal and transparent procedure for developing policy on remuneration should be established. No director should be involved in deciding their own remuneration outcome.</p>	Directors' Remuneration Report, pages 108-110
<p>Principle R. Directors should exercise independent judgment and discretion when authorising remuneration outcomes, taking account of company and individual performance, and wider circumstances.</p>	Directors' Remuneration Report, pages 108-110

Other Key Governance Statements

The Directors confirm that:

Going Concern

The Going Concern statement is made on page 76.

Viability

The Viability Statement is made on pages 74-75. Further details of the Board's assessment of the viability of the Company are set out in Audit, Risk and Internal Control on page 97. The Principal Risks and Uncertainties are set out on pages 70-73.

Principal Risks

The Board has undertaken a robust review of the Group's principal and emerging risks, including those that would threaten its business model, future performance, solvency or liquidity and reputation.

The Board has monitored the Company's risk management and internal control systems and carried out a review of their effectiveness. Further details are set out in Audit, Risk and Internal Control on page 97. The Principal Risks and Uncertainties are set out on pages 70-73.

Continuing Appointment of the Investment Adviser

The continuing appointment of Hipgnosis Song Management Ltd, formerly known as The Family (Music) Ltd, as the Investment Adviser, on the terms agreed, is in the interests of the Shareholders as a whole. Further details on the basis for this conclusion, and the terms, are set out in the Report of the Management Engagement Committee on pages 104-105.

Fair, Balanced and Understandable

The annual report and accounts taken as a whole are fair, balanced and understandable and provide the information necessary for Shareholders to assess the Company's performance, business model and strategy. See the Report of the Audit and Risk Management Committee on page 98 for further information on how this conclusion was reached.

Section 172(1)

The Section 172(1) statement is made on page 76.

It provides cross-references to the required detail set out throughout this annual report.

Board Leadership and Company Purpose

The Role of the Board

The Company is led and controlled by a Board of Directors, who are collectively responsible for the long-term success of the Company. The Board acts in the interests of the Company, creating and preserving value and has as its foremost principle to act in the interests of Shareholders.

Culture and Values

The Board recognises that tone and culture are set from the top, and that every interaction with the Company's stakeholders has a great influence on the sustainability of long-term Shareholder value. This can be the Board's interaction with its Shareholders, or one of the Investment Adviser's junior employees dealing with one of the Company's service providers. The importance of sound ethical values and behaviour is crucial to the ability of the Company to achieve its objectives successfully.

The Board individually and collectively seeks to act with diligence, honesty and integrity and expects the same values from its service providers. It encourages its members to express differences of perspective and to challenge views and opinions but always in a respectful, open, cooperative and collegiate fashion. The Board encourages diversity of thought and approach and chooses its members with this approach in mind.

The Company's culture emulates that of the Investment Adviser, with a focus on long-lasting relationships with its investor base; investment excellence delivered with integrity; and world-class leadership backed by extensive industry knowledge that will help create a Songwriter community rapport and a diverse, innovative, multi-cultured portfolio of Song assets.

Key Decisions

In making its decisions, the Board considered the outcome from stakeholder engagement.

It also considered the need to maintain a reputation for high standards of business conduct. Key decisions are summarised below and are discussed in more detail as indicated:

- To issue 9,000,000 new Ordinary Shares (at a price of 119.5p per Ordinary Share) to fund a specific investment opportunity.
- To initiate a placing of new Ordinary Shares to raise £150 million to acquire a substantial pipeline of some of the most influential and successful Songs of all time.
- To announce the Company's intention to not offer further shares for cash consideration until after publication of the net asset value per share as at 31 March 2022.
- To acquire eight further Catalogues after individual review (see pages 106-107).
- To distribute quarterly dividends and amend timing of payments to be in line with the Company's revenue receipts (see page 112).
- To continue to engage, through the Investment Adviser, with the UK DCMS Parliamentary Committee Inquiry into the economics of music Streaming (see pages 64-65).
- To agree to an amendment to the Investment Advisory Agreement which provided consent for the Investment Adviser to provide investment advisory services to Blackstone as an additional client and which provide co-investment opportunities for the Company. In depth discussions were held with key stakeholders to ensure that a robust conflicts of interest policy was put in place.
- To host a virtual Capital Markets Day on 17 November 2021 to present the Company's overall strategy.
- To appoint Vania Schlogel as Non-executive Director and as a member of all of the Company's committees.
- To explore potential refinancing options and reduce the Company's exposure to floating interest rates in light of the current macro economic environment.

Relations with Shareholders and other stakeholders

Certain of the key decisions noted above, such as those around fund raising activity, were based on investor feedback and were made following consultation with key stakeholders.

Positive feedback was received following the Capital Markets Day held on 17 November 2021, with stakeholders reporting that they have a better insight into how the Investment Adviser approaches and manages Song promotion and enhancement, and that they found the focus on Synch activities of particular interest. They also welcomed the detail provided about the conflicts of interest policy put in place and potential co-investment opportunities with Blackstone.

Relationships with other stakeholders are discussed on page 64.

The Board welcomes Shareholders' views and places great importance on communication with its Shareholders. The Company reports formally to Shareholders in a number of ways; regulatory news releases through the London Stock Exchange's Regulatory News Service, annual and interim reports and periodic factsheets issued in response to events or routine reporting obligations. In addition, the Company's website contains comprehensive information, including Company notifications, share information, financial reports, investment objectives and policy, investor contacts and information on the Board and corporate governance.

All major Shareholders were invited to meet with the Chair and committee chairs during the year and meetings were set up accordingly. The Board is also kept fully informed of all relevant market commentary on the Company by the Investment Adviser and the Corporate Brokers.

The Investment Adviser has regular contact with Shareholders and any views that they may have are communicated to the Board. All Shareholders have direct access to the Chair and the other Directors, who are available to discuss any questions which they may have in relation to the running of the Company.

Financial results, events, corporate reports, webcasts and factsheets are all stored in the Investor Relations section of our website: <https://www.hipgnosisongs.com/>

Annual General Meeting

The Annual General Meeting (AGM) of the Company will be held at 10.00 BST on 21 September 2022 at United House, 9 Pembridge Road, Notting Hill, London W11 3JY. Details of the resolutions to be proposed at the AGM, together with explanations of the AGM arrangements are set out in a separate circular which is sent to Shareholders with this Annual Report.

Members of the Board and the Investment Adviser will be in attendance at the AGM and will be available to answer Shareholder questions.

Whistleblowing

The Board has considered the AIC Code recommendations in respect of arrangements by which staff of the Investment Adviser or Administrator may, in confidence, raise concerns within their respective organisations about possible improprieties in matters of financial reporting or other matters anonymously.

It has concluded that adequate arrangements are in place for the proportionate and independent investigation of such matters and, where necessary, for appropriate follow-up action to be taken within each organisation. The Board routinely reviews this and any reports which may arise from its operation. The Board confirms that no concerns were raised during the year.

Division of Responsibilities

Duties and Responsibilities

The Board is responsible for the determination of the Company's Investment Objective and Policy and has overall responsibility for maximising the Company's success by directing and supervising the affairs of the business, meeting the appropriate interests of Shareholders and relevant stakeholders, and also ensuring the protection of investors.

A summary of the matters reserved for the Board is as follows:

- strategic matters;
- risk assessment and management including reporting, compliance, governance, monitoring and control and financial reporting;
- statutory obligations and public disclosure;
- declaring Company dividends;
- managing and assessing the performance of the Company's advisers and service providers; and
- other matters having a material effect on the Company.

At 31 March 2022, the Board consisted of six independent Non-executive Directors; an independent Chair, one Senior Independent Director and four Independent Non-executive Directors. The Directors believe that the composition of the Board is a fundamental driver of its success as the Board must provide strong and effective leadership of the Company. The current Board was selected, as their biographies illustrate, to bring a breadth of knowledge, skills and business experience to the Company. The Directors' details are listed on pages 91-93 which set out their range of investment, financial and business skills and experience.

Mr Sutch is the Chair, he leads the Board and is responsible for its overall effectiveness in directing the Company. The Chair is appointed in accordance with the Company's Articles of Incorporation. In considering the independence of the Chair, the Board took note of the provisions of the AIC Code relating to independence and has determined that Mr Sutch is an independent director. The Board is satisfied that the Chair has no relationships that may create a conflict of interest between his interests and those of Shareholders.

Mr Burger is the Senior Independent Director. The Senior Independent Director acts as a sounding board for the Chair and is a trusted intermediary for other Directors. The Senior Independent Director is available to meet Shareholders if they have concerns that cannot

be resolved through discussion with the Chair or for matters where such contact would be inappropriate. In addition, during the year the Senior Independent Director leads the other Directors in evaluating the performance of the Chair. The Board is fully satisfied that Mr Burger demonstrates complete independence and robustness of character in this role.

As part of the governance framework, the Board has delegated some of its responsibilities to six Committees: the Audit and Risk Management Committee, the Nomination Committee, the Management Engagement Committee, the Remuneration Committee, the Portfolio Committee and the Asset Management Committee. The Asset Management Committee was disbanded, and the ESG Oversight Committee was formed on 28 June 2022. The Board is satisfied that the Committees have sufficient time and resources to carry out their duties effectively. Their terms of reference are reviewed and approved annually by the Board and the respective Committee Chairs report on their activities to the Board. Director attendance at Board and committee meetings is summarised on page 88.

The Directors have access to the advice and services of the Administrator, who also assist the Board in ensuring that Board procedures are followed and the Board complies with the Companies Law and applicable rules and regulations of the GFSC and the London Stock Exchange. Where necessary, in carrying out their duties, the Directors may seek independent professional advice and services at the expense of the Company. The Company maintains appropriate Directors' and Officers' liability insurance in respect of legal action against its Directors on an on-going basis.

The Board's responsibilities for the Annual Report are set out in the Directors' Responsibilities Statement on pages 115-116. The Board is also responsible for issuing appropriate Interim Reports and other price-sensitive public reports.

The Company has adopted a share dealing code for the Board and seeks to ensure compliance by the Board and relevant personnel of the Investment Adviser and other third-party service providers with the terms of the share dealing code.

Committees of the Board

The Board believes that it and its Committees have an appropriate composition and blend of backgrounds,

skills and experience to discharge their duties effectively. The Board is of the view that no one individual or small group dominates decision-making. The Board keeps its membership, and that of its Committees, under review to ensure that an acceptable balance is maintained, and that the collective skills and experience of its members continue to be refreshed. It is satisfied that all Directors have sufficient time to devote to their roles and that undue reliance is not placed on any individual.

Each committee of the Board has written terms of reference, approved by the Board, summarising its objectives, remit and powers, which are available on the Company's website (<https://www.hipgnosissongs.com/governance/>) and are reviewed on an annual basis. Each committee has access to such external advice as it may consider appropriate.

Committees are supplied with regular, comprehensive and timely information in a form and of a quality that enables them to discharge their duties effectively. All committee members are able to make further enquiries of the Investment Adviser or Administrator whenever necessary and have access to the services of the Company Secretary.

Minutes of all meetings of the Committees are made available to all Directors and feedback from each of the Committees is provided to the Board by the respective committee chair at the next Board meeting.

Nomination Committee

The Nomination Committee's activities are contained in the Report of the Nomination Committee on page 94.

Audit and Risk Management Committee

The Audit and Risk Management Committee's activities

are contained in the Report of the Audit and Risk Management Committee on page 98.

Management Engagement Committee

The Management Engagement Committee's activities are contained in the Report of the Management Engagement Committee on page 104.

Remuneration Committee

The Remuneration Committee's activities are contained in the Directors' Remuneration Report on page 108.

Portfolio Committee

The Portfolio Committee's activities are contained in the Report of the Portfolio Committee on page 106.

Asset Management Committee

The Board resolved to disband the Asset Management Committee with effect from 28 June 2022 and to allow the full Board to deal with matters which the Asset Management Committee was established for.

ESG Oversight Committee

The Board resolved to form an ESG Oversight Committee with effect from 28 June 2022.

The principal function of the ESG Oversight Committee is to assist the Investment Adviser in defining its ESG strategy and ensuring the Fund meets its own ESG obligations.

One of our priorities for this year has been to develop our ESG strategy with regard to material focus areas for our stakeholders and unique investment philosophy and asset class. The Committee is being supported by a specialist external ESG consultant.

Board of Directors

The Board is accountable for the stewardship of the Company's business to the Shareholders and other stakeholders

Audit and Risk Management Committee

Mr Andrew Wilkinson
Chair of the Committee

Mr Paul Burger
Ms Sylvia Coleman
Mr Simon Holden
Ms Vania Schlogel
Mr Andrew Sutch

Management Engagement Committee

Mr Andrew Sutch
Chair of the Committee

Mr Paul Burger
Ms Sylvia Coleman
Mr Simon Holden
Ms Vania Schlogel
Mr Andrew Wilkinson

Nomination Committee

Mr Paul Burger
Chair of the Committee

Ms Sylvia Coleman
Mr Simon Holden
Ms Vania Schlogel
Mr Andrew Sutch
Mr Andrew Wilkinson

Remuneration Committee

Mr Simon Holden
Chair of the Committee

Mr Paul Burger
Ms Sylvia Coleman
Ms Vania Schlogel
Mr Andrew Sutch
Mr Andrew Wilkinson

Portfolio Committee

Mr Paul Burger
Chair of the Committee

Ms Sylvia Coleman
Mr Simon Holden
Ms Vania Schlogel
Mr Andrew Sutch
Mr Andrew Wilkinson

The Asset Management Committee was disbanded and the ESG Oversight Committee was formed on 28 June 2022.

Board committee attendance from 1 April 2021 to 31 March 2022:

	Scheduled Board Meetings	Ad-hoc Board Meetings	Committee of the Board	Audit and Risk Management Committee	Portfolio Committee	Nomination Committee	Management Engagement Committee	Remuneration Committee	Asset Management Committee	Total Meetings attended
Total Meetings	5	11	3	9	6	1	1	1	1	38
Paul Burger ²	5	11	2	9	6	1	1	1	1	37
Sylvia Coleman	5	11	1	9	6	1	1	1	1	36
Simon Holden ⁴	5	9	0	8	5	1	1	1	1	31
Andrew Sutch ^{1 5}	5	10	2	9	6	1	1	1	1	36
Andrew Wilkinson ³	5	8	2	9	4	1	1	1	1	32
Vania Schlogel*	3	3	0	5	3	0	1	0	0	15

* Note, Vania Schlogel appointed to Board on 11 June 2021 and Committees on 19 October 2021

1. Chair of Board

2. Chair of Portfolio Committee Meetings and Nomination Committee

3. Chair of Audit and Risk Management Committee

4. Chair of Remuneration Committee

5. Chair of Asset Management Committee

Directors work extensively with the Investment Adviser, brokers and Administrator on strategy, acquisition, operating and reporting related matters between the formal Board meetings. Compared with typical Investment Trusts, this highlights the more in depth level of management and oversight commensurate with the intrinsic opportunities and risks of this high-growth, intangible asset class.

A quorum is comprised of any two or more members of the Board from time to time, to perform administrative and other routine functions on behalf of the Board.

Attendance

The Board and its Committees have a scheduled forward programme of meetings to ensure that sufficient time is allocated to each key area and the Board's time is used effectively.

The Board meets at least four times a year for regular quarterly Board meetings. At each meeting the Board follows a formal agenda that covers the business to be discussed. There is sufficient flexibility for items to be added to the agenda which enables the Board to focus on key matters relating to the Company at the right time. Each Board member receives a comprehensive Board pack prior to each meeting together with supporting papers for items to be discussed at the meeting.

In addition, a number of ad-hoc Board meetings and Portfolio Committee meetings (as detailed above), were called in relation to specific events or to issue approvals and did not necessarily require full attendance. These meetings were often at short notice and were very well attended by Board and Committee members. Furthermore Directors devote a substantial amount of time to the Company outside of the convened meetings listed above and meet frequently with the senior management employed by the Investment Adviser both formally and informally to ensure the Board provides significant input and consideration to all matters and remains regularly updated on all topics. The Board also has regular contact with the Administrator, and the Board requires to be supplied in a timely manner with information by the Investment Adviser, the Company Secretary and other advisers in a form and of a quality to enable it to discharge its duties.

Directors who have been unable to attend a meeting have, without exception, given the Chair their views and comments on matters to be discussed, in advance. In addition to their meeting commitments, the Directors also liaise with the Investment Adviser whenever required and there is regular contact outside the Board meeting schedule. As the restrictions imposed by the COVID-19 pandemic started to ease, the Directors have appreciated the value of face-to-face meetings as a Board and with the Investment Adviser and other key service providers. Going forward the Directors are likely

to split their attendance between meetings for routine work that can be performed effectively remotely, versus in-person meetings to discuss strategic matters, as well as the formal quarterly Board meetings.

Time commitment and conflicts of interest

Prior to appointment, each prospective Non-executive Director confirms that they will have sufficient time available to be able to discharge their responsibilities effectively and that they have no conflict of interest. In addition, the Board reviews and approves in advance, requests by Directors wishing to undertake new responsibilities or directorships and considers both the time commitments involved and any potential conflicts. A Director has a duty to avoid a situation in which he or she has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company. The Board requires Directors to regularly declare all appointments and other situations that could result in a possible conflict of interest and has adopted appropriate procedures to manage and, if appropriate, approve any such conflicts. The Board is satisfied that there is no compromise to the independence of those Directors who have appointments on the Boards of, or relationships with, companies outside the Company.

Throughout the year, all Directors have excellent attendance records at scheduled meetings, and demonstrated high levels of availability and responsiveness for additional meetings and discussions where these have been required. The Board remains confident that individual members continue to devote sufficient time to undertake their responsibilities effectively.

Director Independence

The Board confirms that all Directors should be considered as independent in accordance with the provisions of the AIC Code and have the time available to discharge their duties effectively. Accordingly, the Board recommends that Shareholders vote in favour of the re-election of all Directors at the forthcoming AGM.

Composition, Succession and Evaluation

Board Composition and Tenure

To ensure that serving Non-executive Directors of the Company continue to possess the necessary skills and experience required for the strategy of the business, the Board has established a Nomination Committee to oversee the process of appointments and succession planning for Directors. The role of the Nomination Committee is critical in ensuring that the Company's Board and Committee composition and balance support both the Group's business ambitions and best practice in the area of corporate governance. As disclosed in last year's Annual Report Vania Schlogel was appointed as a Non-executive Independent Director on 11 June 2021 and she was appointed as a member of all of the Company's Committees on 19 October 2021.

Upon joining the Board, the Directors received induction programmes which were specifically designed to complement their background, experience and knowledge, as well as on-going access to training.

Directors are appointed under letters of appointment, copies of which are available at the registered office of the Company. The Board considers its composition and succession planning on an on-going basis. The Company's Articles of Incorporation specify that each of the Directors shall retire and may offer themselves for re-election at each AGM of the Company.

No member of the Board has served for longer than nine years. As such no issue has arisen to be considered by the Board with respect to long tenure. The Company's policy on Chair tenure is that the Chair should normally serve no longer than nine years as a Director and Chair but, where it is in the best interests of the Company, its Shareholders and stakeholders the Chair may serve for a limited time beyond that.

In accordance with the AIC Code, when and if any Director shall have been in office (or on re-election would at the end of that term have been in office) for more than nine years the Company will consider further whether there is a risk that such a Director might reasonably be deemed to have lost independence through such long service. The Board recognises that Directors serving nine years or more may appear to have their independence impaired. However, the Board may nonetheless consider Directors to remain independent and will provide a clear explanation in the Annual Report and Consolidated Financial Statements as to their reasoning.

Board Evaluation

As part of the ongoing evaluation of the Board's effectiveness the Board carried out an internal evaluation of its performance and that of its Committees in September 2021. The Board believes that annual evaluations are helpful and provide a valuable opportunity for continuous improvement. Internal evaluation of the Board, individual Directors and the Chair is carried out under the mandate of the Nomination Committee. The internal evaluation was facilitated by the Company Secretary with input from the Chair of the Board and the Chair of the committee. The review required each of the Directors to submit responses to a series of questionnaires to reflect their individual performance, the performance of the Board as a whole and the main areas under consideration by the Board and its Committees. All responses were compiled and discussed at the Board and relevant committee meetings.

The evaluation concluded that the Board is performing well and is carrying out its responsibilities in the areas reviewed which incorporated: investment matters, Board composition and independence, relationships and communication, Shareholder value, knowledge and skills, Board processes and the performance of the Chair. The review found that the Board conducts its business in an environment where freedom of expression, diversity of opinions and challenge are both encouraged and accepted. The Board believes that the current mix of skills, experience, knowledge and age of the Directors is appropriate to the requirements of the Company.

As a FTSE 250 company, in keeping with the provisions of the AIC Code the Nomination Committee engaged an external consultant, Tyzack Associates, to conduct a formal independent review of the Board's performance during the year. Tyzack Associates has no connection with the Company and is independent of the Board and each of its Directors. This independent review, which involved individual interviews with each director and attendance at a Board meeting to make observations, concluded that the Directors work closely with a strong committed Investment Adviser to promote the success of the Company. The Board embraced the recommendations that were made, including improving the efficiency of Board meetings by requesting the Investment Adviser to provide more information to the Board in advance of meetings thereby allowing the Board to focus on strategic options with advance

Biographies

Board of Directors



Andrew Sutch

Chair, Non-executive Independent Director and Chair of the Management Engagement Committee

Tenure at 31 March 2022:

3 years 10 months

Skills and Experience

Mr Sutch is a corporate lawyer and a consultant to Stephenson Harwood LLP. He was a partner of that firm for over 30 years and its senior partner for 10 years. He has had extensive experience in advising investment funds, investment managers and boards of investment trusts. This has included advice on complex fund launches, restructurings and corporate actions. He is a consultant to an art dealer and until recently a council member of the Royal Academy of Dramatic Art.

Listed Company Roles (other than Hipgnosis Songs Fund)

Chair of one other investment trust: European Opportunities Trust plc (EOT)

knowledge of certain key issues. Steps have already been implemented by the Investment Adviser to address this. Other recommendations included setting a timetable for succession planning with regards Directors and Chair. The Chair has, during the period, held a series of one-on-one sessions with each Director to review their individual performance and contribution.

Board of Directors

**Paul Burger**

Senior Non-executive Independent Director, Chair of the Portfolio Committee and Chair of the Nomination Committee

Tenure at 31 March 2022:

3 years 9 months

Skills and Experience

Mr Burger has spent more than 40 years in the music business. As President of Sony Music EMEA, he sat on the board of most of Sony's operating companies in Europe including the UK. Through his SohoArtists company he has nurtured young talent who have risen to great prominence in both the World Music and Folk genres. His marketing skills were recognised by him being awarded Holland's Edison Award for Best Historical Music Series.

Mr Burger's board experience includes stints in both the commercial and not-for-profit sectors. He has been a Director of The BRIT Trust, The Music Managers Forum, The BPI, as well as a number of start-ups and small companies. He serves currently as Chair of the Finance and Investment committee of The BRIT Trust and as a Governor at The BRIT School, and served as Chair of Governors for six years. He is also a Director of The New Israel Fund UK and a member of their global International Council – an NGO which promotes the values of human rights and social justice for all residents of Israel regardless of race, religion, or ethnicity.

**Sylvia Coleman**

Non-executive Independent Director

Tenure at 31 March 2022:

2 years 4 months

Skills and Experience

Ms Coleman, initially a lawyer with Stephenson Harwood, has since spent most of her career in the Music Industry serving, across 25 years, as Senior Vice President of Legal and Business Affairs at EMI Music and prior to that, Sony Music where she was responsible for overseeing the company's International and European legal and business affairs respectively. Most recently, she co-founded BPureSounds, a boutique IP rights company developing music related properties. Additionally, Ms Coleman was a Non-executive Director of FTSE 250 bwin.party digital entertainment plc until its acquisition by GVC Holdings plc.

She also served as a long-standing Chair of Chickenshed Theatre Company, a not for profit music and theatre company for young people celebrating diversity and inclusion and was on the Board of Reprieve, a charitable human rights organisation. She also co-founded Ceroc Enterprises, a dance company creating and franchising a contemporary dance phenomenon across the UK.

**Simon Holden**

Non-executive Independent Director and Chair of the Remuneration Committee

Tenure at 31 March 2022:

3 year 10 months

Skills and Experience

Mr Holden is a Chartered Director (CDir) and Fellow of the Institute of Directors and adds extensive private equity investing and corporate operations experience to the Company's Board. Previously an investment director at Terra Firma Capital Partners and Candover Investments prior to that, Simon has been an active independent director to listed investment trusts, private equity funds and trading company boards since 2015. In addition, Simon acts as the pro-bono Business Adviser to the States of Guernsey's Trading Assets that operate all of the Bailiwick's critical airports, harbours and maritime fuel supply infrastructure.

Simon graduated from the University of Cambridge with an MEng and MA (Cantab) in Manufacturing Engineering. He is a member of the Association of Investment Companies (AIC), Institute of Directors (IoD), Guernsey Investment Funds Association (GIFA) and several other financial services and intellectual property interest groups.

Listed Company Roles (other than Hipgnosis Songs Fund)

HICL Plc. (HICL), Chrysalis Investments Ltd. (CHRY), Triam Investors 1 Ltd. (T11), JPMorgan Global Core Real Assets Ltd. (JARA)

Board of Directors



Vania Schlogel

Non-executive Independent Director

Tenure at 31 March 2022:
10 months

Skills and Experience

Ms Schlogel has a wealth of experience of asset management in the media, creative arts and entertainment sectors and a deep understanding of Streaming technology platforms and content licencing. Ms Schlogel founded the global private equity firm Atwater Capital in 2017, with a vision of uniting the valuable creative aspects of evaluating investments and growing companies with deep operational and financial expertise. The firm invests across the media and entertainment sector with a focus on companies that foster cultural diversity, working with management teams committed to embracing strong ESG practices.

Previously, she served as an executive at a number of leading companies, including as Chief Investment Officer of Roc Nation, the entertainment business founded by the artist Jay-Z. She was previously a member of KKR's Private Equity team, where she specialised in the Media sector and launched the Growth Equity division. She began her career at Goldman Sachs in London and Los Angeles.

She is the Chairwoman of the Board for Epidemic Sound and Chairwoman of the Board for LEONINE Studios.



Andrew Wilkinson

Non-executive Independent Director and Chair of the Audit and Risk Management Committee

Tenure at 31 March 2022:
3 years 10 months

Skills and Experience

Mr Wilkinson is a chartered accountant who qualified with Peat Marwick Mitchell and subsequently went on to work with the music clientele of merchant bankers Leopold Joseph. Mr Wilkinson was a founder of the Promo Group, which managed the business affairs of the Rolling Stones. In 1981, he became a partner of Prince Rupert Loewenstein, providing business management services to clients in the entertainment and sports sectors. Mr Wilkinson is co-founder and CEO of Music Plus Sport Ltd. and its subsidiary Live at the Races Limited. The group specialises in large-scale concerts at sporting events. Further, Mr Wilkinson was founder and chief executive of Kingstreet Tours Limited, a company that was at the forefront of concert tour production for over 30 years and delivered worldwide concert tours for artists including The Rolling Stones, Pink Floyd, Sir Elton John, Robbie Williams and Shakira. Mr Wilkinson is a member of the fundraising committee and former treasurer of Nordoff Robbins, a charity that uses music therapy in the treatment and care of autistic children.

Founder



Merck Mercuriadis

Founder of Hipgnosis Songs Fund Limited and its Investment Adviser, Hipgnosis Song Management Ltd.

Mr Mercuriadis is also the CEO and managing partner of Hipgnosis Songs Ltd, an artist management firm label based in London and Los Angeles.

Experience

Mr Mercuriadis is the manager of music legend Nile Rodgers and the former manager of several notable award-winning artists and songwriters including Sir Elton John, Guns'N'Roses, Iron Maiden, Morrissey, Pet Shop Boys, Mary J. Blige, Jane's Addiction, Diane Warren and Justin Tranter to name a few. Additionally, Mercuriadis is notable for serving from 1986-2007 as Director and CEO of The Sanctuary Group PLC, a major management company, an independent record label, a merchandise company (Bravado) and a booking agency (Helter Skelter now CAA UK) based in London, New York and Los Angeles.

Report of the Nomination Committee



Paul Burger, Chair of the Committee

“The committee understands the importance of its role in ensuring the Board contains the right mix of skills and experience to support the business strategy.”

Dear Shareholder,

I am pleased to present the Nomination Committee report for the year ended 31 March 2022. The composition of the Nomination Committee meets with the requirements of the AIC Code and, in line with good practice, membership is reviewed annually.

During the year, we recommended the appointment of an additional Director to the Board. Following executive search by Tyzack Associates, Vania Schlogel was appointed to the Board on 11 June 2021.

Our work for 2023 will be focussed on composition of the Board and membership of its Committees, succession planning, talent and diversity.

Purpose and Aim

The terms of reference of the Nomination Committee, which are reviewed annually, are set out on the Company’s website (<https://www.hipgnosissongs.com/governance/>). Our principal responsibility is to ensure that, collectively and at any given time, the members of the Board possess the necessary balance of knowledge, skills and experience to support and develop the strategy of the Company. In seeking to achieve this, we recommend new Board appointments as and when considered appropriate and ensure that appropriate succession planning procedures are in place. In accordance with our Terms of Reference, I, as the Chair of the Nomination Committee, report our conclusions to the Board and it is the Board as a whole which is responsible for making new appointments upon our recommendation. We review the composition of the Board and its Committees and evaluate if the Board has the appropriate balance of skills, knowledge, experience and independence to ensure their continued effectiveness. Appropriate succession plans are also kept under review.

Membership and Meetings

During the year we met on one occasion, on 8 December 2021. Attendance is disclosed on page 88. We also provided a formal update on our work to the Board at each scheduled quarterly Board meeting. A quorum is two members. Members of the committee are not involved in matters affecting their own position. As at 31 March 2022, given the current size of the Board the composition of the committee is all Directors.

Mr Paul Burger (Chair of the Committee)
Ms Sylvia Coleman
Mr Simon Holden
Ms Vania Schlogel (appointed 19 October 2021)
Mr Andrew Sutch
Mr Andrew Wilkinson

During the year we reviewed the results of the annual internal Board performance evaluation which was conducted during September 2021, and discussed where improvements could be made.

We also engaged Tyzack Associates to conduct an external Board evaluation which involved individual interviews with each Director and attendance at a Board meeting to make observations.

Further details of both the internal and external Board evaluation are outlined on page 90.

Board Composition

We give full consideration to succession planning for Directors of the Company in the course of our work, considering the challenges and opportunities facing the Company and determining what skills and expertise will thus be required on the Board in the future. In making recommendations for the annual re-election of the Chair and Non-executive Directors, we consider the skills, knowledge, experience, independence and also the time commitments of each Director to ensure that they have sufficient time to fulfil their responsibilities to the business.

Directors regularly meet with the senior management employed by the Investment Adviser both formally and informally to ensure that the Board remains regularly updated on all issues. New Directors received an induction on joining the Board. During the year the Board arranged for presentations from the Investment Adviser, the Company's brokers and other advisers on matters relevant to the Company's business, and assessed the training needs of Directors.

As part of corporate governance, we review our own performance annually and consider where improvements can be made. Our performance was reviewed as part of the annual internal Board performance evaluation which was conducted during September 2021 as outlined on page 90.

Board Appointment Process

In general terms, when considering candidates for appointment as Directors of the Company, we draft a detailed job specification and candidate profile, and will give consideration to the existing experience, knowledge and background of Board members as well as the strategic and business objectives of the Company.

Once a detailed specification has been agreed with the Board, we would then work with an appropriate external search and selection agency to identify candidates of the appropriate calibre and with whom an initial candidate shortlist could be agreed. The consultants are required to work to a specification that includes the strong desirability of producing a full list of candidates who meet the essential criteria, whilst reflecting the benefits of diversity. The Board will only engage such consultants who are signed up to the voluntary code of conduct on gender diversity on corporate boards.

Shortlisted candidates would then be invited to interview with members of the committee and, if recommended by us, would be invited to meet the entire Board before any decision is taken relating to the appointment. Appointments are therefore made on personal merit and against objective criteria with the aim of bringing new skills and different perspectives to the Board whilst considering the existing balance of knowledge, experience and diversity. The Board also believes that diversity of experience and approach, including gender and racial diversity, amongst Board members is of great importance and it is the Company's policy to give careful consideration to issues of Board balance and diversity when making new appointments.

Diversity

The Board acknowledges the importance of diversity in its broadest sense in the boardroom as a driver of board effectiveness. This encompasses diversity of perspective, experience, background, directorship style and personality traits. The Board will keep under review and evaluate its balance and composition to ensure that both it and its Committees have the appropriate mix of skills, experience, independence and knowledge to ensure their continued effectiveness. In doing so, the Board considers diversity, including diversity of age, gender and cultural background, amongst other relevant factors.

The Board recognises the progress being made to improve the governance of listed companies by increasing both gender and racial diversity amongst the Directors who serve these businesses. The Board supports and is compliant with the Hampton-Alexander and Parker Review recommendations with 33.33% female representation and one member from an ethnic minority background.

Our objective of driving the benefits of a diverse Board is underpinned by our Board Diversity Policy which can be viewed on the Company's website <https://www.hipgnosisongs.com/company-policies/>. The Board keeps the Diversity Policy under review to ensure that it remains an effective driver of diversity having due regard to gender, ethnicity, social background, skillset and breadth of experience.

2023 Objectives

It is our intention to continue to oversee the composition and structure of the Board, ensuring that the Company is at all times structured to successfully deliver its strategy and to compete effectively in the marketplaces within which it operates.

Our proposed activities for the year ahead are to:

- review the Terms of Reference of the committee to ensure they reflect best practice under the Code;
- continue to monitor and assess the Board's composition and diversity particularly with regard to the FCA's changes to the Listing Rules and the Disclosure Guidance and Transparency Rules announced in April 2022, as given the size of the Board this will present a challenge to us;
- review the membership and composition of Committees of the Board; and
- continue to review longer term strategy for the succession of Board members.

On behalf of the Nomination Committee,

Paul Burger

Chair of the Nomination Committee

13 July 2022

Audit, Risk and Internal Control

Internal Control and Financial Reporting

The Directors acknowledge that they are responsible for establishing and maintaining the Group's system of internal controls and reviewing their effectiveness. Internal control systems are designed to manage rather than eliminate the failure to achieve business objectives and can only provide reasonable but not absolute assurance against material misstatements or loss. The key procedures which have been established to provide internal control are:

- the Board has delegated the day to day operations of the Group to the Administrator, Investment Adviser and Preferred Portfolio Administrators; however, it remains accountable for all functions it delegates;
- the Board clearly defines the duties and responsibilities of the Company's agents and advisers and appointments are made by the Board after due and careful consideration. The Board monitors the on-going performance of such agents and advisers and will continue to do so through the Management Engagement Committee;
- the Board monitors the actions of the Investment Adviser at regular Board meetings and is also given frequent updates on developments; and
- the Administrator provides administration and company secretarial services to the Company. The Administrator maintains a system of internal control on which it reports to the Board.

The Company's key service providers demonstrated a resilience of controls under COVID-19, as in order to comply with restrictions their employees continued to assume their day-to-day responsibilities remotely.

Internal controls over financial reporting are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes. The Administrator and Investment Adviser both operate risk controlled frameworks on a continual ongoing basis within a regulated environment. The Administrator undertakes an ISAE 3402: Assurance Report on Controls at a Service Organisation audit which is provided to the Board when finalised. The Administrator formally reports to the Board quarterly through a compliance report. The Investment Adviser also formally reports to the Board quarterly, including relevant updates regarding their policies and procedures, and also engages with the Board on an ad-hoc basis as required. No

weaknesses or failing within the Administrator or Investment Adviser have been identified.

The systems of control referred to above are designed to ensure effectiveness and efficient operation, internal control and compliance with laws and regulations. In establishing the systems of internal control, regard is paid to the materiality of relevant risks, the likelihood of costs being incurred and costs of control. It follows, therefore, that the systems of internal control can only provide reasonable but not absolute assurance against the risk of material misstatement or loss. This process has been in place for the year under review and up to the date of approval of this Annual Report and Consolidated Financial Statements. It is reviewed by the Board and is in accordance with the FRC's internal control publication: Guidance on Risk Management, Internal Control and Related Financial and Business Reporting.

The Board has reviewed the need for an internal audit function and has decided that the systems and procedures employed by the Administrator and Investment Adviser, including their own internal controls and procedures, provide sufficient assurance that an appropriate level of risk management and internal control, which safeguards Shareholders' investment and the Group's assets, is maintained. An internal audit function specific to the Company is therefore considered unnecessary.

Report of the Audit and Risk Management Committee



Andrew Wilkinson, Chair of the Committee

“The committee performs a vital role with regards to financial reporting, monitoring and reviewing internal controls and assessing the principal risks facing the Company.”

Dear Shareholder,

I am pleased to present the Audit and Risk Management Committee report for the year ended 31 March 2022, which has been approved by both the Audit and Risk Management Committee and the Board.

We have continued to support the Board by ensuring the integrity of the Company’s financial reporting, providing independent scrutiny and challenging the judgments made by the Investment Adviser. We have focussed on valuations of catalogues, individual catalogue and portfolio performance, economic outlook, key performance indicators, environmental and social reporting and ongoing monitoring of the Company’s risk matrix.

These topics will remain key areas for the year ahead and we will continue to support the Board.

Purpose and Aim

Our terms of reference, which are reviewed annually, are set out on the Company’s website (<https://www.hipgnosissongs.com/governance/>) and include all matters indicated by Disclosure and Transparency Rule 7.1, the AIC Code and the UK Code. The Company complies with the provisions of the Competition and Markets Authority’s (CMA) Order 2014.

Our primary functions are:

- reviewing and monitoring the integrity of the Financial Statements of the Group and any formal announcements relating to the Group’s financial performance, reviewing significant financial reporting judgments contained in them;
- reporting to the Board on the appropriateness of the Group’s accounting policies and practices including critical judgment areas;
- reviewing the valuations of the Group’s investments as prepared and presented in report format by the Portfolio Independent Valuer, and making a recommendation to the Board on value of the Group’s investments;
- meeting regularly with the external auditor to review their proposed audit plan and the subsequent audit report and assessing the effectiveness of the audit process and the levels of fees paid in respect of both audit and non-audit work;
- making recommendations to the Board in relation to the appointment, re-appointment or removal of the external auditor and approving their remuneration and the terms of their engagement;
- monitoring and reviewing annually the auditor’s independence, objectivity, expertise, resources, qualification and non-audit work;
- considering annually whether there is a need for the Group to have its own internal audit function;
- monitoring the internal financial control and risk management systems on which the Group is reliant;
- reviewing and considering the UK Code, the AIC Code, the FRC Guidance on audit committees; and
- reviewing the risks facing the Group and monitoring the risk matrix.

We formally report our findings to the Board, identifying any matters on which we consider that action or improvement is needed, and make recommendations on the steps to be taken.

Membership and Meetings

Composition of the Audit and Risk Management Committee

As at 31 March 2022, given the current size of the Board the composition of the committee is all Directors.

Mr Andrew Wilkinson (Chair of the Committee)

Mr Paul Burger

Ms Sylvia Coleman

Mr Simon Holden

Ms Vania Schlogel (appointed 19 October 2021)

Mr Andrew Sutch

The Chair of the Board is currently a member of the Audit and Risk Management Committee and was independent on appointment. The varied backgrounds of the committee's members and their collective skills, experience and knowledge of the Company allow them to fulfil the committee's remit. As a chartered accountant with a long professional history in the music industry, I have the necessary recent and relevant experience to chair the Audit and Risk Management Committee. The other members have significant business experience, both within the music industry and in the asset management industry. Detailed information on the experience, qualifications and skillsets of all committee members can be found on pages 91-93. Our performance is evaluated as part of the overall evaluation of the Board and the Board Committees as further disclosed on page 90.

I am available on request to meet investors in relation to the Company's financial reporting and internal controls.

Meeting Schedule

We have an annual work plan, developed from our terms of reference, with standing items that we consider at each meeting, in addition to any specific matters arising and topical items on which hawse have chosen to focus.

During the year we met formally on nine occasions, and attendance at those meetings is shown on page 88 of the Corporate Governance Report. Third parties including the Portfolio Independent Valuer have attended meetings as and when deemed appropriate. In addition to the formally convened meetings during the year, I have had regular contact and meetings with the Investment Adviser, the Administrator and the external auditor. We also provide a formal update on our work to the Board at each scheduled quarterly board meeting.

During the year we:

- reviewed our terms of reference for approval by the Board;
- conducted a detailed review of the Interim Report and recommended it for approval by the Board;
- reviewed the Group's updated risk matrix and associated controls;
- reviewed the Company's working capital model prepared by the Investment Adviser focusing on impact of fluctuations in foreign exchange and rising interest rates;
- reviewed the performance of catalogues tracked to the Investment Adviser's initial business case for each acquisition by income type, catalogue and as a portfolio overall with the Investment Adviser;
- reviewed and assessed the assumptions used and resulting valuation of the portfolio prepared by the Portfolio Independent Valuer, which encompassed direct discussions with the Portfolio Independent Valuer, the Investment Adviser and the external auditor;
- reviewed the Company's corporate governance framework, including environmental and social reporting;
- reviewed and approved the audit plan in relation to the audit of the Group's Annual Report;
- reviewed and approved the fee for the external audit as well as non audit services and associated fees;
- assessed the independence of the external auditor;
- assessed the effectiveness of the external audit process as described below; and
- reviewed the Group's system of internal controls and risk management.

Financial Reporting

Our primary role in relation to financial reporting is to review with the Administrator, the Investment Adviser and the external auditor the appropriateness of Interim Reports and Annual Reports, concentrating on, amongst other matters:

- the quality and acceptability of accounting policies and practices;
- the clarity of the disclosures and compliance with financial reporting standards and relevant financial, environmental, social and governance reporting requirements;

- material areas in which significant judgments have been applied or there has been discussion with external consultants;
- the ongoing assessment of the Company as a going concern;
- the principal risks and period of assessment for the longer term viability of the Company;
- whether the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for Shareholders to assess the Group's performance, business model and strategy; and
- any correspondence from regulators in relation to the Group's financial reporting.

To aid our review, we consider reports from the Investment Adviser and the external auditor.

Areas of significance considered by us during the year:

Valuations of catalogues

We discussed the impact of macroeconomic factors such as rising interest rates and high inflation on the discount rate applied and the valuation of the portfolio with the Portfolio Independent Valuer and other industry experts. The Board engaged the Portfolio Independent Valuer, The Massarsky Group at Citrin Cooperman Advisors LLC (formerly Massarsky Consulting, Inc.), to value the Catalogues as at 31 March 2022. Each income type from each Catalogue was analysed and forecast to derive the fair value of the Catalogues by adopting a DCF valuation methodology using a discount rate of 8.5%. Income was analysed and forecast at the level of each individual Catalogue and by income type. Future revenues were also estimated and incorporated into their valuation. The Portfolio Independent Valuer has also taken into consideration macro factors including the growth of Streaming revenue, the global growth of the recorded music industry and the short- and medium-term impact of COVID-19 in their analysis. The Board received a report from The Massarsky Group at Citrin Cooperman and held two meetings with them to discuss the fundamental changes emerging over the year influencing the value of catalogues, the discount rate methodology and further factors impacting the movements in valuations before approving the valuation. Further detail is disclosed within Note 6 on pages 145-146.

Internal Control and Risk Management

The Board has overall responsibility for risk management. The risk management process is designed to manage rather than eliminate the risk of failure to achieve the Company's business objectives and can only provide reasonable, not absolute assurance against material misstatement or loss.

On behalf of the Board, we reviewed the effectiveness of the Group's risk management processes and the way in which significant business risks are managed. Our work is driven primarily by the Company's assessment of its principal risks and uncertainties as set out in the Strategic Report on pages 70-73. We have established a set of ongoing processes designed to meet the particular needs of the Company in managing the risks to which it is exposed. The process is one whereby the Investment Adviser identifies the principal risks to which the Company is exposed, and discusses them with me prior to recording them on a risk matrix together with the controls employed to mitigate these risks. I have ongoing discussions with the Investment Adviser and we have a process in place to identify emerging risks and to determine whether any actions are required, and apply a residual risk rating to each risk. We, as a committee, are responsible for reviewing the risk matrix and associated controls before recommending to the Board for consideration and approval, and we challenge the Investment Adviser's assumptions to ensure a robust internal risk management process.

During the year, we discussed and reviewed the internal controls frameworks in place at the Investment Adviser, the Administrator, and HSG. The Administrator seeks regular Type 2 certification in accordance with the International Standard on Assurance Engagements (ISAE) 3402. This entails an independent rigorous examination and testing of their controls and processes. The Audit and Risk Management Committee concluded that these frameworks were appropriate for the identification, assessment, management and monitoring of financial, regulatory and other risks, with particular regard to the protection of the interests of the Company's Shareholders.

Internal Audit

We have reviewed the need for an internal audit function and have decided that the systems, processes and procedures employed by the Company, Investment Adviser and Administrator, including their own internal controls and procedures, provide sufficient assurance

that an appropriate level of risk management and internal control is maintained. We have therefore concluded that an internal audit function specific to the Company is considered unnecessary.

Primary Areas of Judgment and Estimation

The Board, alongside the Investment Adviser, is involved in various estimates and judgments, as noted below:

- Forecasting income for each Catalogue that is acquired in order to appraise investment opportunities. These judgments are based on detailed reports and management accounts prepared by the Investment Adviser showing historical earnings as well as industry projections, published by verified third parties. For the income that is driven by 'active management', judgments are made based on a Song by Song assessment by the Investment Adviser;
- Accruals, as estimates, are booked in the financial period based on historical analysis from royalty statements and a conservative calculation. These calculations are reviewed by the Board with the Investment Adviser and the External Auditors;
- The estimated amortisation booked per annum is based on 20 years which is the Company's judgment of the useful life of its assets; and
- Indicators of impairment are considered on a timely basis and a judgment would be made as to whether a Catalogue should be impaired in line with the methodology considered appropriate by the Investment Adviser and the Board.

Fair, Balanced and Understandable

At the request of the Board, we have considered whether in our opinion, the 31 March 2022 Annual Report and Financial Statements are fair, balanced and understandable and whether they provide the information necessary for Shareholders to address the Group's position and performance, business and strategy.

We were provided with a full draft of the report and reviewed it for consistency and conducted sample checks and balances and provided feedback highlighting the elements that would benefit from further clarity. The draft report was amended ahead of providing final approval to ensure that the report reflected the key strategic messages without diluting the overall transparency in the disclosures. Following our review, we are of the opinion that the 2022 Annual Report and Financial Statements are representative

of the year and present a fair, balanced and understandable overview, providing the necessary information for the Shareholders to assess the position, performance, business model and strategy.

External Audit

The Audit and Risk Management Committee is the formal forum through which the external auditor reports to the Board. The external auditor is invited to attend our meetings as we deem appropriate. The external auditor also has the opportunity to meet with us without representatives of the Investment Adviser or the Administrator being present at least once per year.

The external audit contract is required to be put to tender at least every 10 years. We shall give advance notice of any retendering plans within the Annual Report. We have considered the re-appointment of the External Auditor and decided not to put the provision of the external audit out to tender at this time.

PricewaterhouseCoopers CI LLP were appointed on 14 January 2019 as the Company's external auditor with Mr Roland Mills as the lead audit partner who can serve as such until the year ended 31 March 2024 in accordance with normal audit partner rotation arrangements at which point a new audit partner will be introduced to the Company. The Companies Law requires the reappointment of the external auditor to be subject to Shareholders' approval at the AGM.

Effectiveness of the External Auditors

We evaluated the performance of PricewaterhouseCoopers CI LLP during the year and also reviewed the effectiveness of the external audit process.

The following factors were considered:

- the quality of the interactions between the audit team and the committee, the Investment Adviser and the Administrator;
- key audit risks identified and how the external auditor addressed these risks;
- the external auditors' progress achieved against the agreed audit plan and communication of any changes to the plan, including changes in perceived audit risks;
- the competence with which the external auditors handled the key accounting and audit judgments and communication of the same with management and the committee;

- the external auditors’ compliance with relevant regulatory, ethical and professional guidance on the rotation of partners;
- the content of the external auditor’s management letter and audit findings report;
- the external auditors’ qualifications, expertise and resources and their own assessment of their internal quality procedures; and
- the stability and continuity that would be provided by continuing to use PricewaterhouseCoopers CI LLP.

Independence of External Auditor

We review the objectivity of the external auditor and the terms under which the external auditor may be appointed to perform non-audit services and the level of non-audit fees. In order to safeguard external auditor independence and objectivity, we ensure that no other advisory and/or consulting services are provided by the external auditor. Any non-audit services conducted by the external auditor require our consent before being initiated.

The external auditor may not undertake any work for the Company in respect of preparation of the financial statements, preparation of valuations used in financial statements, provision of investment advice, taking management decisions or advocacy work in adversarial situations.

To fulfil our responsibility regarding the independence of the external auditor, we considered:

- the audit personnel in the audit plan for the current period;
- a report from the external auditor describing its arrangements to identify, report and manage any conflicts of interest; and
- the extent of non-audit services provided by the external auditor.

Non-audit Services

We seek to ensure that any non-audit services provided by the external auditor do not conflict with their statutory and regulatory responsibilities, as well as their independence, before giving written approval prior to their engagement.

We regularly monitor non-audit services being provided by PricewaterhouseCoopers CI LLP to ensure there is no impairment to their independence or objectivity. The only non-audit services provided by PricewaterhouseCoopers CI LLP related to an interim review of the Company’s Interim report for the period ended 30 September 2021.

Nature of service	Fee	Threat(s) to independence	Safeguard(s) in place
Interim Review	£40,000/\$52,535	There may exist a self-interest threat where the fees from non-audit services are in excess of the statutory audit fee or otherwise considered material to PricewaterhouseCoopers CI LLP. A self review threat may exist where the audit team places reliance on work performed by the interim review team.	The total non-audit fees for the year are significantly less than the total audit fee for the year ended 31 March 2022, and the total fees paid to the Group for both audit and non-audit services is immaterial to total PricewaterhouseCoopers CI LLP firm revenue.

All approved non-audit services are discussed and sanctioned at meetings of the Audit and Risk Management Committee.

Audit fees were £451,906/\$600,000 and non-audit fees were £40,000/\$52,535 for the year ended 31 March 2022. The ratio of audit to non-audit work is 8.20:1. Details of Auditor's Remuneration are set out in Note 21, on page 160.

Notwithstanding such services, we consider PricewaterhouseCoopers CI LLP to be independent of the Company and that the provision of such non-audit services is not a threat to the objectivity and independence of the conduct of the audit. We were satisfied that PricewaterhouseCoopers CI LLP had adequate safeguards in place and that provision of these non-audit services did not provide threats to the Auditor's independence.

I approve all non-audit services in advance, and this year they were limited to the review of the Company's Interim report for the period ended 30 September 2021. The interim review procedures are generally considered in the normal course of business, with it being common practice on having the external auditor to undertake this service. This service is permitted under FRC's 2019 Revised Ethical Standard's and included within the whitelist. We considered the level of audit fees to non-audit fees to be appropriate and in line with the acceptable threshold applicable to the Company as a Guernsey domiciled company.

Review of External Auditor

Details of fees paid to PricewaterhouseCoopers CI LLP during the year are disclosed in Note 21 on page 160. We approved these fees after a review of the level and nature of work to be performed, and are satisfied that they are appropriate for the scope of the work required.

We are satisfied with PricewaterhouseCoopers CI LLP's effectiveness and independence as external auditor having considered the degree of diligence and professional scepticism demonstrated by them. As such, we have not considered it necessary this year to conduct a tender process for the appointment of our external auditor. Having carried out the review described above and having satisfied ourselves that the external auditor remains independent and effective, we have recommended to the Board that PricewaterhouseCoopers CI LLP be reappointed as

external auditor for the year ending 31 March 2023.

A resolution to reappoint PricewaterhouseCoopers CI LLP as independent external auditor to the Company will be proposed at the forthcoming AGM.

2023 Objectives

It is our intention to continue to oversee the Company's governance framework, providing valuable independent challenge and oversight.

Our proposed activities for the year ahead, in line with our core functions, include but are not limited to:

- reviewing and monitoring the integrity of the Company's financial reporting, including considering the appropriateness of environmental and social reporting;
- providing independent scrutiny and challenging the judgments made by the Investment Adviser;
- reviewing the valuations of the Group's catalogues as prepared and presented in report format by the Portfolio Independent Valuer, and making a recommendation to the Board on value of the Group's catalogues;
- reviewing and monitoring individual catalogue and portfolio performance;
- reviewing the risks facing the Group and monitoring the risk matrix;
- monitoring the internal financial control and risk management systems on which the Group is reliant;
- reviewing and considering the UK Code, the AIC Code, the FRC Guidance on audit committees; and
- meeting regularly with the external auditor to review their proposed audit plan and the subsequent audit report and assessing the effectiveness of the audit process and the levels of fees paid in respect of both audit and non-audit work.

I will be available at the AGM to answer any questions about the work of the Audit and Risk Management Committee.

On behalf of the Audit and Risk Management Committee,

Andrew Wilkinson

Chair of the Audit and Risk Management Committee

13 July 2022

Report of the Management Engagement Committee



Andrew Sutch, Chair of the Committee

“The Committee continues to monitor and review the performance of the Investment Adviser and the Company’s other third-party service providers ensuring that their terms are competitive, fair and reasonable for Shareholders.”

Dear Shareholder,

I am pleased to present to you the Management Engagement Committee Report for the year ended 31 March 2022, which has been approved by both the Management Engagement Committee and the Board.

During the year, we reviewed the performance of and contractual arrangements with the Investment Adviser and the Company’s other third-party service providers. Overall, we agreed that the services currently provided by the Company’s key service providers continue to be delivered in line with their respective terms of engagement.

Our work for the year ahead will be focussed on the ongoing review of the performance of the Investment Adviser and the Company’s other third-party service providers.

Purpose and Aim

Our terms of reference, which are reviewed annually, are set out on the Company’s website (<https://www.hipgnosissongs.com/governance/>).

We provide a formal mechanism for the review of the performance of the Investment Adviser and the Company’s other advisers and service providers. We carry out this review through consideration of a number of objective and subjective criteria such as the accuracy, quality and timeliness of advice, information and services provided, and through a review of the terms and conditions of the advisers’ appointments with the aim of evaluating performance, identifying any weaknesses and ensuring that their terms are competitive, fair and reasonable for Shareholders.

Membership and Meetings

As at 31 March 2022, the Committee comprised the Chair and the five independent Non-executive Directors of the Company.

Mr Andrew Sutch (Chair of the Committee)

Mr Paul Burger

Ms Sylvia Coleman

Mr Simon Holden

Ms Vania Schlogel (appointed 19 October 2021)

Mr Andrew Wilkinson

We meet at least once a year pursuant to our terms of reference. During the year we met on one occasion, on 15 March 2022. Attendance is disclosed on page 88. A quorum is two members.

Investment Adviser

The Board is responsible for the determination of the Company’s Investment Objective and Policy and has overall responsibility for its activities. The Company entered into an Investment Advisory Agreement dated 27 June 2018 with the Investment Adviser pursuant to which the Investment Adviser will source Songs and provide recommendations to the Board on acquisition and disposal strategies to maximise the earnings potential of the Songs in the portfolio through improved placement and coverage of Songs.

The Board held in depth discussions with the Investment Adviser prior to agreeing to an amendment to the Investment Advisory Agreement which provided consent for the Investment Adviser to provide investment advisory services to Blackstone as an

additional client from 8 October 2021. During the discussions, the Board focussed on ensuring they were acting in the best interests of the Company's Shareholders, and ensured that a robust conflicts of interest policy was put in place.

The Company is responsible for paying an advisory fee to the Investment Adviser in return for their services, and, subject to the fulfilment of certain conditions, an additional performance fee.

In accordance with Listing Rule 15.6.2(2)R and having formally appraised the performance and resources of the Investment Adviser, in the opinion of the Directors the continuing appointment of the Investment Adviser on the terms agreed is in the interests of the Shareholders as a whole.

Third-Party Service Provider Review

The Company works closely with and has delegated the provision of services to a number of service providers (the Administrator, Company Secretary, brokers and other professional advisers) whose interests are aligned to the success of the Company. The quality and timeliness of their service provision is critical to the success of the Company. We review all material contracts for service quality and value and on an annual basis conduct a detailed review of the performance of key third-party service providers pursuant to their terms of engagement, with the exception of the external auditor as their performance review is conducted by the Audit and Risk Management Committee and is discussed on pages 98-103.

We conducted a service provider evaluation in March 2022, based on a questionnaire which also gave service providers an opportunity to provide feedback to the Company. The evaluation results were used to review the Company's policies and procedures to ensure open lines of communication, operational efficiency and appropriate pricing for services provided.

Each service provider completed the questionnaire outlining how they had fulfilled their responsibilities and detailed their relationship with the Board, the Investment Adviser and other service providers. We reviewed and discussed their responses and communicated our conclusions to the Investment Adviser and requested the Investment Adviser to advise the service providers of areas of the service we believed worked well and of areas we believe could be improved or enhanced.

Overall, we agreed that the services currently provided by the Company's key service providers continued to be delivered in line with their respective terms of engagement and concluded that the services were of a satisfactory level, providing assurance to the Board.

2023 Objectives

It is our intention to continue to oversee the terms and conditions of the advisers' appointments with the aim of evaluating performance, identifying any weaknesses and ensuring value for money for the Shareholders.

Our proposed activities for the year ahead are to:

- review the terms of the Investment Advisory Agreement between the Company and the Investment Adviser, and to ensure that the terms are competitive, fair and reasonable for the Shareholders;

- review the performance of the Investment Adviser including the on-going suitability of the Investment Adviser to manage the assets of the Company, on at least an annual basis;

- review the performance of, and the terms of the Company's arrangements with, other third-party service providers (other than the external auditors), and to ensure that the terms are competitive, fair and reasonable for Shareholders.

On behalf of the Management Engagement Committee,

Andrew Sutch

Chair of the Management Engagement Committee

13 July 2022

Report of the Portfolio Committee



Paul Burger, Chair of the Committee

“The Committee continues to monitor, review and provide approval regarding the acquisitions or disposals of Catalogues of Songs.”

Dear Shareholder,

I am pleased to present to you the Report of the Portfolio Committee for the year ended 31 March 2022 which has been approved by both the Portfolio Committee and the Board.

During the year, we reviewed and recommended the acquisition of 11 Catalogues of Songs of which eight were eventually closed. No disposals occurred during the year.

Our work for the year ahead will be focussed on the ongoing review of recommendations from the Investment Adviser on the acquisitions and if applicable disposals of Catalogues of Songs, reviewing the pipeline as provided by the Investment Adviser, and on a quarterly basis reviewing the investment performance reports as prepared by the Investment Adviser.

Purpose and Aim

Our terms of reference, which are reviewed annually, are set out on the Company’s website (<https://www.hipgnosissongs.com/governance/>).

We provide a formal mechanism for the following functions:

- making the final decision as to the acquisition of Catalogues of Songs based on a comprehensive investment paper, financial model, and legal due diligence report as presented by the Investment Adviser along with an Independent Valuation Report;
- determining, in collaboration with the Company’s legal, tax or corporate finance advisers, the most appropriate means for acquiring the Catalogues of Songs in the event that such Catalogues of Songs are not directly transferable, but are available in an intermediated form (such as a special purpose company, or similar) including determining any adjustments to the price if necessary or appropriate;
- making enquiries, at any stage, of the Investment Adviser with regards to the pipeline opportunities identified by the Investment Adviser from time to time;
- making the final decision as to the disposal of any Catalogue of Songs; and
- determining, in collaboration with its legal, tax or corporate finance advisers, the most appropriate means for disposal of the Catalogues of Songs in the event that such Catalogues of Songs are not directly transferable but are held in an intermediated form (such as a special purpose company, or similar).

Membership and Meetings

As at 31 March 2022, given the current size of the Board the composition of the committee is all Directors.

Mr Paul Burger (Chair of the Committee)

Ms Sylvia Coleman

Mr Simon Holden

Ms Vania Schlogel (appointed 19 October 2021)

Mr Andrew Sutch

Mr Andrew Wilkinson

We meet on an ad hoc basis when requested on reasonable prior notice from the Investment Adviser. The quorum for any meeting of the Portfolio Committee shall be at least two Directors. All Board members shall use reasonable endeavours to attend each meeting of the Portfolio Committee.

Meeting Schedule

During the year ended 31 March 2022, we met formally on six occasions and attendance at those meetings is shown on page 88. We also provided a formal update on our work to the Board at each scheduled quarterly Board meeting.

We focussed on reinvesting proceeds raised from the issuance of Ordinary Shares in April and July 2021 in Catalogues of the highest possible calibre, mindful of the Company's intention to not offer further shares for cash consideration until after the publication of the Company's net asset value as at 31 March 2022 as further discussed on page 11.

As further disclosed on page 11, in October 2021 the Investment Adviser obtained Board consent to provide investment advisory services to Blackstone as an additional client. The Portfolio Committee therefore has the opportunity to review investment proposals on a co-investment basis with Blackstone.

During the year we:

- reviewed the terms of reference of the Portfolio Committee for approval by the Board;
- assessed all investment proposals against the investment policy and restrictions;
- made enquiries, throughout the year, of the Investment Adviser regarding the pipeline opportunities as identified by the Investment Adviser;
- provided approval on the acquisition of eleven Catalogues of Songs based on comprehensive investment papers as provided by the Investment Adviser which included:
 1. a summary of the due diligence findings;
 2. the financial history of the Song or Catalogue;
 3. the Portfolio Independent Valuer's report;
 4. the Investment Adviser's strategy for managing the Songs in the Catalogue and potential exploitation opportunities;
 5. details of any structuring arrangements that the Investment Adviser considers necessary;
 6. details of any conflicts of interest of the Investment Adviser or its Advisory Board in relation to the acquisition;
 7. details on the financial consideration structure; and

8. any other information that the Investment Adviser considers relevant to the Board in deciding to acquire the particular Song or Catalogue.

2023 Objectives

Our proposed activities for the year ahead are to:

review the Terms of Reference of the committee to ensure they reflect best practice under the AIC Code;

review the recommendations from the Investment Adviser on the acquisitions and if applicable disposals of Catalogues of Songs;

review the quarterly investment performance reports as prepared by the Investment Adviser, including the pipeline report.

On behalf of the Portfolio Committee,

Paul Burger

Chair of the Portfolio Committee

13 July 2022

Directors' Remuneration Report



Simon Holden, Chair of the Committee

“The Committee oversees the remuneration of the independent Board of Directors. Board remuneration must align the intellectual capital and time commitments required of Directors in fulfilling their fiduciary responsibilities, overseeing key operational projects, and ensuring the Company achieves strategic milestones and continues generating underlying operational performance for Shareholders and stakeholders alike.”

Dear Shareholder,

I am pleased to present to you the Directors' Remuneration Report for the year ended 31 March 2022, which has been approved by both the Remuneration Committee and the Board.

During the year we reviewed our Terms of Reference to re-confirm it reflects best practice under the AIC Code including periodic, independent review of Director Remuneration.

The Directors of the Company, a constituent member of the FTSE250 Index since March 2020, have enhanced fiduciary responsibilities as the Board of a self-managed fund and collectively, provide a diverse body of expertise relevant to the acquisition, management and value enhancement of intangible music copyright assets.

Having due regard for the time, skill and effort required of Directors in fulfilling their duties to your Company, it is the Committee's view that Directors were fairly remunerated for their work during the past year and their fees have remained flat for the second year in a row.

The Committee will complete a triennial, independent review of director remuneration during the year ending March 2023.

Purpose and Aim

Our terms of reference, which are reviewed annually, are set out on the Company's website (<https://www.hipgnosissongs.com/governance/>). We are responsible for recommending and monitoring the level and structure of remuneration for all the Directors, taking into account the time commitments and responsibilities of Directors and any other factors which we deem necessary, including the recommendations of the AIC Code.

We are also responsible for the review of any workforce remuneration and related policies and the alignment of incentives and rewards with culture and consider these when setting the policy for executive director remuneration. At the moment this involves oversight of the arrangements for the employees of HSG, managed by Hipgnosis Song Management Ltd. As at the year ended 31 March 2022 although the Company has employees within HSG, none of the employees are classified as Senior Executives as they do not report directly to the Board of Hipgnosis Songs Fund Limited. At the time of the acquisition of HSG, the Board clarified certain elements of both the Investment Advisory Agreement and the Financial Position and Prospects Procedures in order to delegate full responsibility for the operations of HSG to the Investment Adviser. Accordingly, the Investment Adviser is responsible for HSG's operations, including its executive remuneration, budgeting and performance management.

Membership and Meetings

As at 31 March 2022, the Committee comprised:

Mr Simon Holden (Chair of the Committee)
Mr Paul Burger
Ms Sylvia Coleman
Ms Vania Schlogel (appointed 19 October 2021)
Mr Andrew Sutch
Mr Andrew Wilkinson

We meet at least once a year pursuant to our terms of reference. During the year we met on one occasion, on 8 December 2021. Attendance is disclosed on page 88. A quorum is two members. Members of the Committee are not involved in matters affecting their individual position.

Directors' Remuneration

The Directors continue to be paid in Sterling.

Each Director receives a fixed fee per annum based on their roles and responsibility within the Company and the time commitment required. Since 1 April 2020 the Chair has been entitled to annual remuneration of £85,000, the chairs of the Audit and Risk Management Committee and the Portfolio Committee have been entitled to annual remuneration of £81,500, and the other Directors have been entitled to annual remuneration of £75,000.

All Directors are non-executive. The Directors' remuneration, excluding disbursements, for the year ended 31 March 2022 amounted to £458,360/\$613,720, with outstanding fees of £18,750/\$24,745 due to the Directors at 31 March 2022 (31 March 2021: £582,000/\$762,068 with outstanding fees of £nil due at 31 March 2021). There were no supplementary fees paid to Directors in the year ended 31 March 2022. Directors are reimbursed for out-of-pocket expenses incurred in fulfilling their roles, including costs of travel and accommodation (as required).

In accordance with the AIC Code, we consider the level of the Directors' fees at least annually.

During the year ended 31 March 2022 the Directors' remuneration was as follows:

	Fixed Element FY2022 £	31 March 2022 Total £	31 March 2022 Total \$	Fixed Element FY2021 £	Supplement FY2020 £	Additional Payment FY2021 £	31 March 2021 Total £	31 March 2021 Total \$
Andrew Sutch	85,000	85,000	113,811	85,000	25,000	15,000	125,000	163,458
Paul Burger	81,500	81,500	109,124	81,500	25,000	15,000	121,500	159,105 †
Andrew Wilkinson	81,500	81,500	109,124	81,500	25,000	15,000	121,500	158,865 †
Simon Holden	75,000	75,000	100,421	75,000	25,000	15,000	115,000	150,338
Sylvia Coleman	75,000	75,000	100,421	75,000	9,000	15,000	99,000	130,302
Vania Schlogel*	60,360	60,360	80,819	N/A	N/A	N/A	N/A	N/A

* Note, Vania Schlogel appointed to Board on 11 June 2021 and Committees on 19 October 2021

† US Dollar variance due to a timing difference in payment

During the year under review the Company was less acquisitive, nonetheless the Directors have continued to have a high and sustained workload and, in particular, have been heavily involved in discussions with the Investment Adviser (regarding the amendment to the Investment Advisory Agreement) and with the Company's professional advisers (in light of changes in the current macro-economic environment). However, mindful of the Board's decision not to issue further shares for cash consideration until after the publication of the Company's net asset value as at 31 March 2022, we concluded that the level of fees for Directors' should currently remain unchanged in the year under review.

The Company's investment proposition of acquiring, integrating and overseeing the active management of a diverse portfolio of song copyrights necessarily requires a more operational mandate of its Board than typical investment trusts. Albeit that all Directors are non-executive, distinguishing responsibilities of our Board include oversight and consideration of:

- the status of both contractual and registration rights that require resolving as part of each acquisition;
- the Investment Adviser's function in the tracking and collection of royalty and licence obligations from a complex supply chain of global revenue sources;
- the disclosure and measurement of performance relative to the Investment Adviser's initial business case for each acquisition (by income type, catalogue and at a portfolio level);
- the business case for value enhancement from internalising certain functions (such as copyright administration via HSG)
- ensuring that assets are securely under the Company's custody within reasonable timeframes post-acquisition; and
- an efficient capitalisation and credit strategy for the Company to enhance and safeguard returns on investment for Shareholders.
- The remuneration of employees in the Company's subsidiary, HSG, which undertakes administration and Song Management activities in the United States, is delegated to the Investment Adviser under the terms of the Investment Advisory Agreement.

The schedule of the Directors' attendance in the year under review evidences the breadth and depth of investment, strategy and other project work they have supported or led during the year. In addition to the formally convened meetings during the year, the Directors have had regular contact and meetings with the Investment Adviser and other service providers as the Directors are closely involved in planning work to evolve the Company's capital structure to scale its asset base and improve Shareholder returns.

Remuneration Policy

The Company's remuneration policy, as published on the Company's website (alongside the terms of reference for the Remuneration Committee), has been the subject of shareholder consultation and will be submitted to the forthcoming Annual General Meeting for ratification by Ordinary Resolution. Shareholders will also be requested to approve an increase in the overall cap on Directors' remuneration from £500,000 to £550,000 to accommodate the possibility of appointing a further non-executive director in the event that a suitable candidate is identified which will also allow for flexibility and the capacity to overlap directors as part of a managed succession program.

2023 Objectives

It is our intention to continue to oversee the remuneration arrangements in a manner which is aligned with the delivery of key operational goals and continued positive strategic outcome for our Shareholders and stakeholders.

Our proposed activities for the year ahead are:

- review the Terms of Reference of the Committee to ensure they reflect best practice under the Code;
- undertake a triennial, independent review of Director remuneration levels for the financial year ending 31 March 2023;
- engage with Shareholders on any future review of the remuneration policy.

On behalf of the Remuneration Committee,

Simon Holden

Chair of the Remuneration Committee

13 July 2022

Report of the Directors

The Directors hereby present the Annual Report and Audited Consolidated Financial Statements for the Group, Hipgnosis Songs Fund Limited and its subsidiaries, for the year ended 31 March 2022. This Report of the Directors should be read together with the Strategic Report on pages 2-77 and the Corporate Governance Report on pages 78-110, which are both incorporated into this Report of the Directors by reference.

General Information

The Company is a company limited by shares incorporated on 8 June 2018 under the Companies Law. The Company's registration number is 65158, and it has been registered with the GFSC as a registered collective investment scheme. The Company's Ordinary Shares were admitted to trading on the Specialist Fund Segment of the London Stock Exchange on 11 July 2018, and migrated to a Premium Listing on the Main Market of the London Stock Exchange on 25 September 2019. The Company was promoted to the FTSE 250 Index on 20 March 2020. The Company's converted to an investment trust company with effect from 1 April 2021 and is therefore treated as being resident in the UK for tax purposes and has ceased to be a Guernsey tax exempt vehicle under The Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989, as amended.

The registered office address is Floor 2, Trafalgar Court, Les Banques, St Peter Port, Guernsey, GY1 4LY.

Principal Activities

The investment objective of the Group is to provide Shareholders with an attractive and growing level of income, together with the potential for capital growth, from investment in a portfolio of Songs and their associated musical intellectual property rights. The Group's principal activities are to invest in a diverse Portfolio of Song Catalogues, to collect income generated across a wide variety of sources from the ongoing exploitation of those copyrights, and to manage the development of those assets as intensively as possible to broaden awareness and stimulate consumption.

Provision of information elsewhere in this annual report

Business Review

A review of the Group's business and its likely future development is provided in the Strategic Report on pages 2-77.

Financial Risk Management Policies and Objectives

Financial risk management policies and objectives are disclosed in Note 17 on page 154.

Section 172(1) Statement

The Section 172(1) statement is made on page 76.

Going Concern and Viability Statements

Going Concern and Viability Statements are made on pages 74-76.

Principal and Emerging Risks

Principal and emerging risks are discussed in the Strategic Report on pages 70-73.

Subsequent Events

Significant subsequent events have been disclosed in Note 23 on page 161.

Alternative Performance Measures and/or Key Performance Indicators

The Directors believe that the performance indicators detailed in the Financial Highlights, on pages 8-9, and Financial Review on pages 38-43, will provide Shareholders with sufficient information to assess how effectively the Company is meeting its objectives. The alternative performance measures are described in the table on pages 164-165.

Listing Requirements

Since being admitted to the Official List of the UK Listing Authority, as maintained by the FCA, the Company has been required to comply with the applicable Listing Rules.

Results and Dividends

The results for the year are set out in the Consolidated Financial Statements on pages 126-130. Dividends are set out on Note 16 and on page 153.

During the year, and since the year end, the Directors declared the following dividends to Ordinary Shareholders:

Dividend	Quarter Ended	Date of Declaration	Payment Date	Amount per Ordinary Share (pence)
Interim dividend	30 June 2021	20 July 2021	31 August 2021	1.3125
Interim dividend	30 September 2021	20 October 2021	30 November 2021	1.3125
Interim dividend	31 December 2021	8 February 2022	15 March 2022	1.3125
Interim dividend	31 March 2022	12 May 2022	15 June 2022	1.3125

Share Capital

The Company has two classes of share capital:

(i) Ordinary Shares; and (ii) C Shares. C Shares constitute a temporary and separate class of shares which can be issued at a fixed price determined by the Company. These are subsequently converted into Ordinary Shares, at NAV, once the proceeds of each C Share issue have been invested or substantially invested in accordance with the Company's investment policies. There are no C-shares in issue at 31 March 2022.

Under the Company's Articles of Incorporation, each Shareholder present in person or by proxy has the right to one vote at general meetings. On a poll, each

Shareholder is entitled to one vote for every Ordinary Share or C Share held.

Shareholders are entitled to all dividends paid by the Company and, on a winding up, provided the Company has satisfied all of its liabilities, the Shareholders are entitled to all of the residual assets of the Company.

Shareholdings of the Directors

The Directors with beneficial interests in the Ordinary Shares of the Company as at 31 March 2022 are detailed below. In addition, the Company also provides the same information as at 13 July 2022, being the most current information available:

Director	Ordinary Shares held 13 July 2022	% holding at 13 July 2022	Ordinary Shares held 31 March 2022	% holding at 31 March 2022	Ordinary Shares held 31 March 2021	% holding at 31 March 2021
Paul Burger	66,000	0.006	66,000	0.006	66,000	0.006
Sylvia Coleman	38,701	0.004	38,701	0.004	38,701	0.004
Simon Holden	100,796	0.009	100,796	0.009	100,796	0.009
Andrew Sutch	62,055	0.005	60,668	0.005	50,624	0.005
Vania Schlogel*	10,000	0.001	10,000	0.001	N/A	N/A
Andrew Wilkinson	79,522	0.007	79,522	0.007	79,522	0.007

* Appointed to the Board on 11 June 2021

Directors' Authority to Buy Back Shares

The Directors will consider repurchasing Ordinary Shares in the market if they believe it to be in the Shareholders' interests as a whole and as a means of correcting any imbalance between supply and demand for the Ordinary Shares.

The timing, price and volume of any buy back of Ordinary Shares will be at the absolute discretion of the Directors and is subject to the Company having sufficient working capital for its requirements and surplus cash resources available. Ordinary Shares acquired pursuant to this authority are subject to compliance with the solvency test and any other relevant provisions of the Companies Law. Annually the Company passes a resolution granting the Directors general authority to purchase in the market up to 14.99% of the number of Ordinary Shares in issue. The Directors intend to seek renewal of this authority from the Shareholders at the AGM.

In the event that the Board decides to repurchase Ordinary Shares, purchases will only be made through the market for cash at prices not exceeding the last reported Operative NAV per Share and such purchases will only be made in accordance with: (a) the Listing Rules, which currently provide that the maximum price to be paid per Ordinary Share must not be more than the higher of: (i) 5% above the average of the mid-market values of the relevant Ordinary Shares for the five business days before the purchase is made; or (ii) the higher of: (1) the price of the last independent trade; and (2) the highest current independent bid for an Ordinary Share on the trading venues where the market purchases by the Company pursuant to the authority conferred by that resolution will be carried out; and (b) the Companies Law, which provides among other things that any such purchase is subject to the Company passing the solvency test contained in the Companies Law at the relevant time.

The Directors will not buy back any Shares from any class of C Shares in issue prior to Conversion. Therefore, the Company will not assist any class of C Shares in limiting discount volatility or provide an additional source of liquidity.

Directors' and Officers' Liability Insurance

The Company maintains insurance in respect of Directors' and Officers' liability in relation to their activities on behalf of the Group.

Substantial Shareholdings

As at 31 March 2022, the Company had been notified, in accordance with Chapter 5 of the Disclosure and Transparency Rules, of the following substantial voting rights as Shareholders of the Company.

Shareholder	Shareholding	% holding
Newton Investment Management	120,124,434	9.92%
Investec Wealth & Investment	117,376,786	9.69%
Aviva Investors	76,077,701	6.28%
Cazenove Capital Management	75,877,666	6.26%
Brewin Dolphin	59,750,328	4.93%
CCLA Investment Management	50,280,780	4.15%
Brooks Macdonald	41,476,708	3.42%
Handelsbanken Wealth & Asset Management	40,277,613	3.33%

In addition, the Company also provides the same information as at 30 June 2022, being the most current information available.

Shareholder	Shareholding	% holding
Investec Wealth & Investment	119,090,578	9.83%
Newton Investment Management	118,832,154	9.81%
Aviva Investors	76,034,020	6.28%
Cazenove Capital Management	75,586,747	6.24%
Brewin Dolphin	65,425,077	5.40%
CCLA Investment Management	58,522,359	4.83%
Brooks Macdonald	42,425,116	3.50%
BlackRock	42,235,296	3.49%
Handelsbanken Wealth & Asset Management	37,224,107	3.07%

The Directors confirm that there are no securities in issue that carry special rights with regard to the control of the Company.

Independent External Auditor

PricewaterhouseCoopers CI LLP has been the Company's external auditor since the Company's incorporation. The Audit and Risk Management Committee reviews the appointment of the external auditor, its effectiveness and its relationship with the Company, which includes monitoring the use of the external auditor for non-audit services and the balance

of audit and non-audit fees paid, as included in Note 21 on page 160. Following a review of the independence and effectiveness of the external auditor, a resolution will be proposed at the AGM to re-appoint PricewaterhouseCoopers CI LLP. Each Director believes that there is no relevant information of which the external auditor is unaware. Each had taken all steps necessary, as a Director, to be aware of any relevant audit information and to establish that PricewaterhouseCoopers CI LLP is made aware of any pertinent information. This confirmation is given and should be interpreted in accordance with the provisions of Section 249 of the Companies Law. Further information on the work of the external auditor is set out in the Report of the Audit and Risk Management Committee on pages 98-103.

Articles of Incorporation

The Company's Articles of Incorporation may only be amended by special resolution of the Shareholders.

AEOI Rules

Under AEOI Rules the Company continues to comply with both FATCA and CRS requirements to the extent relevant to the Company.

Annual General Meeting

The Annual General Meeting (AGM) of the Company will be held at 10.00 BST on 21 September 2022 at United House, 9 Pembridge Road, Notting Hill, London W11 3JY. Details of the resolutions to be proposed at the AGM, together with explanations of the AGM arrangements are set out in a separate circular which is sent to Shareholders with this Annual Report.

Members of the Board and the Investment Adviser will be in attendance at the AGM and will be available to answer Shareholder questions.

By order of the Board,

Andrew Sutch

Chair

13 July 2022

Directors' Responsibilities Statement

The Directors are responsible for preparing the Annual Report and Consolidated Financial Statements in accordance with applicable law and regulations.

The Companies Law requires the Directors to prepare the Annual Report and Consolidated Financial Statements for each financial year. Under Guernsey Companies Law, the Directors must not approve the Consolidated Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period.

In preparing these Consolidated Financial Statements, the Directors are required to:

- select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance;
- state that the Group has complied with IFRS, subject to any material departures disclosed and explained in the Consolidated Financial Statements; and
- prepare the Consolidated Financial Statements on a going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the Annual Report and Consolidated Financial Statements.

The Directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the Consolidated Financial Statements comply with Companies Law. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud, error and non-compliance with law and regulations.

The Directors are responsible for ensuring that the Annual Report and Consolidated Financial Statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for Shareholders to assess the Group's performance, business model and strategy.

The Directors are also responsible under the AIC Code to promote the success of the Group for the benefit of its members as a whole and in doing so have regard for the needs of wider society and other stakeholders.

As part of the preparation of the Annual Report and Consolidated Financial Statements the Directors have received reports and information from the Company's Administrator and Investment Adviser. The Directors have considered, reviewed and commented upon the Annual Report and Financial Statements throughout the drafting process in order to satisfy themselves in respect of the content. Please check spacing in document here

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the website (<https://www.hipgnosisongs.com/>).

Legislation in Guernsey governing the preparation and dissemination of the Consolidated Financial Statements may differ from legislation in other jurisdictions.

**Responsibility Statement of the Directors
in Respect of the Annual Report under the
Disclosure and Transparency Rules**

Each of the Directors confirms to the best of their knowledge and belief that:

the Consolidated Financial Statements, prepared in accordance with IFRS, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;

the Annual Report includes a fair review of the development and performance of the business and the position of the Company and its subsidiaries, together with a description of the principal risks and uncertainties faced; and

the Annual Report and Consolidated Financial Statements include information required by the FCA ensuring that the Company complies with the provisions of the Listing Rules, Disclosure Guidelines and Transparency Rules of the FCA. With regard to corporate governance, the Company is required to disclose how it has applied the principles and complied with the provisions of the AIC Code applicable to the Company with which it has agreed to comply. In addition, there is no information that is required to be disclosed under Listing Rules 9.8.4.

By order of the Board

Andrew Sutch

Chair

13 July 2022

Hipgnosis Songs Fund Limited

Independent Auditor's Report to the Members of Hipgnosis Songs Fund Limited

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of Hipgnosis Songs Fund Limited (the "company") and its subsidiaries (together "the group") as at 31 March 2022, and of their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.

What we have audited

The group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 March 2022;
- the consolidated statement of profit and loss for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements of the group, as required by the Crown Dependencies' Audit Rules and Guidance. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit approach Overview

Audit scope

- The company is incorporated in Guernsey and has underlying subsidiaries incorporated in the United Kingdom ("UK") and the United States of America ("USA"). The consolidated financial statements are a consolidation of the company and all of the underlying subsidiaries.
- We conducted our audit of the consolidated financial statements based on information provided by Ocorian Administration (Guernsey) Limited (the "Administrator") and Hipgnosis Song Management Limited (formerly The Family (Music) Limited) (the "Investment Adviser"), to whom the board of directors has delegated the provision of certain functions.
- We conducted our audit work in Guernsey and we tailored the scope of our audit taking into account the types of investments within the group, the involvement of the third parties referred to above, and the industry in which the group operates
- The components of the group in Guernsey, UK and USA to which we applied full audit scoping and audit procedures accounted for 100% of the net assets and total comprehensive income.

Key audit matters

- Risk of fraud in revenue recognition
- Carrying value and fair value disclosure of intangible assets

Materiality

- Overall group materiality: \$17.8 million (2021: \$15.6 million) based on 1% of the group's Adjusted Net Asset Value.
- Performance materiality: \$13.4 million (2021: \$11.7 million).
- The group's Adjusted Net Asset Value is calculated in accordance with International Financial Reporting Standards ("IFRS"), adjusted by adding back the cumulative amortisation of intangible assets and retaining any cumulative impairment of intangible assets.

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain, and we considered the risk of climate change and the potential impact thereof on our audit approach. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key audit matter

Risk of fraud in revenue recognition

Please refer to Notes 4 and 13 to the consolidated financial statements.

The group earns revenue from the catalogues of songs in which it owns interests. Such revenue takes the form of royalties, license fees and/or other payments including mechanical royalties, performance royalties, and Synchronisation fees.

Revenue is collected by the portfolio administrators/royalty collection agents, reported on a periodic basis and paid based on predetermined revenue payments dates thereafter. These contractual revenue arrangements entered into by the group with the portfolio administrators/royalty collection agents may be complex in nature and there is therefore a risk of error in that revenue may be incorrectly recognised in the accounting records of the group.

In addition, because of the contractual reporting and revenue payment dates with the various portfolio administrators/royalty collection agents, the directors make an estimate of the revenue accrued to the group at the period end, but for which revenue reports from the portfolio administrators/royalty collection agents are unavailable at the time of reporting, and where appropriate, estimate an accrual for expected but unreported usage of the group's songs.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

How our audit addressed the key audit matter

We met with the directors and Investment Adviser and understood and evaluated the group's processes, internal controls and revenue recognition policies as a result of the various music royalty, license fee and other payments earned from the catalogues of songs owned by the group.

We also assessed the group's revenue recognition accounting policies for compliance with IFRS, and in particular IFRS 15 – Revenue from Contracts with Customers.

Our procedures included:

- We have reviewed the contractual basis for recognising revenue from each catalogue of songs on acquisition by reading and understanding each catalogue agreement;
- We documented and understood the control processes in place over revenue recognition;
- We selected a sample of portfolio administrators/royalty collection agent statements from the general ledger listing and reconciled these to the revenue recognised by the group for each of these respective catalogues of songs. In addition, we traced these amounts to the subsequent cash receipts, where applicable;
- We identified, evaluated and verified a sample of journal entries that impacted revenue; and
- We independently observed the download of a sample of royalty statements from the relevant online portals for a sample of portfolio administrators to confirm their authenticity.

The directors seek the input of the Investment Adviser in making these revenue estimates and accrual, which involve significant estimate and judgement (see Note 4). The period end accrual is based on the catalogues of songs' historic performance for previous periods, adjusted for the Investment Adviser's and directors' assessment of the expected performance of the various catalogues of songs and by taking into account the latest available music consumption information.

Revenue is also one of the key performance indicators for the group and changes to the contractual arrangements with the portfolio administrators/royalty collection agents, which may report on a basis that is not coterminous with the period end, and the associated accrual determined by the directors, can have a significant impact on the recognition of revenue by the group. As a result, there is a heightened risk of material misstatement and revenue received during the year and the revenue accrual are considered to be key audit matters for audit purposes.

We also performed the following procedures in assessing the period end revenue accrual determined by the directors with the input of the Investment Adviser:

- We evaluated the methodology applied by the Investment Adviser in developing the year end revenue accrual recommended to the directors;
- We evaluated the underlying information used by the Investment Adviser in the revenue accrual calculations by comparing this to the revenue information audited;
- We evaluated the reasonableness of the revenue accrual assumptions made by the directors and Investment Adviser against supporting information, such as the fair value models provided by the Portfolio Independent Valuer;
- We reconciled the details of the last royalty statements received by the group to those included in the revenue accrual model and checked the arithmetic accuracy of the revenue accrual calculation;
- We analysed the assumptions in respect of expected but unreported song usage used by management in calculating the year end accrual, and agreed these to the underlying data per the royalty statements received to date on a sample basis; and
- We performed back testing by comparing the prior year revenue accruals to subsequently received royalty statements in order to assess the accuracy of the estimates made by the Investment Manager.

Based on our work performed, we did not identify any material differences.

Carrying value and fair value disclosure of intangible assets

Please refer to Notes 4 and 6 to the consolidated financial statements.

The primary activity of the group is to acquire and hold catalogues of songs and earn the music royalty, license fees and other revenue associated with its ownership. The group's portfolio of catalogues of songs are classified as intangible assets under IAS 38 – Intangible Assets ("IAS 38"). The various catalogues of songs are held at cost and amortised over their useful life (which is determined at acquisition of each of the catalogues of songs) less impairment. The catalogues of songs are subject to an impairment assessment at the earlier of the end of each accounting period and when an indicator of impairment is identified. The determination of the useful life of each catalogue requires the application of significant judgement by the directors (see Note 4).

The directors have chosen to voluntarily disclose the fair value of the catalogues of songs (see Note 6). The directors also present an 'Operative Net Asset Value', which takes into account the catalogues of songs at this fair value rather than at the IFRS amortised cost value, as included in consolidated financial statements and reflected in the IFRS Net Asset Value.

The directors have, in consultation with the Investment Adviser, engaged the Portfolio Independent Valuer to assess the fair value of each catalogue of songs. In general, the fair value of each catalogue of songs is determined using a discounted cash flow model and incorporates assumptions that are subject to significant judgement by the Portfolio Independent Valuer, Investment Adviser and directors. These estimates and assumptions include future catalogue revenue and cash flow projections; aggregate catalogue maturity; music industry growth rates by revenue type (e.g. physical sales, downloads, Streaming etc.); and the determination of an appropriate discount rate. The fair value of the catalogues of songs as disclosed in Note 6 reflects the fair value as calculated by the Portfolio Independent Valuer, recommended by the Investment Adviser and adopted by the board of directors.

With regard to the catalogues of songs recognised as intangible assets and carried at amortised cost, we evaluated management's processes and assumptions used to initially recognise and measure the catalogues of songs at amortised cost and used to assess the need for impairment (if any) of the respective catalogues of songs. Our procedures included:

- We obtained and read the purchase agreements for each catalogue of songs acquired by the group during the year to ensure they have been accounted for correctly, and agreed settlement to the cash payments made;
- We discussed with management any deferred compensation terms within the purchase contracts and assessed whether these have been appropriately recognised and/or disclosed within the consolidated financial statements;
- We discussed the useful life applied to the catalogues of songs with the directors and considered its appropriateness in light of industry benchmarks;
- For all catalogues of songs, we recalculated the carrying value in accordance with the useful life determined by the Directors; and
- We obtained, discussed and challenged the directors and Investment Adviser on their impairment assessment undertaken with respect to the catalogues of songs.

Based on our work performed, we did not identify any material differences.

With regard to the fair value of the catalogues of songs disclosed in Note 6 to the financial statements and used in determining the Operative Net Asset Value of the group by the directors, and as an input into the impairment assessment, we performed the following procedures:

- We discussed with the directors and Investment Adviser the process of appointment of the Portfolio Independent Valuer;
- We contacted the Portfolio Independent Valuer directly and obtained their valuation model for each catalogue of songs;

The directors use the fair value determined by the Portfolio Independent Valuer as an input into their consideration of the impairment assessment of the catalogues of songs held at amortised cost, based on a comparison of the fair value of each catalogue to the carrying value calculated under IFRS.

As the catalogues of songs are significant to the net asset value of the group and given the level of estimate in the consideration of impairment and in determining the fair value of each catalogue, there is a heightened risk of misstatement. As a result, the carrying value of the catalogues of songs carried at amortised cost in the consolidated financial statements (including any applicable impairment) and the fair value of the catalogues of songs, as disclosed in the notes to the consolidated financial statements, used as an initial basis of consideration for impairment and used in determining the Operative Net Asset Value by the directors, are considered to be key audit matters from an audit perspective.

- We held discussions with the Portfolio Independent Valuer, confirmed their independence and evaluated their experience and objectivity;
- We gained an understanding of the assumptions the Portfolio Independent Valuer adopted to determine the projected growth rates for revenue streams across a sample of catalogues of songs and of the discount rate applied to the projected revenue/cash flow streams;
- We discussed the impact of COVID-19 on the valuations of the catalogues of songs with the Portfolio Independent Valuer, and in particular considered the appropriateness of the assumptions made by them on future cash flows by revenue type for the catalogues of songs sampled;
- On a sample basis, we agreed the baseline revenue used by the Portfolio Independent Valuer in their model to the revenue recognised by the group and with respect to the sample of catalogues of songs and assessed the rationale for any adjustments made thereto;
- We compared the discount rate used to available independent industry benchmarks/sources;
- We recalculated the arithmetic accuracy of the valuation for the catalogues of songs sampled;
- We obtained independent music industry market growth data by revenue stream and compared this to the growth rates applied by the Portfolio Independent Valuer, and assessed the rationale for any variances identified.

Based on our work performed, we did not identify any material differences.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the consolidated financial statements as a whole, taking into account the structure of the group, the accounting processes and controls, and the industry in which the group operates.

The company is based in Guernsey and has subsidiaries in the UK and the USA. The consolidated financial statements are a consolidation of the company and all the subsidiaries.

Scoping was performed at the group level, irrespective of whether the underlying transactions took place within the company or within the subsidiaries.

The group audit was led, directed and controlled by PricewaterhouseCoopers CI LLP and all audit work for material items within the consolidated financial statements was performed in Guernsey by PricewaterhouseCoopers CI LLP.

The transactions relating to the company and many of the subsidiaries are maintained by the Administrator (and its related group entities) or were made directly available to us by the management of the remaining subsidiaries, and therefore we were not required to engage with component auditors operating under our instruction. Our testing was therefore performed on a consolidated basis using thresholds which were determined with reference to the overall group materiality and the risks of material misstatement identified.

As noted in the overview, the components of the group for which we performed full scope audit procedures accounted for 100% of consolidated net assets and total consolidated comprehensive income.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the consolidated financial statements as a whole.

Based on our professional judgement, we determined materiality for the consolidated financial statements as a whole as follows:

Overall group materiality	\$17.8 million (2021: \$15.6 million)
How we determined it	1% of Adjusted Net Asset Value
Rationale for benchmark applied	We believe that Adjusted Net Asset Value represents the most appropriate benchmark given the nature and activities of the group, and that this is a key consideration for investors when assessing the financial performance. The group's Adjusted Net Asset Value is calculated as \$1,781 million (2021: \$1,556 million)

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2021: 75%) of overall materiality, amounting to \$13.4 million (2021: \$11.6 million) for the group financial statements.

In determining the performance materiality, we considered a number of factors – the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls – and concluded that an amount at the upper of our normal range was appropriate.

We agreed with the Audit and Risk Committee that we would report to them misstatements identified during our audit above \$890,000 (2021: \$778,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Reporting on other information

The other information comprises all the information included in the Annual Report (the "Annual Report") but does not include the consolidated financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. 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 based on these responsibilities.

Responsibilities for the consolidated financial statements and the audit

Responsibilities of the directors for the consolidated financial statements

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards, the requirements of Guernsey law and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the group'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 to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based

on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern over a period of at least twelve months from the date of approval of the consolidated financial statements. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our

report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Use of this report

This report, including the opinions, has been prepared for and only for the members as a body in accordance with Section 262 of The Companies (Guernsey) Law, 2008 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Report on other legal and regulatory requirements

Company Law exception reporting

Under The Companies (Guernsey) Law, 2008 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit;
- proper accounting records have not been kept; or
- the consolidated financial statements are not in agreement with the accounting records.

We have no exceptions to report arising from this responsibility.

Corporate governance statement

The Listing Rules require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

The company has reported compliance against the 2019 AIC Code of Corporate Governance (the "Code") which has been endorsed by the UK Financial Reporting Council as being consistent with the UK Corporate Governance Code for the purposes of meeting the company's obligations, as an investment company, under the Listing Rules of the FCA.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement and the strategic report is materially consistent with the consolidated financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the consolidated financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the group's ability to continue to do so over a period of at least twelve months from the date of approval of the consolidated financial statements;
- The directors' explanation as to their assessment of the group's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' statement as to whether they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the group was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the Code and considering whether the statement is consistent with the consolidated financial statements and our knowledge and understanding of the group and its environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the consolidated financial statements and our knowledge obtained during the audit:

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the group's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section describing the work of the Audit and Risk Management Committee.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Other matter

In due course, as required by the Financial Conduct Authority Disclosure Guidance and Transparency Rule 4.1.14R, these consolidated financial statements will form part of the ESEF-prepared annual financial report filed on the National Storage Mechanism of the Financial Conduct Authority in accordance with the ESEF Regulatory Technical Standard ("ESEF RTS"). This auditor's report provides no assurance over whether the annual financial report will be prepared using the single electronic format specified in the ESEF RTS.

Roland Mills

For and on behalf of PricewaterhouseCoopers CI LLP
Chartered Accountants and Recognised Auditor
Guernsey, Channel Islands

13 July 2022

Consolidated Statement of Profit and Loss

For the year ended 31 March 2022

	Notes	1 April 2021 to 31 March 2022 \$'000	1 April 2020 to 31 March 2021 \$'000
Income			
Total revenue	13	200,384	160,667
Interest income		5	88
Royalty costs		(32,041)	(22,450)
Net revenue		168,348	138,305
Expenses			
Advisory and performance fees	19	(16,548)	(12,050)
Administration fees		(1,152)	(1,186)
Legal and professional fees		(5,999)	(7,381)
Audit fees	21	(600)	(732)
Brokers' fees		(274)	(128)
Directors' remuneration	18	(696)	(680)
Listing fees		(34)	(625)
Subscriptions and licences		(526)	(236)
Public relations fees		(702)	(36)
Charitable donations		(208)	(307)
Other operating expenses	14	(12,403)	(10,161)
Amortisation of catalogues of songs	6	(105,787)	(67,875)
Impairment of catalogues of songs	6	(1,490)	-
Amortisation of borrowing expenses		(1,635)	(2,600)
Fixed asset depreciation		(712)	(137)
Finance charges for deferred consideration		(212)	(339)
Loan interest	9	(20,377)	(7,331)
HSG FV gain		-	2,139
Net (loss)/profit from joint ventures		(836)	85
Foreign exchange (losses)/gains	15	(14,857)	15,814
Operating expenses		(185,048)	(93,766)
Operating (loss)/profit for the year before taxation		(16,700)	44,539
Taxation	5	(2,743)	(5,604)
(Loss)/profit for the year after tax		(19,443)	38,935
Basic Earnings per Share (cents)	20	(1.65)	4.72
Diluted Earnings per Share (cents)	20	(1.65)	4.72

All activities derive from continuing operations.

The accompanying notes form an integral part of these Consolidated Financial Statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2022

	Notes	1 April 2021 to 31 March 2022 \$'000	1 April 2020 to 31 March 2021 \$'000
(Loss)/profit for the year after tax		(19,443)	38,935
Other comprehensive income:			
Movement in foreign currency translation reserve		(1,816)	(7)
		(1,816)	(7)
Total comprehensive income for the year		(21,259)	38,928

The accompanying notes form an integral part of these Consolidated Financial Statements.

Consolidated Statement of Financial Position

As at 31 March 2022

	Notes	31 March 2022 \$'000	31 March 2021 \$'000
Assets			
Catalogues of Songs	6	2,036,732	1,878,924
Other assets		568	3,740
Goodwill	3	272	272
Non-current receivables	8	640	3,298
Non-current assets		2,038,212	1,886,234
Trade and other receivables	8	144,450	104,330
Cash and cash equivalents	7	30,067	112,634
Current assets		174,517	216,964
Total assets		2,212,729	2,103,198
Liabilities			
Loans and borrowings	9	593,992	565,860
Non-current deferred investment payables	10	925	1,588
Non-current liabilities		593,992	565,860
Other payables and accrued expenses	10	35,413	72,905
Current liabilities		35,413	72,905
Total liabilities		630,330	640,353
Net assets		1,582,399	1,462,845
Equity			
Share capital	11	1,692,198	1,466,851
Other reserves		–	234
Foreign currency translation reserve		(2,235)	(419)
Retained earnings		(107,564)	(3,821)
Total equity attributable to the owners of the Company		1,582,399	1,462,845
Number of Ordinary Shares in issue at year end		1,211,214,286	1,073,440,268
IFRS Net Asset Value per Ordinary Share (cents)	12	130.65	136.28
Operative Net Asset Value per Ordinary Share (cents)	12	184.91	168.29

Approved and authorised for issue by the Board of Directors on 13 July 2022 and signed on their behalf by:

Andrew Sutch Chair

Andrew Wilkinson Director

The accompanying notes form an integral part of these Consolidated Financial Statements.

Consolidated Statement of Changes in Equity

For the year ended 31 March 2022

	Note	Number of Ordinary Shares	Share capital \$'000	Foreign currency translation reserve \$'000	Retained earnings \$'000	Other reserves \$'000	Total equity \$'000
As at 1 April 2021		1,073,440,268	1,466,851	(419)	(3,821)	234	1,462,845
Shares issued	11	137,774,018	229,702	-	-	(234)	229,468
Share issue costs	11	-	(4,355)	-	-	-	(4,355)
Dividends paid	16	-	-	-	(84,300)	-	(84,300)
Loss for the year		-	-	-	(19,443)	-	(19,443)
Foreign currency translation reserve movement		-	-	(1,816)	-	-	(1,816)
As at 31 March 2022		1,211,214,286	1,692,198	(2,235)*	(107,564)	-	1,582,399

* The loss for the period ending 31 March 2022 of \$19.4 million is calculated net of total amortisation, foreign exchange losses, finance charges for deferred consideration and impairment which amount to \$126.3 million. This results in net income of \$106.8 million which represents 1.27x dividend cover on the dividends paid of \$84.3 million. Retained earnings as at 31 March 2022, when adjusted for total amortisation, foreign exchange losses, finance charges for deferred consideration and impairment is \$18.7 million.

For the year ended 31 March 2021

	Note	Number of Ordinary Shares	Share capital \$'000	Foreign currency translation reserve \$'000	Retained earnings \$'000	Other reserves \$'000	Total equity \$'000
As at 1 April 2020		615,851,887	801,844	(412)	9,253	-	810,685
Shares issued	11	457,588,381	677,056	-	-	-	677,056
Share issue costs	11	-	(12,049)	-	-	-	(12,049)
Performance fees to be paid in shares	19	-	-	-	-	234	234
Dividends paid	16	-	-	-	(52,009)	-	(52,009)
Profit for the year		-	-	-	38,935	-	38,935
Foreign currency translation reserve movement		-	-	(7)	-	-	(7)
As at 31 March 2021		1,073,440,268	1,466,851	(419)*	(3,821)	234	1,462,845

* The underlying retained earnings figure has been shown to be in a deficit position due to the foreign currency translation therefore does not show the true nature of retained earnings. The Sterling retained earnings position at 31 March 2021 is £6.3 million. This is entirely linked to the functional currency change, and the strengthening of Sterling against the Dollar. Profit for the Year of \$38.9 million is calculated net of Amortisation of Catalogues of Songs, which is \$67.9 million. The Profit, when adjusted for Amortisation, is therefore \$106.8 million which represents 2.05x dividend cover on the dividends paid of \$52.0 million.

Consolidated Statement of Cash Flows

For the year ended 31 March 2022

	Notes	1 April 2021 to 31 March 2022 \$'000	1 April 2020 to 31 March 2021 \$'000
Cash flows generated from operating activities			
Operating (loss)/profit for the year before taxation		(16,700)	44,539
Adjustments for non-cash items:			
Loan interest		20,377	7,331
Movement in trade and other receivables	8	(35,704)	(54,005)
Movement in other payables and accrued expenses	10	(1,545)	38,712
Movement in equity for share-based payments	19	-	234
Depreciation of fixed assets		712	-
Amortisation of Catalogues of Songs and borrowing costs		107,422	70,475
Impairment on catalogue of songs		1,490	-
Foreign exchange losses/(gains)	15	14,857	(15,814)
Taxation paid		(6,040)	(5,604)
Net cash generated from operating activities		84,869	85,868
Cash flows used in investing activities			
Purchase of Catalogues of Songs	6	(300,455)	(1,089,293)
Purchase of other assets		(173)	(3,740)
Movement in writer advances		(8,509)	-
Goodwill paid on acquisition		-	(272)
Net cash used in investing activities		(309,137)	(1,093,305)
Cash flows generated from financing activities			
Proceeds from issue of shares	11	229,468	677,056
Issue costs paid	11	(4,355)	(12,049)
Dividends paid	16	(84,300)	(52,009)
Interest paid	9	(20,775)	(8,942)
Borrowing costs	9	(1,274)	(9,199)
Bank loan repaid	9	(50,000)	-
Bank loan drawn down	9	72,708	503,278
Net cash generated from financing activities		141,472	1,098,135
Net movement in cash and cash equivalents		(82,796)	90,698
Cash and cash equivalents at the start of the year		112,635	17,391
Effect of foreign exchange rate changes on cash and cash equivalents		228	4,545
Cash and cash equivalents at the end of the year	7	30,067	112,634

The accompanying notes form an Integral part of these Consolidated Financial Statements.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

1. General information

Hipgnosis Songs Fund Limited was incorporated and registered in Guernsey on 8 June 2018 with registered number 65158 and is governed in accordance with the provisions of the Companies Law. The registered office address is Floor 2, Trafalgar Court, Les Banques, St Peter Port, Guernsey, GY1 4LY.

The Company's Ordinary Shares were admitted to trading on the Specialist Fund Segment of the London Stock Exchange on 11 July 2018 and migrated to a Premium Listing on the Main Market of the London Stock Exchange on 25 September 2019. The Company was added as a constituent of the FTSE 250 Index effective from after the market close on 20 March 2020.

The Company makes its investments through its subsidiaries, which are registered in the UK and US as limited companies.

The Consolidated Financial Statements present the results of the Group for the year to 31 March 2022, rounded to the nearest US Dollar. As disclosed in the prior year Annual Report, the functional and presentation currency changed from Sterling to US Dollars. The Group is principally engaged in investing in and managing music copyrights and associated musical intellectual property.

There has been a presentational change in the comparative period in the Consolidated Statement of Profit and Loss, as set out in Note 22.

2. Accounting policies

The principal accounting policies applied in the preparation of these Consolidated Financial Statements are set out below. These policies have been consistently applied, unless otherwise stated.

New and amended standards and interpretations applied

On incorporation, the Company adopted all of the IFRS standards and interpretations that were in effect at that date and are applicable to the Group. No new standards during the year ended 31 March 2022 had a material impact on the Consolidated Financial Statements.

Amended standards and interpretations not applied

The following are amended standards and interpretations in issue effective from years beginning on or after 1 January 2022:

Amended standards and interpretations		Effective date
IFRS 9	Financial Instruments (Amendments regarding pre-replacement issues in the context of the LIBOR reform)	1 January 2023
IFRS 17	Insurance Contracts	1 January 2023
IAS 1	Presentation of Financial Statements (Amendments regarding financial statements' on classification of liabilities)	1 January 2022

The Group has considered the IFRS standards and interpretations that have been issued but are not yet effective. None of these standards or interpretations are likely to have a material effect on the Group, as it is the belief of the Board that the activities of the Group are unlikely to be affected by the changes to these standards, although any disclosures recommended by these standards, where applicable, will be provided as required.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

2. Accounting policies (continued)

a) Group information

As at 31 March 2022, the details of the Company's subsidiaries are as follows:

Name of the subsidiary ³	Place of incorporation and operation	% of voting rights	% Interest	Consolidation method	Functional Currency
Hipgnosis Holdings UK Limited	UK	100	100	Full	USD
Hipgnosis SFH I Limited	UK	100	100	Full	USD
Hipgnosis SFH XIII Limited	UK	100	100	Full	USD
Hipgnosis SFH XIX Limited	UK	100	100	Full	USD
Hipgnosis SFH XX Limited	UK	100	100	Full	GBP
RubyRuby (London) Limited ¹	UK	100	100	Full	GBP
Hipgnosis Songs Group LLC ²	US	100	100	Full	USD
Hipgnosis Acquisition Corp ²	US	100	100	Full	USD
Kennedy Publishing & Productions Limited ¹	UK	100	100	Full	GBP
Robot of the Century Music Publishing Company Inc	US	100	100	Full	USD
Deamon Limited ¹	UK	100	100	Full	GBP
PB Songs Ltd ¹	UK	100	100	Full	GBP

¹ These companies are subsidiaries of Hipgnosis SFH XX Limited and therefore an indirect subsidiary of Hipgnosis Songs Fund Limited.

² On 10 September 2020 the Company acquired the entire share capital of Big Deal Music Group (rebranded to Hipgnosis Songs Group) which includes BDM Acquisition Corp (rebranded to Hipgnosis Acquisition Corp) and Big Deal Music LLC (rebranded to Hipgnosis Songs Group LLC) both incorporated in the US. Big Deal Music LLC is part of a joint venture with Big Family LLC, a publishing company which was formed in June 2018 and is equity accounted for in the Consolidated Financial Statements.

³ All subsidiaries undertake the same activities as the Group. In addition, Hipgnosis Songs Group LLC undertakes publishing administration.

During the year, the Company dissolved F.S. Music Limited and C H Publishing Limited on 2 November 2021.

The majority of subsidiaries of the Company are considered tax resident in the UK and are subject to UK corporation tax. Robot of the Century Music Publishing Inc is registered in New York. Hipgnosis Songs Group LLC and Hipgnosis Acquisition Corp. are registered in Delaware and are subject to applicable State and Federal Taxes.

b) Going concern

The Directors monitor the capital and liquidity requirements of the Company on a regular basis. They have also reviewed cash flow forecasts prepared by the Investment Adviser which are based in part on assumptions about the future purchase and returns from existing Catalogues of Songs and the annual operating cost.

Based on these sources of information and their judgement, the Directors believe it is appropriate to prepare the Consolidated Financial Statements of the Group on a going concern basis.

c) Basis of preparation

Basis of accounting

The Consolidated Financial Statements have been prepared in accordance with IFRS and applicable company law. The Consolidated Financial Statements have been prepared on a historical cost basis as amended from time to time by the fair valuing of certain financial assets and liabilities where applicable.

Consolidation

In accordance with section 244 of the Companies Law, the Directors have elected to prepare consolidated accounts for the financial period for the Group. Therefore, there is no requirement to present individual accounts for the Company within the Consolidated Financial Statements.

The Company is not considered to be an Investment Entity, as defined in IFRS 10. Whilst the Company evaluates the Portfolio on a fair value basis as demonstrated by the Operating NAV provided as an alternate performance measure, the Company also actively manages the Songs to add further value and has no defined exit strategy for any of its investments.

All companies in which the Company has a controlling interest, namely those in which it has the power to govern financial and operational policies in order to obtain benefits from their operations, are fully consolidated. Control as defined by IFRS 10 is based on the following three criteria to be fulfilled simultaneously to conclude that the parent company exercises control:

- a parent company has power over a subsidiary when the parent company has existing rights that give it the current ability to direct the relevant activities of the subsidiary, i.e. the activities that significantly affect the subsidiary's returns. Power may arise from existing or potential voting rights, or contractual arrangements. Voting rights must be substantial, i.e. they shall be exercisable at any time without limitation, particularly during decision making related to significant activities. The assessment of the exercise of power depends on the nature of the subsidiary's relevant activities, the internal decision-making process, and the allocation of rights among the subsidiary's other shareowners;
- the parent company is exposed, or has rights, to variable returns from its involvement with the subsidiary which may vary as a result of the subsidiary's performance. The concept of returns is broadly defined and includes, among other things, dividends and other economic benefit distributions, changes in the value of the investment in the subsidiary, economies of scale, and business synergies; and
- the parent company has the ability to use its power to affect the returns. Exercising power without having any impact on returns does not qualify as control.

Consolidated Financial Statements of a group are presented as if the Group were a single economic entity. The Group does not include any non-controlling interest.

Segmental reporting

The chief operating decision maker is the Board of Directors. All of the Company's income is global but received from sources within US, Europe, UK and Guernsey. While the Company's income is derived internationally, the Directors are of the opinion that the Group is engaged in a single segment of business, being the investment of the Company's capital in a Portfolio of Song copyrights, together with the potential for capital growth.

d) Revenue recognition

Bank interest income

Interest income from cash deposits is recognised as it accrues by reference to the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash flows through the expected life of the financial asset to the asset's carrying value or principal amount, and is accounted for on an accruals basis.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

2. Accounting policies (continued)

Revenue from operations and associated costs

Revenues from operations are recorded when it is probable that future economic benefits will be obtained by the Group and when they can be reliably measured. The revenue earned by the Group is recognised in accordance with IFRS 15 and solely consists of royalty income, which is divided into three main revenue categories:

- i) Mechanical royalties – these are collected by PROs worldwide which represent songwriters and other copyright owners. Mechanical royalties are also collected by royalty collection agents or the portfolio administrators with whom the Group contracts;
- ii) Performance royalties – these are collected by various PROs worldwide which represent songwriters and other copyright owners; and
- iii) Synchronisation fees – these are typically paid directly to the owner of the relevant copyright or its publisher, on the terms and in the amounts agreed with the relevant film or television production company, advertising agency or end customer.

These revenue categories are further disaggregated into individual revenue streams which are disclosed in detail in Note 13. The Group follows the same accounting policies in respect of all revenue streams, unless otherwise disclosed.

As royalty income is typically reported by the royalty collection agents/performance rights organisations on an arrears basis via statement and where statements have not been received at the year end, the Group accrues for those reporting delays by assessing historic and forecasted earnings over the equivalent reporting period based on evidenced historic revenue reporting, seasonality and industry consumption and growth rates since the last statement date.

Licence arrangements for all income types which include publishing income (mechanical, performance, downloads, Streaming, Synchronisation and writer share income), income derived from master recordings and producer royalties.

The Group enters into licence arrangements in respect of Catalogues of Songs with third-party collection agents. Licences granted to collection agents are deemed to constitute usage based, right of use licences as per IFRS 15.

Revenue arising from licences entered into with collection agents is therefore recognised in the period. Payment is received once the royalty statement is delivered, the royalty statement includes amounts covered by both the usage and processing accrual.

This revenue, which is net of the administration fee retained by the collection agent, is disaggregated to be reviewed by song usage period, source of income, work title, reporting period and any third party royalty entitlements where necessary.

The contractual basis of the licence arrangements are such that the agents are deemed as 'principals' for tax purposes, therefore the Group recognises its revenue net of administration fees.

Where available at the end of each month or at an earlier interval to which the revenue relates, revenue is recorded on the basis of royalty statements received from collection agents.

Where notification has not yet been received from collection agents, an estimate is made of the revenue due to the Group at the end of the month to which the usage of the music copyright relates. Estimates are made on the basis of the historical track record of music Catalogues, ad hoc data provided by collection agents, industry forecasts and expected seasonal variations.

Non-recourse fixed fee arrangements are recognised at the point at which control of the licence passes to the collection agents. Variable consideration is recognised in the period when the usage of the Catalogues of Songs occurs.

e) Royalty costs

Royalty costs are contractual royalties due to songwriters, calculated on a quarterly or semi-annual basis, and these are deducted from gross revenue when calculating net revenue. Royalty costs are paid when the songwriter is in a recouped position. These royalty costs are associated with songwriters that are published or administered by HSG or Kobalt.

f) Expenses

Expenses are accounted for on an accruals basis. Expenses are charged through the Consolidated Statement of Profit and Loss.

g) Dividends to Shareholders

Dividends are accounted for in the period in which they are declared and approved by the Board of Directors. The Company, being a Guernsey regulated entity, is able to pay dividends out of capital, subject to the assessment of solvency in accordance with Companies Law. Nonetheless, the Board of Directors carefully consider any dividend payments made to ensure the Company's capital is maintained in the longer term. Careful consideration is also given to ensuring sufficient cash is available to meet the Company's liabilities as they fall due.

h) Assets**Catalogues of Songs**

Catalogues of Songs include music Catalogues, artists' contracts and music publishing rights and are recognised as intangible assets measured initially at the fair value of the consideration paid. Catalogues of Songs are subsequently amortised in expenses over the useful life of the asset and shown net of any impairment considered. This amortisation is shown in the Consolidated Statement of Profit and Loss as 'amortisation of Catalogues of Songs'. An assessment of the useful life of each Catalogue is considered at each reporting period, which is 20 years, in line with what the Board of Directors and Investment Adviser deem to be industry standard.

Asset impairment

Each time events or changes in the respective Catalogues of Songs or economic environment indicate a risk of impairment of intangible assets, the Group re-examines the value of these assets for indicators of impairment. When there are indicators of impairment, the impairment test is performed to compare the recoverable amount to the carrying value of the asset. The recoverable amount is determined as the higher of: (i) the value in use; or (ii) the fair value (less costs to sell) as described hereafter, for each individual asset.

The value in use of each asset is determined by the Board and Investment Adviser with the support of independent third parties commissioned to appraise the Catalogue value at time of acquisition, which is the discounted value of future cash flows using cash flow projections consistent with the expected portfolio cash flows and the most recent forecasts as at that time. Applied discount rates are determined by reference to an appropriate benchmark as determined by the Board and reflect the current assessment by the Group of the time value of money and risks specific to each asset. Growth rates used for the evaluation of individual assets are based on industry growth rates sourced from independent market reports and other third-party sources.

The fair value is determined by the Portfolio Independent Valuer, which is also the discounted value of future cash flows by using cash flow projections consistent with the expected Portfolio cash flows and the most recent forecasts as at that time cross referenced, where appropriate, against market multiples for recent transactions for similar assets. The Portfolio Independent Valuer use their own proprietary analysis to project out income streams, which is based on independent market reports and third-party sources. The discount rate used by the Portfolio Independent Valuer is 8.5% and unchanged since the interim results of 30 September 2021 (31 March 2021: 8.5%).

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

2. Accounting policies (continued)

Whilst the Board and Investment Adviser regularly assess other indicators of impairment (such as a songwriter's or key performance artist's reputation etc.), the Board and Investment Adviser typically use the fair value of the assets, being the Catalogues of Songs, as an initial indicator of impairment. For assets that are currently valued below their fair value, the Board and Investment Adviser will review the prevailing qualitative and quantitative factors that determine the value in use in assessing whether the indication of impairment holds true.

Given the potential delays within the music industry, of copyright registrations and LOD assignments, an impairment is only considered when the recoverable value is less than fair value after a two year period. A co-efficient analysis, which incorporates various factors including the time remaining when the recoverable value equals the fair value based on the rate of amortisation, the ability for the Company to renegotiate administration rates and the active management that is undertaken, which then informs the asset impairment to be made. If the recoverable amount is still lower than the carrying value of an asset or group of assets and the qualitative and quantitative aspects do not support a recoverable amount higher than the carrying amount, an impairment loss equal to the difference is recognised in profit and loss. The impairment losses recognised in respect of intangible assets may be reversed in a later period if the recoverable amount becomes greater than the carrying value, within the limit of impairment losses previously recognised.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are initially measured at fair value plus transaction costs directly attributable to the acquisition and subsequently measured at amortised cost using the effective interest method, less allowance for Expected Credit Loss (Note 4). Interest income is recognised by applying the effective interest rate, except for short term receivables when the recognition of interest would be immaterial.

Derecognition of assets

The Group derecognises an asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the asset and substantially all the risks and rewards of ownership of the asset to another entity.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay.

On derecognition of an asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received is recognised in the Consolidated Statement of Profit and Loss.

i) Contingent consideration

Under the terms of the acquisition agreements for Catalogues, contingent consideration may be payable dependent on future independent valuations of the Catalogues or revenue received within a specific time frame of acquiring the Catalogues that reach agreed upon revenue targets. At 31 March 2022 a provision of \$0.9 million was recognised as contingent consideration as it is likely the performance conditions will be met and an economic outflow will arise.

j) Deferred consideration

In such cases where payment is deferred under the terms of the acquisition agreements for Catalogues, a liability will be recognised at net present value with any associated finance charge to be accrued over the respective deferral period.

k) Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the value of proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

Financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

l) Share-based payments**Investment Adviser's performance fee**

The Group recognises the variable fee for the services received in a share-based payment transaction as the Group becomes liable to the variable fee on an accruals basis.

The fair value of the performance fee, as defined in the Investment Advisory Agreement, which is payable to the Investment Adviser in Shares is recognised as an expense when the fees are earned with a corresponding increase in equity.

m) Cash and cash equivalents

Cash at bank and short-term deposits which are held to maturity are carried at cost. Cash and cash equivalents are defined as call deposits, short term deposits with a term of no more than 3 months from the start of the deposit and highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value. Cash and cash equivalents consist of cash in hand and short-term deposits in banks with an original maturity of 3 months or less.

n) Functional and foreign currency**Determination of functional currency**

Whilst the functional currency of the Company is Dollars, some subsidiaries have a functional currency of Sterling which is translated into the presentation currency. The entities which continue to have a functional currency of Sterling are shown in Note 2(a).

Items included in the Consolidated Financial Statements of each of the Group's entities are measured using the currency of the primary economic environment in which each entity operates ("the functional currency"). The Consolidated Financial Statements are presented in Dollars, which is the Group's functional and presentation currency of the Company and each of its subsidiaries.

Treatment of foreign currency

At the balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences are recognised in profit or loss in the period in which they arise. Transactions denominated in foreign currencies are translated into Dollars at the rate of exchange ruling at the date of the transaction.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

2. Accounting policies (continued)

As disclosed in the prior year Annual Report, the functional and presentation currency of the Company and a number of its subsidiaries changed from Sterling to US Dollars with effect from 1 October 2020. The change in presentation currency is a voluntary change with retrospective application. The accounting policy for the change in functional and presentation currency is outlined below:

Period to 31 March 2021

All movements in the Consolidated Statement of Profit and Loss, Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows, have been translated using the prevailing daily foreign exchange rates.

Period from 1 April 2020 to 30 September 2020

All movements in relation to the Consolidated Statement of Profit and Loss, Consolidated Statement of Comprehensive Income and the Consolidated Statement of Changes in Equity were translated using the prevailing daily foreign exchange rates. All Equity reserves in the Consolidated Statement of Financial Position were also translated using the prevailing daily foreign exchange rates.

Assets and liabilities in the Consolidated Statement of Financial Position were translated into Dollars at the closing foreign currency rates as at 30 September 2020, with the exception of the Catalogues of Songs figure which was fully recalculated using applicable daily rates.

The movement in the Foreign currency translation reserve in this period was calculated as the difference between the movement in the net asset position and the total Equity reserves as translated at 1 April 2021 and 30 September 2020.

The Consolidated Statement of Cash Flows was translated as follows; movements which related to the Consolidated Statement of Profit and Loss, Consolidated Statement of Comprehensive Income and those in relation to Equity reserves were translated using the prevailing daily foreign exchange rates, movements which related to assets and liabilities are calculated as the movements using the rates at 1 April 2021 and 30 September 2020.

Periods ended before or on 31 March 2020

All movements in relation to the Consolidated Statement of Profit and Loss, Consolidated Statement of Comprehensive Income were translated at the average prevailing daily rates for the relevant accounting period, this is also the basis for the historical profit or loss held in Retained earnings per the Consolidated Statement of Financial Position and Consolidated Statement of Changes in Equity.

All historical capital raises and dividend payments were translated at the prevailing daily foreign exchange rates.

Assets and liabilities in the Consolidated Statement of Financial Position were translated into Dollars at the closing foreign exchange rates as at each reporting date, with the exception of the Catalogues of Songs figure which was fully recalculated using applicable daily rates.

The Foreign currency translation reserve was calculated as the difference between the net asset position and the total Equity reserves as stated at each reporting date.

The Consolidated Statement of Cash Flows was translated as follows; movements which related to the Consolidated Statement of Profit and Loss were translated at the average prevailing daily rates for the relevant accounting period, those in relation to dividend payments or capital raises were translated at the prevailing daily foreign exchange rates, and movements which related to assets and liabilities were calculated as the movements using the closing foreign exchange rates as at each reporting date.

3. Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred;
- liabilities incurred to the former owners of the acquired business;
- equity interests issued by the Group;
- fair value of any asset or liability resulting from a contingent consideration arrangement; and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

The excess of the:

- consideration transferred; and
- acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value, with changes in fair value recognised in profit or loss.

On 10 September 2020, the Company acquired the entire share capital of Big Deal Music Group (rebranded as Hipgnosis Songs Group) a boutique full-service song company which owns a portfolio of copyright interests and is headquartered in the US. It was acquired for total consideration of \$88.2 million based on the fair value of assets transferred into the Group of \$87.9 million, resulting in \$0.3 million of Goodwill being recognised on acquisition (including \$1.6 million cash, advances, copyright investments and operating company working capital items). The consideration for the acquisition was funded from the proceeds of the Company's C Share equity fundraise in July 2020 and through the issue of 17,609,304 new Ordinary Shares issued at a price of 120.65p per Ordinary Share. As part of the business combination, the assets were revalued to fair value on the date of the business combination and liabilities evaluated and recognised in the respective balances in the Consolidated Financial Statements.

The results of Hipgnosis Songs Group are not disclosed separately in the Consolidated Statement of Profit and Loss as these are deemed immaterial on a consolidated Group basis.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

4. Significant accounting judgments, estimates and assumptions

The preparation of the Group's Consolidated Financial Statements requires the application of estimates and assumptions which may affect the results reported in the Consolidated Financial Statements. Uncertainty about these estimates and assumptions could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below. The Group based its assumptions and made estimates based on the information available when the Condensed Consolidated Financial Statements were prepared. However, these assumptions and estimates may change based on market changes or circumstances beyond the control of the Group.

Functional currency

Functional currency is defined as the currency of the primary economic environment in which the Company operates, and IAS 21 outlines primary and secondary factors a Company should consider when determining its functional currency.

As disclosed in the prior year Annual Report, the functional and presentation currency of the Company and a number of its subsidiaries changed from Sterling to US Dollars with effect from 1 October 2020. The change in presentation currency is a voluntary change with retrospective application. The methodology used to apply the presentation currency change in the prior year is outlined in Note 2(n).

Critical estimates in applying the Group's accounting policies – revenue recognition and royalty costs:

In calculating accruals, the Investment Adviser makes judgments around seasonality, over or under performance, and commercial factors based on historical performance, and its knowledge of each Catalogue through its regular correspondence with the various administrators, record labels and international societies.

Estimated royalty revenue receivable is accrued for on the basis of historical earnings for each Catalogue, which incorporates an element of uncertainty. The estimated revenue accrual may not therefore directly equal the actual cash received in respect of each accounting period and adjustments may therefore be required throughout the financial period when the actual revenue received is known, and these adjustments may be material.

Net revenues also include an accrual for performance income, to account for the writer's share of performance royalties which are subject to a significant time lag in reporting in the industry, but which the Group is entitled to receive in due course. In recommending the estimate of this accrual to the Board of Directors the Investment Adviser used its analysis of each Catalogue's revenue history as well its knowledge of the respective Catalogue performance trends to recommend the estimated accruals. In the current year, the Investment Adviser recommended changes to the revenue accrual estimation methodology to include a PRO income accrual based on each Catalogue's revenue history and a Usage Accrual based on the expected usage lag for each PRO and publisher, which was adopted by the Board of Directors.

Net revenue is subject to a royalty cost accrual applied to gross revenue receipts primarily within the Hipgnosis Songs Group subsidiaries. Royalty cost accruals represent contractual royalties due to songwriters and other rights holders that are payable on a 6-monthly basis for writers under publishing contracts and quarterly for clients under administration contracts. Royalty rates vary by writer (negotiated by contract) and by revenue stream.

Expected Credit Loss (ECL) in relation to revenue receivables:

Royalty earnings for accruals and receivables recognised in the year ending 31 March 2022 are distributed by PROs, Publishers and Record Labels who collect royalties at the source of usage and distribute those earnings directly to Hipgnosis.

The probability of future default has been deemed close to nil, due to the long-standing history of PROs, Publishers and Record Labels within the music industry and the existing framework of cash collection amongst the Company's stakeholders. Whilst there are smaller/newer organisations that have relatively unproven credit resilience these account for a small minority of our receivables.

The Company's current risk assessment includes analysis of the exposure to commercial risk by PROs, Publishers and Record Labels, and the likely impact of their credit risk on Hipgnosis' revenue streams.

Findings from the Company's sensitivity analysis demonstrates revenue by source from the following types of organisations:

- 34% Independent publishers
- 29% Major publishers (US & UK)
- 19% US PROs
- 13% Record labels
- 5% Ex-US PROs

As demonstrated in the following breakdown of Accrued Income and Income Receivable, 64% (\$4.6 million) of the \$7.2 million Income receivable balance outlined in Note 8, has been received at the time of signing the Consolidated Financial Statements, with the remainder expected within 30 days. To date, there has been no default of debt for royalty payments by PROs, Publishers or Record Labels.

Additional credit risk with regards to Accrued income is taken into consideration at the point of calculating each accrued amount. On calculation, latest forecast earnings are considered and adjusted down for the latest trend of cash receipted earnings if there is any suggestion of a downwards performance indicator.

Accrued Income and Receivables at 31 March 2022 were \$111.9 million (on a gross basis), a breakdown of which is set out below:

- \$7.2 million receivable representing royalty statements received in March 2022 with payment received in April 2022 and May 2022.
- \$32.9 million for calendar Q1 2022 earnings where, due to the time lag in royalty reporting, statements are not expected to be received until calendar Q3 and Q4 2022;
- \$9.7 million for calendar Q4 2021 earnings which are not reported to the Company until calendar Q2 2022;
- \$7.3 million income accrual relating to time-lagged international reporting on PRO earnings. International PRO reporting has a significant time lag due to the additional collection time taken for PROs to distribute income from territories. The lag is due to the nature of processing royalties locally, then distributing them to the domestic PRO, which will in turn process and distribute these royalties to the Group. Six months of international PRO earnings are accrued, although can typically result in an earnings lag of up to 24 months;
- \$6.8 million HSG gross revenue accrual, which includes the accrued PRO lag. Separately, a \$5.6 million royalty creditor representing contractual royalties due to writers has been recognised;
- \$36.0 million income Usage Accrual, see Usage Accrual section for more details; and
- \$12.0 million relating to calendar Q2 2021 to Q3 2021 earnings for Catalogues where royalty reporting is still in the process of being redirected/switched over to the Company. These accruals are based on royalty statements received with invoices due to be raised on completion of the Letter of Direction.

The Audit and Risk Management Committee continues to evaluate credit risk during COVID-19 and has not become aware of any issues with cash collections or changes in the existing royalty collection arrangements.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

4. Significant accounting judgments, estimates and assumptions (continued)

Expected Credit Loss (ECL) in relation to HSG advances

Hipgnosis Songs Group LLC advance royalty payments to songwriters. Management are required to assess the recoverability of these advances bi-annually in accordance with IFRS 9 Financial Instruments. Management will consider market conditions and historic trading patterns effecting the relevant assets.

Management have analysed their historical loss ratio data and apply this using the risk based methodology as there are no defined terms of repayment related to advances. The risk categories to which the historical loss ratios assessed and expected credit losses calculated are:

- low risk advances where the advance is expected to be recouped in full under the terms of the writer's agreement (because of the writer's reputation, previous success etc);
- medium risk advances where there is reasonable expectation that a level of the advances will be recouped; and
- high risk advances, where management believe that either because of the writer's unknown potential or other factors, a large level of recoverability may not be achieved.

At year end HSG gross recoupable advances are \$31.6 million with an expected credit loss provision of \$13.0 million recognised against the advances. The movement in the provision for expected credit losses is included as an other operating expense in the Consolidated Statement of Comprehensive Income.

Assessment of useful life of intangible assets

In order to calculate the amortised cost of the intangible assets it is necessary to assess the useful economic life of the copyright interests in Songs. This requires forecasts of the expected future revenue from the copyright interests, which contains significant uncertainties as the ongoing popularity of a Song can fluctuate unexpectedly. An assessment of the useful life of each Catalogue is considered at each reporting period, which is 20 years, in line with industry standard.

Assessment of impairment and the calculation of Operative NAV

As disclosed in Note 2(h) above, intangible assets are subject to bi-annual impairment review which relies on assumptions made by the Board. Assumptions are updated bi-annually, specifically those relating to future cash flows and discount rates.

The fair value estimates that are prepared in order to calculate the Operative NAV and Operative NAV per Share are also used to assess whether there is evidence that the intangible assets may be impaired. Management's impairment review as at 31 March 2022 concluded that \$1.5 million (31 March 2021: \$nil) impairment was required to the Group's Catalogues.

Valuations of music publishing rights typically adopt the DCF valuation approach which measures the present value of anticipated future revenues from acquiring the Catalogues, which are discounted at a 'market cost of capital' of 8.5% (31 March 2021: 8.5%) and a terminal value in 16 years. This method is accepted as an objective way of measuring future benefits; taking into account income projections from various music industry sources across various revenue flows whilst also factoring in the associated cost of capital.

It is the intention of the Board that Catalogues of Songs will be valued on an ongoing basis using a consistent DCF valuation methodology, and that this be used as an initial indicator of impairment for each Catalogue of Songs.

When considering whether a Catalogue of Songs should be impaired, the Board considers a co-efficient analysis that incorporates various factors, including the time remaining of when the recoverable value equals the fair value based on the rate of amortisation, the ability for the Company to renegotiate administration rates and the active management that is undertaken.

Future revenue derived from active song management is not reflected in the fair value of each Catalogue of Songs as determined in accordance with IFRS 13.

5. Taxes

The major components of income tax expense for the year ended 31 March 2022 and year ended 31 March 2021 are:

Current income tax

	Year ended 31 March 2022 \$'000	Year ended 31 March 2021 \$'000
United Kingdom corporation tax based on the profit for the year at 19% (2021: 19%)	123	5,604
Adjustments in respect of prior periods	2,369	-
Non-reclaimable withholding tax on royalty payments received	251	-
Total current tax	2,743	5,604
Deferred taxation		
Origination and reversal of timings differences	-	-
Total tax	2,743	5,604

The Company was Guernsey tax resident for the current and previous periods but exempt from taxation in Guernsey under the provisions of the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989 and was charged an annual fee of £1,200.

Whilst the Company is incorporated in Guernsey, the majority of the Company's subsidiaries are incorporated and tax resident in the UK and the majority of the Group's income and expenditure is incurred in these UK entities. Therefore, it is considered most appropriate to prepare the tax reconciliation below at the standard UK tax rate for the year of 19% (2021: 19%).

The Group currently has no exposure to US Tax given HSG is currently not making a taxable profit. Aside from the US, the Group has no other foreign subsidiaries.

It is noted that the Company applied to Her Majesty's Revenue & Customs (HMRC) for approval of the Company as an investment trust company and such approval was granted. The Company's conversion to an investment trust company took effect from 1 April 2021 (and shall continue for such time as the Company maintains this status). The Company will be treated as being resident in the UK for tax purposes from such date. With effect from this change, the Company will cease to be a Guernsey tax exempt vehicle under The Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989, as amended.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

5. Taxes (continued)

The March 2021 Budget announced an increase to the main rate of UK corporation tax to 25% from April 2023. This rate which is substantively enacted at the statement of financial position date, however the impact of this proposed change is not included within these Consolidated Financial Statements.

The actual tax charge for the current year and the previous period differs from the standard rate for the reasons set out in the following reconciliation:

	Year ended 31 March 2022 \$'000	Year ended 31 March 2021 \$'000
(Loss)/Profit on the Group's ordinary activities before tax	(16,700)	44,538
Tax on the (loss)/profit on the Group's ordinary activity at the standard UK rate of 19%	(3,173)	8,462
Factors affecting charge for the year:		
Expenses not deductible for tax purposes	887	-
Adjustment in respect of previous periods	2,369	-
Effect of overseas tax rate	(760)	-
Deferred tax not recognised	3,169	-
Net non-reclaimable withholding tax on royalty payments received	251	-
Tax effect on non-taxable income	-	(2,858)
Total actual amount of current tax	2,743	5,604

6. Catalogues of Songs

\$'000

Cost	
At 1 April 2021	1,972,199
Additions	265,085
At 31 March 2022	2,237,284
Amortisation and impairment	
At 1 April 2021	93,275
Amortisation	105,787
Impairment	1,490
At 31 March 2022	200,552
Net book value	
At 1 April 2021	1,878,924
At 31 March 2022	2,036,732
Fair value as at 31 March 2022 (used in Operative NAV)	2,693,974
Cost	
At 1 April 2020	882,906
Additions	1,089,293
At 31 March 2021	1,972,199
Amortisation and impairment	
At 1 April 2020	25,400
Amortisation	67,875
Impairment	-
At 31 March 2021	93,275
Net book value	
At 1 April 2020	857,506
At 31 March 2021	1,878,924
Fair value as at 31 March 2021 (used in Operative NAV)	2,213,719

The Group amortises Catalogues of Songs with a limited useful life using the straight-line method of 20 years (other than in exceptional circumstances for specific Catalogues of Songs). At 31 March 2022 the Portfolio consisted of Catalogues of Songs held for no longer than 4 years. An assessment of the useful life of each Catalogue is considered at each reporting period, which is 20 years, in line with industry standard. At 31 March 2022 accumulated amortisation for Catalogue of Songs is \$199.1million (31 March 2021: \$93.3 million) and the accumulated impairment to date is \$1.5 million (31 March 2021: \$nil).

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

6. Catalogues of Songs (continued)

The Board engaged Portfolio Independent Valuer, Citrin Cooperman Advisors LLC (formerly Massarsky Consulting, Inc.), to value the Catalogues as at 31 March 2022. Each income type from each Catalogue was analysed and forecast to derive the fair value of the Catalogues by adopting a DCF valuation methodology using a discount rate of 8.5% (31 March 2021: 8.5%) that would be categorised under Level 3 within the fair value hierarchy of IFRS 13 "Fair Value Measurement". Income was analysed and forecast at the level of each individual Catalogue and by income type with the exception of Kobalt, which was evaluated as a whole. The Board are comfortable that Kobalt is valued on this basis as the Kobalt Catalogue was purchased as a whole. Future revenues were also estimated, often at the level of individual Songs, and incorporated into their valuation. Citrin Cooperman has also taken into consideration macro factors including the growth of Streaming revenue, the global growth of the recorded music industry and the short – and medium-term impact of COVID-19 in their analysis. The Board has approved and adopted the valuations prepared by the Portfolio Independent Valuer which are used as an input into the impairment review process and for the Operative NAV.

The sensitivity to the discount rate used in the Operative NAV is as follows:

-0.5% discount rate will grow the FV of the Portfolio by 8.0%, increasing the Operative NAV by \$254.8 million which represents an increase of 21.0 cents Operative NAV per share.

+0.5% discount rate will reduce the FV of the Portfolio by 9.0%, reducing the Operative NAV by \$214.9 million which represents a decrease of 20.3 cents Operative NAV per share.

7. Cash and cash equivalents

Cash and cash equivalents comprise cash held by the Group available on demand and cash held in deposits. Cash and cash equivalents were as follows:

	31 March 2022 \$'000	31 March 2021 \$'000
Cash available on demand	30,067	112,634
	30,067	112,634

8. Non-current receivables, trade and other receivables

	31 March 2022 \$'000	31 March 2021 \$'000
Non-current receivables	640	3,298
Accrued income	104,658	71,100
Royalties receivable	6,605	8,687
HSG net recoupable advances	18,604	9,095
Prepayments and other debtors	7,274	15,448
VAT Receivable	7,309	-
	145,090	107,628

Credit Risk and Provision for Expected Credit Losses

The Group has applied IFRS 9, Financial Instruments, during the year, which includes the requirements for calculating a provision for expected credit losses on financial assets. As disclosed in Note 4, the probability of future default against revenue receivable balances has been deemed close to nil. At 31 March 2022, an ECL provision is recognised against the HSG recoupable advances as below:

	High Risk	Medium Risk	Low Risk	Total
<i>Expected loss rates</i>	-100.0%	-41.1%	-	-41.1%
Gross carrying amounts	6,712	15,324	9,576	31,612
Provision for expected credit losses	(6,712)	(6,296)	-	(13,007)
Net carrying amounts	-	9,028	9,576	18,604

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

9. Loans and borrowings

During 2021, the Company entered into an agreement with a syndicated group of lenders, with JPMorgan Chase Bank (JPM) as Lead Arranger, to increase its Revolving Credit Facility (RCF) from £150 million to \$400 million. On 6 January 2021 it was announced that the facility was upsized to \$600 million subject to total borrowings not exceeding 30% of Net Asset Value. On 26 March 2021, the Company drew down \$90.0 million under its RCF resulting in gross indebtedness of \$577.3 million and net indebtedness of \$438 million. This gross indebtedness represented approximately 32.8% of the last published Adjusted Operative Net Asset Value at that time and therefore constituted an inadvertent breach of the Company's borrowing restriction under its investment policy of 30% of Net Asset Value. The amounts drawn down were held by the Company as cash and were unutilised, and on 5 April 2021 \$50.0 million of these drawings were repaid thereby curing the temporary breach.

On 22 June 2021 the Company drew down \$13.0 million of the RCF and on 22 July 2021 the Company drew down a further \$58.7 million of the RCF. This results in gross indebtedness of \$600 million which is the maximum available limit of the RCF.

The RCF, which had its maturity date extended to 2 April 2025 on 15 April 2020, provides the Company with greater flexibility to fund investments and provide additional working capital.

The RCF's key covenant imposes a loan to value test, a fixed charge coverage test and a liquidity test reviewed quarterly and is secured by, inter alia, a charge over the shares in all the subsidiaries of the Company and over all of their assets including all Catalogues of Songs of the Company held through these subsidiaries, a charge over the bank accounts of the Company and a floating charge at the fair value deemed by J.P. Morgan. The Company has also provided a parent company guarantee. In accordance with the Investment Policy, any borrowings by the Company will not exceed 30% of the value of the net assets of the Company.

The RCF bears interest at a fixed rate of 3.25% plus a floating rate of interest based on London Interbank Offered Rate (LIBOR). In the financial year ending 31 March 2023, the RCF will transition from a floating rate of interest based on LIBOR to a floating rate of interest based on Secured Overnight Financing Rate (SOFR). The Company has considered the impact this will have on interest payments and it is not expected to have a material impact. The Board, together with the Investment Adviser, is in the process of reviewing its leverage structure with a view to reducing interest rate risk and controlling costs for the Company.

	31 March 2022 \$'000	31 March 2021 \$'000
Opening balance - loan drawn down	577,292	74,014
Amounts drawn down during the period	72,708	503,278
Amounts repaid during the year	(50,000)	-
Total loan drawn down	600,000	577,292
Cumulative borrowing costs	(6,008)	(11,432)
Closing balance	593,992	565,860

During the year, \$20.4 million (31 March 2021: \$7.3 million) was charged as interest on the amounts drawn down.

10. Non-current deferred investment payables, other payables and accrued expenses

	31 March 2022 \$'000	31 March 2021 \$'000
Non-current investment acquisition payables	925	1,588
Amounts owed to songwriters	16,957	18,522
Investment acquisition payables	11,197	40,459
Trade payables and accruals	4,106	5,250
VAT payable	-	2,609
Loan interest payable	500	1,277
Corporation tax payable	2,570	4,798
Directors' fees payable	83	-
	36,338	74,493

As at 31 March 2022 an amount of \$12.1 million relating to the acquisition of 4 Catalogues remained outstanding (31 March 2021: \$42.0 million relating to the acquisition of 10 Catalogues).

The Group have a number of contingent bonuses which are dependent on the individual catalogues meeting certain defined performance hurdles as defined in the catalogue acquisition agreement. Management's assessment based on the underlying catalogue acquisition agreement and catalogue performance to date, is that there is a remote probability that a number of contingent bonuses will become payable. The fair value of this contingent liability is \$5.8 million.

11. Share capital and capital management

The share capital of the Company may consist of an unlimited number of: (i) Ordinary Shares of no par value which upon issue the Directors may classify as Ordinary Shares; and (ii) C Shares denominated in such currencies as the Directors may determine.

Ordinary Shares of no par value

	No. of Units
Issued and fully paid:	
Shares as at 1 April 2021	1,073,440,268
Shares issued on 29 April 2021	9,000,000
Shares issued on 9 July 2021	128,774,018
Shares as at 31 March 2022	1,211,214,286

	\$'000
Issued and fully paid:	
Share capital at 1 April 2021	1,466,851
Shares issued on 29 April 2021	14,938
Shares issued on 9 July 2021	214,764
Share issue costs	(4,355)
Shares as at 31 March 2022	1,692,198

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

11. Share capital and capital management (continued)

On 29 April 2021 the Company issued 9,000,000 new Ordinary Shares at a price of 119.5p per Ordinary Share and on 9 July 2021 the Company issued 128,774,018 new Ordinary Shares at a price of 121p per Ordinary Share. These shares rank pari passu with the existing Ordinary Shares in issue. The net proceeds have been used to fund an investment in accordance with the Company's Investment Policy.

	No. of Units
Issued and fully paid:	
Shares as at 1 April 2020	615,851,887
Shares issued on 10 September 2020	17,609,304
Shares issued on 24 September 2020	163,793,103
Shares issued on 30 November 2020 ¹	214,202,503
Shares issued on 5 February 2021	61,983,471
Shares as at 31 March 2021	1,073,440,268

	\$'000
Issued and fully paid:	
Share capital at 1 April 2020	801,844
Shares issued on 10 September 2020	27,600
Shares issued on 24 September 2020	241,702
Shares issued on 30 November 2020 ¹	304,132
Shares issued on 5 February 2021	103,622
Share issue costs	(12,049)
Shares as at 31 March 2021	1,466,851

¹ 236,400,512 C Shares converted to 214,202,503 Ordinary Shares

On 10 July 2020 236,400,512 C Shares were issued and converted on 30 November 2020 to 214,202,503 Ordinary Shares at a conversion rate of 0.9061 Ordinary Shares for each C Share held.

Under the Company's Articles of Incorporation, each Shareholder present in person or by proxy has the right to one vote at general meetings. On a poll, each Shareholder is entitled to one vote for every Ordinary Share held.

Shareholders are entitled to all dividends paid by the Company and, on a winding up, provided the Company has satisfied all of its liabilities, the Shareholders are entitled to all of the residual assets of the Company.

12. Net Asset Value per Share and Operative Net Asset Value per Share

	31 March 2022	31 March 2021
Number of ordinary shares in issue	1,211,214,286	1,073,440,268
IFRS NAV per share (cents)	130.65	136.28
Operative NAV per share (cents)	184.91	168.29

The IFRS NAV per share and the Operative NAV per share are arrived at by dividing the IFRS Net Assets and Operative Net Assets (respectively) by the number of Ordinary Shares in issue.

Catalogues of Songs are classified as intangible assets and measured at amortised cost or cost less impairment in accordance with IFRS.

The Directors are of the opinion that an Operative NAV provides a meaningful alternative performance measure and the values of Catalogues of Songs are based on fair values produced by the Portfolio independent valuer.

Reconciliation of IFRS NAV to Operative NAV

	31 March 2022 \$'000	31 March 2021 \$'000
IFRS NAV	1,582,399	1,462,845
Adjustments for revaluation of Catalogues of Songs to fair value	457,441	250,343
Reversal of amortisation	199,800	93,275
Operative NAV	2,239,640	1,806,463

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

13. Revenue

	1 April 2021 to 31 March 2022 \$'000	1 April 2020 to 31 March 2021 \$'000
Mechanical income	10,657	9,535
Performance income	22,291	24,652
Digital downloads income	4,405	4,480
Streaming income	72,850	34,348
Synchronisation income	22,530	28,020
Publishing admin income	300	199
Masters income	8,448	8,424
Writer share income	45,103	34,889
Other income	6,037	7,675
Producer royalties	7,763	8,445
Total revenue	200,384	160,667

All revenue streams disclosed in this note are in scope of IFRS 15.

There is an inherent time lag with royalties between the time a song is performed, and the revenue being received by the copyright owner. The revenue accruals are disclosed in Note 8 Trade and other receivables.

14. Other operating expenses

	1 April 2021 to 31 March 2022 \$'000	1 April 2020 to 31 March 2021 \$'000
Aborted deal expenses	1,951	848
Bank charges	34	42
Contingent bonuses	936	-
Directors' and officers' insurance	366	512
Disbursements and sundry expenses	355	594
Postage, stationery and printing	42	59
Movement in ECL provision for HSG advances	1,570	4,247
HSG staff payroll and expenses	6,598	3,678
Travel and accommodation fees	551	184
Total other operating expenses	12,403	10,164

15. Foreign exchange

	1 April 2021 to 31 March 2022 \$'000	1 April 2020 to 31 March 2021 \$'000
Foreign exchange (losses)/gains	(14,857)	15,814
	(14,857)	15,814

The foreign exchange impact reflects the effect of movements in foreign currency exchange rates throughout the year. In the prior year, the foreign exchange gain includes an adjustment as a result of the Company changing its functional currency from GBP to USD.

Currency risk is discussed further in Note 17.

16. Dividends

A summary of the dividends is set out below:

	Dividend per share Pence	Total Dividend \$'000
1 April 2021 to 31 March 2022		
Interim dividend in respect of quarter ended 31 March 2021	1.3125	20,093
Interim dividend in respect of quarter ended 30 June 2021	1.3125	21,807
Interim dividend in respect of quarter ended 30 September 2021	1.3125	21,214
Interim dividend in respect of quarter ended 31 December 2021	1.3125	21,186
	5.25	84,300
1 April 2020 to 31 March 2021		
Interim dividend in respect of quarter ended 30 March 2020	1.25	9,485
Interim dividend in respect of quarter ended 30 June 2020	1.25	10,108
Interim dividend in respect of quarter ended 30 September 2020	1.3125	13,979
Interim dividend in respect of quarter ended 31 December 2020	1.3125	18,437
	5.125	52,009

Subsequent to the year end, the Company announced an interim dividend for the quarter from 1 January 2022 to 31 March 2022 of 1.3125p per Ordinary Share, paid on 15 June 2022. The Company continues to pay dividends in Sterling.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

17. Financial risk management

Financial risk management objectives

The Group's activities expose it to various types of financial risk, principally market risk, credit risk, and liquidity risk. The Board has overall responsibility for the Group's risk management and sets policies to manage those risks at an acceptable level.

Fair values

Management assessed that the fair values of cash and cash equivalents, trade and other receivables and trade and other payables approximate their carrying amount largely due to the short-term maturities and high credit quality of these instruments.

Capital risk management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the capital return to Shareholders. The capital structure of the Group consists of issued share capital and retained earnings, as stated in the Consolidated Statement of Financial Position.

In order to maintain or adjust the capital structure, the Group may buy back shares or issue new shares. There are no external capital requirements imposed on the Group.

During the year ended 31 March 2022, the Group drew down \$72.7 million (31 March 2021: \$503.3 million) and repaid \$50.0 million of the RCF which remained drawn down as at 31 March 2022 by \$600 million (31 March 2021: \$577.3 million).

The Group's investment policy is set out in the Investment Objective and Policy section of the Annual Report.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices. The Group is exposed to currency risk and interest rate risk.

a) Currency risk

Currency risk is the risk that the fair values of future cashflows will fluctuate because of changes in foreign exchange rates. The revenue earned from the Catalogue of Songs may be subject to foreign currency fluctuations. Royalties are earned globally and paid in a number of currencies, therefore the Group may be impacted by adverse currency movements. The Group will convert the majority of overseas currency receipts into US Dollars by agreeing to currency exchange arrangements with collection agents, or otherwise itself undertaking foreign exchange conversions. The Group may engage in full or partial foreign currency hedging and interest rate hedging. The Group will not enter into such arrangements for investment purposes.

The currencies in which financial assets and liabilities are denominated are shown below:

As at 31 March 2022	USD \$	GBP Converted to \$	EUR Converted to \$	Other Converted to \$	Total \$
Current and non-current receivables	132,276,352	10,502,849	1,744,705	565,596	145,089,502
Cash and cash equivalents	25,453,842	4,314,025	298,750	-	30,066,617
Total financial assets	157,730,194	14,816,874	2,043,455	565,596	175,156,119
Revolving Credit Facility	600,000,000	-	-	-	600,000,000
Current and non-current payables	31,448,059	4,882,926	7,259	-	36,338,244
Total financial liabilities	631,448,059	4,882,926	7,259	-	636,338,244
Net asset/(liability) position	(473,717,865)	9,933,948	2,036,196	565,596	(461,182,125)

*At the reporting date 31 March 2022, if Sterling had strengthened/weakened by 10% against the Dollar with all other variables held constant, the net assets and movement in profit and loss would have been \$993,395 higher/lower.

**At the reporting date 31 March 2022, if the EUR had strengthened/weakened by 10% against the Dollar with all other variables held constant, the net assets and movement in profit and loss would have been \$203,620 higher/lower.

As at 31 March 2021	USD \$	GBP Converted to \$	EUR Converted to \$	Other Converted to \$	Total \$
Current and non-current receivables	158,928,673	(54,090,437)	2,342,940	446,482	107,627,658
Cash and cash equivalents	117,349,227	(6,549,651)	1,834,603	-	112,634,179
Total financial assets	276,277,900	(60,640,088)	4,177,543	446,482	220,261,837
Revolving Credit Facility	577,292,000	-	-	-	577,292,000
Current and non-current payables	140,174,178	(66,307,194)	625,732	(165)	74,492,551
Total financial liabilities	717,466,178	(66,307,194)	625,732	(165)	651,784,551
Net (liability)/asset position	(441,188,278)	5,667,106	3,551,811	446,647	(431,522,714)

*At the reporting date 31 March 2021, if Sterling had strengthened/weakened by 10% against the Dollar with all other variables held constant, the net assets and movement in profit and loss would have been \$566,711 higher/lower.

**At the reporting date 31 March 2021, if the EUR had strengthened/weakened by 10% against Dollar with all other variables held constant, the net assets and movement in profit and loss would have been \$335,181 higher/lower.

b) Cash flow and fair value interest rate risk

The Group is exposed to cash flow interest rate risk on cash and cash equivalents and also on the interest bearing RCF. The RCF bears a fixed rate of interest plus a floating rate of interest based on London Interbank Offered Rate (LIBOR). This interest rate is LIBOR rolling over at 7 November 2020, the Group is able to elect 1, 3 or 6 month rollovers, with no change expected.

At 31 March 2022, based on the value of interest-bearing RCF balance held at that date, if interest rates had been 100 basis points higher/lower and all other variables were held constant, the Company's loss after tax for the year would not have been materially impacted.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

17. Financial risk management (continued)

Credit risk

Credit risk is the risk of loss due to failure of a counterparty to fulfil its contractual obligations. The Group is exposed to credit risk in respect of its contracts with PROs and other collection societies. This exposure is minimised by dealing with reputable PROs whose credit risk is deemed to be low given their respective position in the industry.

As reported in Note 4, there is no impairment of the receivables balance, credit risk of third parties has been taken into account when calculating accruals, and expected credit loss charge for the year on HSG advances was \$1.6 million (31 March 2021: \$4.2 million).

The Group is exposed to credit risk through its balances with banks and its indirect holdings of money market instruments through those money market funds which are classified as cash equivalents for the purposes of these Consolidated Financial Statements.

The table below shows the Group's material cash balances and the short-term issuer credit rating or money-market fund credit rating as at the year-end date:

	Location	Rating	31 March 2022 \$'000	31 March 2021 \$'000
Barclays Bank plc	Guernsey/UK	A-1*	27,367	106,889
City National Bank	US	A+*	2,599	5,241
Pinnacle Financial Partners	US	Baa1	79	461
JPMorgan Chase Bank, N.A.	US	A-1*	12	12

*Rated by Standard & Poor's

Liquidity risk

Liquidity risk is the risk that the Group will encounter in realising assets or otherwise raising funds to meet financial commitments. The Group's liquidity risk is managed by the Investment Adviser and Directors on a monthly basis.

Liquidity risk is also the risk that the Group may not be able to meet their financial obligations as they fall due. The Group maintains a prudent approach to liquidity management by maintaining sufficient cash reserves to meet foreseeable working capital requirements.

The Group prepares a 3 year rolling cash forecast, which is reviewed by the Board on a monthly basis. The cash flow forecast includes a sensitivity analysis with downside scenarios on income streams impacted specifically relating to COVID-19 and interest rate movements. Cash is delivered with royalty statements, and the majority are delivered quarterly or semi-annually. A small number of collections are delivered monthly. Cash is collected and processed throughout calendar quarters or half years by the administrators and paid out on either 60/90 day accounting.

During the year ended 31 March 2022, the Group had no financial liabilities other than the RCF: \$600 million (31 March 2021: \$577.3 million) and trade and other payables: \$36.3 million (31 March 2021: \$74.5 million).

At the reporting date, the Group's financial assets and financial liabilities are:

	Carrying amount assets \$'000	Less than 1 month \$'000	1-3 months \$'000	3-12 months \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000	Total contractual cash flows \$'000
Current and non-current receivables								
Accrued income	104,750	4,882	51,381	48,395	92	-	-	104,750
Royalties receivable	7,153	4,977	241	1,387	411	137	-	7,153
HSG net recoupable advances	18,604	-	-	18,604	-	-	-	18,604
Prepayments and other debtors	7,274	1,442	-	5,831	-	-	-	7,274
VAT Receivable	7,309	-	(1,383)	8,692	-	-	-	7,309
Total	145,090	11,301	50,239	82,909	503	137	-	145,090
Other payables, accrued expenses, loans and borrowings								
Bank loan	(593,992)	-	-	-	-	(593,992)	-	(593,992)
Amounts owed to songwriters	(16,957)	-	-	(16,957)	-	-	-	(16,957)
Investment acquisition payable	(12,122)	(2,500)	-	(8,697)	(925)	-	-	(12,122)
Trade payables and accruals	(4,106)	(829)	(3,250)	(27)	-	-	-	(4,106)
Loan interest payable	(500)	(500)	-	-	-	-	-	(500)
Corporation tax	(2,570)	-	-	(2,570)	-	-	-	(2,570)
Directors' fees payable	(83)	(83)	-	-	-	-	-	(83)
Total	(630,330)	(3,912)	(3,250)	(28,251)	(925)	(593,992)	-	(630,330)
Net receivable/(payable)	(485,240)	7,389	46,989	54,658	(422)	(593,855)	-	(485,240)

18. Related party transactions and Directors' remuneration

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the party in making financial or operational decisions.

All Directors are non-executive. The Directors' remuneration, excluding disbursements, for the year ended 31 March 2022 amounted to £458,360/\$613,720, with outstanding fees of £18,750/\$24,745 due to the Directors at 31 March 2022 (31 March 2021: £582,000/\$762,068 with outstanding fees of £nil due at 31 March 2021). There were no supplementary fees paid to Directors in the year ended 31 March 2022. Directors are reimbursed for out-of-pocket expenses incurred in fulfilling their roles, including costs of travel and accommodation (as required).

Directors' transactions in or holdings in shares of the Company are not disclosed as related party transactions as they do not receive shares as part of their remuneration. Any shares held or transacted are acquired or disposed of in their own right as shareholders and as result, it is management's assessment that the Company has not transacted with the Directors as related parties in this regard.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

19. Material agreements

Investment Adviser

The Company has entered into an Investment Advisory Agreement with the Investment Adviser pursuant to which the Investment Adviser will source Songs and provide recommendations to the Board on acquisition and disposal strategies, manage and monitor royalty and/or fee income due to the Company from its copyrights and collection agents, and develop strategies to maximise the earning potential of the Songs in the portfolio through improved placement and coverage of Songs.

The Investment Adviser is entitled to receive an advisory fee (payable in cash) and a performance fee (usually payable predominantly in Shares subject to an 18 month lock up arrangement). The full terms and conditions of the calculation of the advisory and performance fees are disclosed in the Company's prospectus, which is available on the Company's website (<https://www.hipgnosissongs.com/>). However in summary:

Advisory fee

The advisory fee is calculated at the rate of:

- i) 1% per annum of the Average Market Capitalisation up to, and including, £250 million;
- ii) 0.90% per annum of the Average Market Capitalisation in excess of £250 million and up to and including £500 million; and
- iii) 0.80% per annum of the Average Market Capitalisation in excess of £500 million.

Advisory fees for the year were \$16.5 million (31 March 2021: \$11.5 million) with \$nil outstanding at the reporting date (31 March 2021: \$nil).

Performance Fee

In respect of each accounting period, the Investment Adviser (or, where the Investment Adviser so directs, any member of the Investment Adviser's team) is entitled to receive a performance fee (the "Performance Fee") equal to 10% of the Excess Total Return relating to that accounting period provided that the Performance Fee shall be capped such that the sum of the advisory fee (payable in respect of the Average Market Capitalisation of Ordinary Shares only) and the Performance Fee paid in respect of that accounting period is no more than 5% of the lower of: (i) Net Asset Value; or (ii) Closing Market Capitalisation at the end of that accounting period.

The Excess Total Return for an accounting period is calculated by reference to: (i) the difference between the Performance Share Price at the end of that Accounting Period and the higher of: (a) the Performance Hurdle (being issue price compounded by 10% per annum from initial Admission subject to appropriate adjustments in certain situations); and (b) high watermark (being the Performance Share Price at the end of the last Accounting Period where a Performance Fee was payable); multiplied by (ii) the weighted average of the number of Ordinary Shares in issue (excluding any shares held in treasury) at the end of each day during that accounting period.

For the purposes of calculating the Performance Fee:

"Performance Share Price" means, in relation to each accounting period, the average of the middle market quotations of the Ordinary Shares for the 1 month period ending on the last business day of that accounting period (which shall be adjusted as appropriate: (i) to include any dividend declared but not paid where the Ordinary Shares are quoted ex such dividend at any time during that month; (ii) to exclude any dividend paid in respect of the shares during that month; and (iii) for the PSP Adjustments). During the period, the average of the middle market quotations was 120.80p; and

“Performance Share Price Adjustments” means adjustments to the Performance Share Price to (i) include the gross amount of any dividends and/or distributions paid in respect of an Ordinary Share since initial Admission; and (ii) make such adjustments to take account of C Shares as were agreed between the Company and the Investment Adviser, acting reasonably and in good faith, at the time of issuance of such C Shares.

The amount of Performance Fee payable to the Investment Adviser shall be paid in the form of a combination of:

- a) cash equal to all taxes or charges payable with respect to the Performance Fee by the Investment Adviser or member(s) of the Investment Adviser’s Team; and
- b) Ordinary Shares (“Performance Shares”) which are either issued by the Company where the Ordinary Shares are on average trading at par or at a premium to the last reported Operative NAV per Ordinary Share at the relevant time or purchased from the secondary market where the Ordinary Shares are on average trading at a discount to the last reported Operative NAV per Ordinary Share at the relevant time and transferred to, the Investment Adviser or member(s) of the Investment Adviser’s Team.

The Performance Shares are subject to 18-month lock-up arrangements.

The performance fee for the year was calculated and accrued as below:

	31 March 2022 \$'000	31 March 2021 \$'000
Cash amount accrued as payable	–	300
Amount to be paid as shares	–	234
Total performance fee	–	534

Administration Agreement

Pursuant to the Administration Agreements: (i) Ocorian Administration (Guernsey) Limited has been appointed as Administrator of the Company; and (ii) Ocorian Administration (UK) Limited has been appointed as administrator to the subsidiaries. The Administrator or Ocorian Administration (UK) Limited (as applicable) are responsible for the day-to-day administration of the Company and the subsidiaries which accedes to the relevant Administration Agreement (including but not limited to the calculation and publication of the semi-annual NAV, the IFRS NAV and Operative NAV) and general secretarial functions required by the Companies Law (including but not limited to maintenance of the Company’s accounting and statutory records). For the purposes of the RCIS Rules, the Administrator is the designated manager of the Company.

Under the terms of the Administration Agreement between the Administrator and the Company, the Administrator is entitled to a fixed fee as at 31 March 2022 of £187,500 (\$246,259) (31 March 2021: £172,500, \$236,977) per annum for services such as administration, accounting, corporate secretarial, corporate governance, regulatory compliance and stock exchange continuing obligations. Additional ad hoc fees are payable in respect of certain additional services, these amounted to £177,112 (\$232,616) (31 March 2021: £275,300, \$345,829). Administration fees for the year to 31 March 2022 amounted to £364,612 (\$478,875) (31 March 2021: £447,800, \$582,806) of which £43,125 (\$56,639) (31 March 2021: £20,822, \$28,593) was outstanding at the year end.

Under the terms of the Administration Agreement between Ocorian Administration (UK) Limited and the subsidiaries the Administrator is entitled to a fixed fee as at 31 March 2022 of £14,000 (\$18,387) (31 March 2021: £14,000, \$19,233) per subsidiary and a variable incremental fee per annum per additional Catalogue held by a subsidiary for services such as administration, corporate secretarial and accounting. Administration fees for the subsidiaries for the year amounted to £489,683 (\$673,007) (31 March 2021: £455,877, \$602,770) of which £237,490 (\$311,916) (31 March 2021: £145,117, \$196,743) was outstanding at the year end.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

19. Material agreements (continued)

Registrar Agreement

Computershare Investor Services (Guernsey) Limited (a company incorporated in Guernsey on 3 September 2009 with registered number 50855) has been appointed as registrar to the Company pursuant to the Registrar Agreement. In such capacity, the Registrar will be responsible for the transfer and settlement of Shares held in certificated and uncertificated form. The Registrar is also entitled to reimbursement of all out-of-pocket costs, expenses and charges properly incurred on behalf of the Company.

Under the terms of the Registrar Agreement, the Registrar is entitled to a fixed fee as at 31 March 2022 of £7,500 (\$9,850) per annum in respect of the Ordinary Shares (31 March 2021: £7,500, \$10,303), together with additional ad hoc fees in respect of additional out of scope services provided by the Registrar of £44,464 (\$58,399) (31 March 2021: £39,284, \$51,641). Registrar fees for the year were £51,964 (\$68,249) (31 March 2021: £52,284, \$69,500) with £14,644 (\$19,233) outstanding at the reporting date (31 March 2021: £10,875, \$15,154).

20. Earnings per share

	31 March 2022 Basic	31 March 2022 Diluted
Loss for the year (\$'000)	(19,443)	(19,443)
Weighted average number of Ordinary Shares in issue	1,175,596,128	1,175,596,128
Earnings per share (cents)	(1.65)	(1.65)
	31 March 2021 Basic	31 March 2021 Diluted
Loss for the year (\$'000)	38,935	38,935
Weighted average number of Ordinary Shares in issue	825,090,869	825,090,869
Earnings per share (cents)	4.72	4.72

The earnings per share is based on the profit or loss of the Group for the year and on the weighted average number of Ordinary Shares for the year ended 31 March 2022.

There are no dilutive shares at 31 March 2022.

21. Auditor's remuneration

Audit and non-audit fees payable to the Auditors can be analysed as follows:

	1 April 2021 to 31 March 2022 \$'000	1 April 2020 to 31 March 2021 \$'000
PricewaterhouseCoopers CI LLP annual audit fees	600	732
PricewaterhouseCoopers CI LLP annual audit fees	600	732
Pricewaterhouse Coopers CI LLP C Share conversion fees	–	11
Pricewaterhouse Coopers CI LLP reporting accounting services	–	346
Pricewaterhouse Coopers CI LLP Interim review fees	53	54
PricewaterhouseCoopers CI LLP non-audit fees	53	411

22. Presentation change

The Company has made the following immaterial changes to the presentation of the Consolidated Statement of Profit and Loss and Consolidated Statement of Financial Position during the year. This has resulted in the following presentation changes of the comparative figures.

Consolidated Statement of Profit and Loss

	As reported in 31 March 2021 Annual Report 1 April 2020 to 31 March 2021 \$'000	Presentation change \$'000	As reported in 31 March 2022 Annual Report 1 April 2020 to 31 March 2021 \$'000
Income			
Total revenue	160,752	(85)	160,667
Interest income	88	-	88
Royalty costs	(22,450)	-	(22,450)
Net revenue	138,390	(85)	138,305
Expenses			
Advisory and performance fees	(13,236)	1,186	(12,050)
Administration fees	-	(1,186)	(1,186)
Legal and professional fees	(7,840)	459	(7,381)
Audit fees	(732)	-	(732)
Brokers' fees	(81)	(47)	(128)
Directors' remuneration	(666)	(14)	(680)
Listing fees	-	(625)	(625)
Subscriptions and licences	(236)	-	(236)
Public relations fees	-	(36)	(36)
Charitable donations	(307)	-	(307)
Other operating expenses	(10,561)	400	(10,161)
Amortisation of Catalogues	(67,875)	-	(67,875)
Impairment loss of Catalogues	-	-	-
Amortisation of borrowing expenses	(2,600)	-	(2,600)
Fixed asset depreciation	-	(137)	(137)
Loan interest	(7,331)	-	(7,331)
Finance charges for deferred consideration	(339)	-	(339)
HSG FV gain	2,139	-	2,139
Net JV income	-	85	85
Foreign exchange gain/(losses)	15,814	-	15,814
Operating expenses	(93,851)	85	(93,766)
Operating (loss)/profit for the period before taxation	44,539	-	44,539
Taxation	(5,604)	-	(5,604)
(Loss)/profit for the period after tax	38,935	-	38,935

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

22. Presentation change (continued)

Consolidated Statement of Financial Position

	As reported in 31 March 2021 Annual Report 1 April 2020 to 31 March 2021 \$'000	Presentation change \$'000	As reported in 31 March 2022 Annual Report 1 April 2020 to 31 March 2021 \$'000
Assets			
Catalogues of Songs	1,878,924	-	1,878,924
Other assets	3,740	-	3,740
Goodwill	272	-	272
Non-current receivables	-	3,298	3,298
Non-current assets	1,882,936	3,298	1,886,234
Trade and other receivables	107,628	(3,298)	104,330
Cash and cash equivalents	112,634	-	112,634
Current assets	220,262	(3,298)	216,964
Total assets	2,103,198	-	2,103,198
Liabilities			
Loans and borrowings	565,860	-	565,860
Non-current deferred investment payables	-	1,588	1,588
Non-current liabilities	565,860	1,588	567,448
Other payables and accrued expenses	74,493	(1,588)	72,905
Current liabilities	74,493	(1,588)	72,905
Total liabilities	640,353	-	640,353
Net assets	1,462,845	-	1,462,845
Equity			
Share capital	1,466,851	-	1,466,851
Other reserves	234	-	234
Foreign currency translation reserve	(419)	-	(419)
Retained earnings	(3,821)	-	(3,821)
Total equity attributable to the owners of the Company	1,462,845	-	1,462,845

23. Subsequent events

On 12 May 2022 the Company declared a dividend of 1.3125p per Ordinary Share in respect of the quarter ended 31 March 2022 which was paid on 15 June 2022.

Alternative Performance Measures

Performance Measure	Definition	Reason for Use
Adjusted EPS	Loss after Tax (\$19,442,777) excluding Total Amortisation (\$107,633,333), Impairment of Catalogue of Songs (\$1,490,475), Depreciation (\$711,932), Foreign Exchange Losses (\$14,857,232) and Provision for HSG advances (\$1,570,144) divided by weighted average number of Ordinary Shares in issue (1,175,596,128)	The operating loss adjusted for amortisation aligns with the operative NAV which reflects that the values of Catalogues of Songs are based on fair values produced by the Portfolio Independent Valuer
Adjusted Operating Costs less Interest Expense	Operational expenses (\$185,048,198) less Total Amortisation (\$107,633,333), Depreciation (\$711,932), Impairment (\$1,490,475), Foreign Exchange Losses (\$14,857,232) and Provision for HSG Advances (\$1,570,144) less Interest Expense (\$20,377,176)	Ongoing Charges are a good indicator of expenses likely to recur in the foreseeable future
Annualised Ongoing Charges	Adjusted Operating Costs (\$58,785,083) less Non Recurring administrative expenses (\$26,440,910) over a 12-month period	Ongoing Charges are a good indicator of expenses likely to recur in the foreseeable future
Average Operative NAV	Average of the Operative NAV as at: – Year end (\$2,239,639,666) – Interim Period (\$2,088,390,799) – Prior year (\$1,806,462,327)	The average was taken given that share issuance has grown rapidly over the year
EBITDA	The Operating Loss before Tax (\$16,700,286) plus Total Amortisation (\$107,633,333), Impairment (\$1,490,475), Loan Interest (\$20,377,176), Depreciation (\$711,932), Foreign Exchange Losses (\$14,857,232) and Provision for HSG Advances (\$1,570,144)	A strong indicator of company performance and profitability removing accounting adjustments
Leveraged Free Cash Flow	Net Cash from Operating Activities (\$84,868,964) less Purchase of Fixed Assets (\$173,244)	A good indicator of the cash position of the Company and the availability of cash flows to fund dividend payments

Performance Measure	Definition	Reason for Use
Net Debt	Loan facility amount (\$600,000,000) utilised less cash held at bank (\$30,066,620)	Liquidity metric used to determine how well a company can pay all of its debts if they were due immediately
Non Recurring administrative expenses	Exceptional costs included within legal and professional and listing fees (\$4,112,315) plus Aborted deal expenses (\$1,951,418) plus interest costs (\$20,377,176)	Good indicator of expenses not likely to recur in the foreseeable future
Ongoing Charges %	Annualised ongoing charges (\$32,344,173) divided by Average Operative NAV (\$2,044,830,931)	To monitor the expenses, which are likely to recur, relative to the fund size over time
Operative NAV	The IFRS NAV (\$1,582,399,170) adjusted for the fair value of Catalogues of Songs (\$657,241,496)	The Operative NAV reflects the values of Catalogues of Songs based on fair values produced by the Portfolio Independent Valuer
Total Amortisation	Amortisation of catalogue of songs (\$105,786,809) plus amortisation of capitalised borrowing costs (\$1,634,648) plus finance charges for deferred consideration (\$211,877)	Total amortisation is the measure of the non-cash items arising from accounting treatment and includes the amortisation of borrowing costs – and is used to evaluate the performance without any amortisation
Total NAV Return	Operative NAV per share (\$1.8491) plus cumulative dividends paid up to year end (\$0.2159) less the Operative NAV per share as at 11 July 2018 (\$1.2983), divided by the Operative NAV as at 11 July 2018 (\$1.2983)	To show how the assets have performed since IPO to Shareholders
12 Month Total NAV Return	Operative NAV per share as at year end (\$1.8491) plus dividend paid during the 12-month period to year end (7.2561 cents) less the Operative NAV per share as at the beginning of the year (\$1.6829) divided by the Operative NAV per share as at the beginning of the year (\$1.6829)	To show how the assets have performed over the past 12 months to Shareholders

Glossary of Capitalised Defined Terms

“Administrator” means Ocorian Administration (Guernsey) Limited;

“Admission” means admission, on 11 July 2018, to trading on the SFS of the London Stock Exchange, of the Ordinary Shares becoming effective in accordance with the Listing Rules and/or the LSE Admission Standards and on 25 September 2019 to a Premium Listing on the Main Market ;

“AEOI” means Automatic Exchange of Information;

“AIC” means the Association of Investment Companies;

“AIC Code” means the AIC Corporate Governance Code 2019;

“Annual General Meeting” or **“AGM”** means the annual general meeting of the Company;

“Annual Report” or **“Annual Report and Consolidated Financial Statements”** means the annual publication of the Company provided to the Shareholders to describe their operations and financial conditions, together with their Consolidated Financial Statements;

“Apple Music” means the music and video Streaming service developed by Apple Inc.;

“Articles of Incorporation” or **“Articles”** means the articles of incorporation of the Company;

“ASCAP” means the American Society of Composers, Authors and Publishers;

“Audit Committee” or **“Audit and Risk Management Committee”** means a formal committee of the Board with defined terms of reference;

“Average Market Capitalisation” means, in relation to each month where the advisory fee is payable, (“A” multiplied by “B”) plus (“C” multiplied by “D”), where:

“A” is the average of the middle market quotations of the Ordinary Shares for the five day period ending on the last business day of that month (adjusted as appropriate to exclude any dividend where the Ordinary Shares are quoted ex such dividend at any time during that five day period);

“B” is weighted average of the number of Ordinary Shares in issue (excluding any Shares held in treasury) at the end of each day during that month;

“C” is the average of the middle market quotations of a class of C Shares in issue for the five day period ending on the last business day of that month (adjusted as appropriate to exclude any dividend where the C Shares of that class are quoted ex such dividend at any time during that five day period); and “D” is weighted

average of the number of that class of C Shares in issue (excluding any Shares held in treasury) at the end of each day during that month;

“Board” or **“Directors”** means the Directors of the Company;

“BMI” means Broadcast Music, Inc;

“BPI” means the British Phonographic Institute;

“C Shares” means a temporary and separate class of shares which are issued at a fixed price determined by the Company;

“Catalogue” means one or more Songs acquired from a single Songwriter, artist or company;

“CBS” means the US commercial broadcast television and radio network;

“CD” means compact disc;

“Closing Market Capitalisation” means, in relation to each Accounting Period, “E” multiplied by “F”, where:

“E” is the Performance Share Price; and “F” is the weighted average of the number of Ordinary Shares in issue (excluding any Shares held in treasury) at the end of each day during the Accounting Period;

“CMO” means Collection Management Organisation. A CMO is appointed by copyright holders to manage both the mechanical and performance rights in their copyright works.

“Companies Law” means the Companies (Guernsey) Law, 2008;

“Company” means Hipgnosis Songs Fund Limited. References to the Company are also considered to be references to the Group, where applicable;

“Company Secretary” means Ocorian Administration (Guernsey) Limited;

“Consolidated Financial Statements” means the audited financial statements of the Company, including the Statement of Financial Position, the Statement of Comprehensive Income, the Statement of Cash Flows, the Statement of Changes in Equity and associated notes;

“Conversion” means the conversion of C Shares to Ordinary Shares;

“Copyright Royalty Board” or **“CRB”** means the US Copyright Royalty Board;

“Corporate Brokers” means Singer Capital Markets Advisory LLP, J.P. Morgan Securities plc and RBC Europe Limited;

“COVID-19” means the global coronavirus pandemic;

“DCF” means discounted cash flow;

“DCMS” means The Department for Digital, Culture, Media & Sport, a department of the UK government;

“Disclosure Guidance and Transparency Rules” or **“DTRs”** mean the disclosure guidance published by the FCA and the transparency rules made by the FCA under section 73A of FSMA;

“Downloads” means royalties for the permanent digital mechanical transfer of music;

“DSP” means digital service providers;

“Earnings per Share” or **“EPS”** means the Earnings per Ordinary Share and is expressed in pounds Sterling;

“EU” means European Union;

“FCA” means the UK Financial Conduct Authority (or its successor bodies);

“FRC” means the UK Financial Reporting Council;

“FSMA” means the UK Financial Services and Markets Act 2000;

“GFSC” means the Guernsey Financial Services Commission;

“Grammy” means an award presented by the Recording Academy to recognise achievements in the music industry;

“Group” means Hipgnosis Songs Fund Limited and its subsidiaries;

“HSG” means Hipgnosis Songs Group, which was rebranded from Big Deal Music Group (BDM) on acquisition;

“IAS” means international accounting standards as issued by the Board of the International Accounting Standards Committee;

“IFPI” means International Federation of the Phonographic Industry;

“IFRS” means the International Financial Reporting Standards, being the principles-based accounting standards, interpretations and the framework by that name issued by the International Accounting Standards Board;

“IFRS NAV” means the value of the Gross Assets of the Company less its liabilities (including accrued but unpaid fees) in accordance with the accounting policies adopted by the Directors;

“Interim Report” means the Company’s half yearly report and unaudited condensed consolidated financial statements for the period ended 30 September;

“Investment Adviser” means Hipgnosis Song Management Ltd, formerly The Family (Music) Limited;

“Investment Advisory Agreement” means the investment advisory agreement dated 27 June 2018, as amended, between Hipgnosis Song Management Ltd, formerly known as The Family (Music) Limited, the Company and its subsidiaries;

“Investment Entity” means an entity whose business purpose is to invest funds solely for returns from capital appreciation, investment income or both;

“IPO” means the initial public offering of shares by a private company to the public;

“ISAE 3402” means International Standard on Assurance Engagements 3402, “Assurance Reports on Controls at a Service Organisation”;

“ISIN” means an International Securities Identification Number;

“ISWC” means International Standard Musical Work Code. It is a unique, permanent and internationally recognised reference number for the identification of musical works;

“Kobalt” means Kobalt Music Copyrights S.à.r.l.;

“Kobalt Fund 1” means a portfolio of 42 Catalogues acquired in September 2020, from Kobalt Music Copyrights S.à.r.l., an investment fund advised by Kobalt Capital Limited;

“Letter of Direction” means a document sent by the current copyright owner or the recipient of music royalties to the Publisher, Record company or Collection Society requesting a re-direction of royalties to be paid. It is sent from the current owner/recipient who is selling the assets, directing that all future payments should go to the buyer of the assets;

“LGBTQIAAP” means the abbreviation of ‘lesbian, gay, bisexual, transgender, transsexual, queer, questioning, intersex, asexual, allies, and pansexual’;

“LIBOR” means the London Interbank Offered Rate the basic rate of interest used in lending between banks on the London interbank market and also used as a reference for setting the interest rate on other loans. “Listing Rules” means the Listing Rules made by the UK Listing Authority under section 73A FSMA;

“Listing Rules” means the Listing Rules made by the UK Listing Authority under section 73A FSMA;

“Live” means publishing revenue derived from the live performance of music copyrights at concerts;

“London Stock Exchange” or **“LSE”** means London Stock Exchange Plc;

“MAR” means EU regulation 596/2014 on market abuse;

“Master Recording royalties” aka **“Recording Royalties”** mean royalties that are generated on behalf of a sound/master recording. This is the most basic royalty performing artists and labels earn when their master recording is downloaded, physically bought, or streamed.

“Mechanical” means royalties for reproducing music, for example CD, vinyl, etc. (excluding mechanical downloads and mechanical Streaming);

“NAV per Share” means the Net Asset Value attributable to the Ordinary Shares in issue divided by the number of Ordinary Shares in issue (excluding any Shares held in treasury) at the relevant time and expressed in Dollars;

“Neighbouring Rights Income” is the payment to the recording artist or performer for the public performance usage related to the Master Recording;

“Net Asset Value” or **“NAV”** means the value of the assets of the Company less its liabilities as calculated in accordance with the Company’s valuation policy and expressed in Dollars;

“Net revenue” or **“NPS”** means Net Publisher Share and refers to revenue collected by Publishers from PROs, net of contractual royalties due to writers i.e. deductions for administration and publishing fees;

“NFT” means Non Fungible Token;

“Nomination Committee” means a formal committee of the Board with defined terms of reference;

“Operative NAV” means NAV as adjusted for the fair value of Catalogues of Songs;

“Ordinary Shares” means redeemable Ordinary Shares of no par value in the capital of the Company issued and designated as “Ordinary Shares” and having the rights, restrictions and entitlements set out in the Articles;

“Other income” means any income not covered by the other income types, for example sheet income and lyric exploitation;

“Performance” means royalties for playing music in public, for example TV/radio broadcasts, live performance, etc. and paid through to the publisher;

“Performance Fee Shares” means Ordinary Shares issued to the order of the Investment Adviser in accordance with the performance fee arrangements in the Investment Advisory Agreement;

“Performance Rights Organisations” or **“PROs”** means a performing rights organisation, such as PRS or BMI, which represents and collects performance royalties for and on behalf of each of its members;

“Performance Share Price” means in relation to each accounting period, the average of the middle market quotations of the Ordinary Shares for the 1 month period ending on the last business day of that accounting period;

“Portfolio” means the portfolio of Songs (whether organised into Catalogues or otherwise) held by the Company directly or indirectly from time to time;

“Portfolio Committee” means a committee which approves all purchases of Catalogues of Songs;

“Portfolio Independent Valuer” means Citrin Cooperman Advisors LLC, formerly Massarsky Consulting, Inc., appointed by the Board to independently value the Company’s Catalogues within the Portfolio;

“Portfolio Administrator(s)” means portfolio administrators appointed by the Company in order to assist with the administration of the Portfolio;

“Premium Listing” means the a Premium Listing on the Main Market of the London Stock Exchange;

“Premium /Discount to Operative NAV” means the situation where the Ordinary Shares of the Company are trading at a price higher/lower than the Company’s Operative NAV;

“Prospectus” means the most recent prospectus issued by the Company unless the context refers to a version of the prospectus published at an earlier date;

“Pro-Forma Annual Revenue” or **“PFAR”** – Pro-forma Annual Revenue (PFAR) means the royalty revenue earned in a 12-month period by the portfolio of songs held by the Company at a specific date, based on royalty statements received, irrespective of whether the songs were owned by the Company over the period analysed.

“Public Performance” means revenue generated from licenses for the right to play music publicly in a commercial environment e.g. shops, bars, restaurants and shopping malls;

“Publishing Share” means the share of the rights in a music composition (lyrics and/or music) which generate Mechanical and Performance Royalties. In the UK, “blanket licences” are issued to organisations including radio and TV.

“RCF” means the Revolving Credit Facility arranged from JPMorgan Chase Bank, as Lead Arranger.

“RCIS Rules” means the Registered Collective Investment Scheme Rules 2015;

“Record Labels” means a company that owns, distributes and promotes musical recordings;

“Recording Academy” means a US academy of musicians, producers, recording engineers and other musical professionals;

“Registrar” means Computershare Investor Services (Guernsey) Limited;

“Remuneration Committee” means a formal committee of the Board with defined terms of reference;

“RIAA” means Recording Industry Association of America;

“Right To Income” means a right to income recognised as part of the Catalogue acquisition, which is typically dependent on the timing of the negotiations and relates to royalty income paid over to the Company on closing of the acquisition and the accrued receivables. The right to income related to the period before the start of the financial year is now defined as **“Pre-FY (RTI)”**; the portion of RTI that falls within the Financial Year is now defined as **“Within FY, pre-acq (RTI)”**;

“Sacem” – Société des auteurs, compositeurs et éditeurs de musique, the French Collection Society;

“SFS” means London Stock Exchange’s specialist fund segment of the Main Market for listed securities;

“Shareholder” means the holder of one or more Ordinary Shares;

“Song” means a Songwriter’s and/or publisher’s share of copyright interest in a song, being a musical composition of words and/or music and the Songwriter’s proportion of the publishing rights of a single musical track, and when construction permits, the collection of words and/or music as purchased by consumers;

“Song Management” Active Management of the placing of songs in Films, TV Adverts, TV Programs, Video Games and Streaming playlists also including promoting the Interpolation of our songs by new Songwriters and Covers of our songs by new artists;

“Streaming” means performance and mechanical royalties for digitally playing music in real-time, for example through Spotify;

“Synchronisation” or **“Synch”** means royalties for playing music in connection with visual media (for example Film, TV, advertisements);

“The MLC” is a collection society designated by the U.S. Copyright Office, that since January 2021 has begun administering blanket mechanical licenses to digital service providers in the United States, and then paying out the royalties collected;

“TV” means television;

“UK” or **“United Kingdom”** means the United Kingdom of Great Britain and Northern Ireland;

“UK Code” means The UK Corporate Governance Code 2019 as published by the Financial Reporting Council;

“UKLA” means UK Listing Authority;

“US” or **“United States”** means the United States of America, its territories and possessions, any state of the United States and the District of Columbia;

“Usage Accrual” the Usage Accrual is an element of the revenue accrual to reflect the estimated revenue at the point at which usage is expected to occur;

“VAF” or **“Variance Against Forecasts”** means the difference between the total of the royalty statements received from each catalogue since acquisition, and the acquisition model forecast over the same period. The VAF is expressed as a percentage point deviation from zero, where a positive number means that the actual performance of the portfolio is tracking ahead of the cumulative forecast. A negative number indicates that the portfolio is falling behind forecast;

“Writer’s Share” means performance royalties collected by a Performance Rights Organisation and paid through directly to the Songwriter as opposed to the Publisher Share of performance;

“YouTube” means the US video-sharing website;

“£” or **“Pounds Sterling”** or **“Sterling”** or **“GBP”** means British pounds sterling and **“p”** or **“pence”** means British pence;

“\$” or **“USD”** or **“Dollar”** or **“Dollars”** means United States dollars and **“cents”** means United States cents; and

“€” or **“EUR”** is the currency of the majority of member states of the EU.

Directors and General Information

Company Registration Number: 65158

Board of Directors

Andrew Sutch, Chair
Paul Burger, Senior Independent Director
Andrew Wilkinson
Simon Holden
Sylvia Coleman
Vania Schlogel

Founder

Merck Mercuriadis

Advisory Board

Nile Rodgers
The-Dream
Giorgio Tuinfort
Starrak
David A. Stewart
Poo Bear
Bill Leibowitz
Ian Montone
Rodney Jerkins

Investment Adviser

Hipgnosis Song Management
Merck Mercuriadis, CEO
Chris Helm, CFO

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London
W11 3JY
www.hipgnosissongs.com

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GY1 4LY

Administrator and Company Secretary

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Les Banques
St Peter Port
Guernsey
GY1 4LY

Corporate Brokers

Singer Capital Markets Advisory LLP
1 Bartholomew Lane
London
EC2N 2AX

J.P. Morgan Securities plc
25 Bank Street, Canary Wharf
London
E14 5JP

RBC Europe Limited
100 Bishopsgate
London EC2N 4AA

Independent Auditor

PricewaterhouseCoopers CI LLP
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1 Glatigny Esplanade
St Peter Port
Guernsey
GY1 4ND

Music Specialist Legal Counsel

Bill Leibowitz
271 Madison Avenue
20th Floor
New York
New York 10016

Legal Advisers to the Company

Herbert Smith Freehills LLP
Exchange House
Primrose Street
London
EC2A 2EG

Legal Advisers to the Company as to Guernsey Law

Ogier (Guernsey) LLP
Redwood House
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St Peter Port
Guernsey
GY1 1WA

Principal Banker

Barclays Bank PLC
PO Box 41
Le Marchant House
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Guernsey
GY1 3BE

Registrar

Computershare Investor Services (Guernsey) Limited
1st Floor
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Le Bordage
St Peter Port
Guernsey
GY1 1DB

Identifiers

ISIN: GG00BFYT9H72
Ticker: SONG
SEDOL: BFYT9H7
Website: www.hipgnosissongs.com
LEI: 213800XJIPNDVKXMOC11
GIIN: 5XGPC8.99999.SL.831

Managing your account online

The Company's registrar, Computershare Investor Services (Guernsey) Limited, allows you to manage your shareholding online. If you are a direct investor you can view your shareholding, change the way the Registrar communicates with you and buy and sell shares. If you haven't used this service before, all you need to do is enter the name of the Company and register your account at:

www-uk.computershare.com/investor

You'll need your Investor code (IVC) printed on your share certificate in order to register.

Corporate Summary

Structure

The Company is an investment company limited by shares, registered and incorporated in Guernsey under the Companies Law on 8 June 2018. The Company is registered with the Guernsey Financial Services Commission under the Registered Collective Investment Scheme Rules 2015, and the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended. The Company is not authorised or regulated by the Financial Conduct Authority.

The Company makes and manages its investments directly or indirectly through a number of wholly owned subsidiary companies incorporated in England & Wales and the US, together referred to as the Group.

The Company was granted HMRC approval as an investment trust company with effect from 1 April 2021. The Company was therefore treated as being resident in the UK for tax purposes from this date and ceased to be a Guernsey tax exempt vehicle under The Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989, as amended.

Investment Process

The Company's Investment Adviser, Hipgnosis Song Management Ltd, was founded by Merck Mercuriadis. Merck is the manager and/or former manager of globally successful recording artists such as Elton John, Guns N' Roses, Morrissey, Iron Maiden, Nile Rodgers and Beyoncé, and hit Songwriters such as Diane Warren, Justin Tranter and The-Dream. Merck is the former CEO of The Sanctuary Group plc.

Hipgnosis Song Management Ltd has been appointed by the Board to source Songs and provide recommendations to the Board on acquisition and disposal strategies. The Investment Adviser is also responsible for managing and monitoring royalty and/or

fee income due to the Company from its copyrights and collection agents, and developing strategies to maximise the earnings potential of the Songs in the portfolio through improved placement and coverage of Songs.

The Investment Adviser continues to assemble an Advisory Board of highly successful music industry experts which include award winning members of the artist, Songwriter, publishing, legal, financial, recorded music and music management communities, all with in-depth knowledge of music publishing and access to a significant network of relationships in the music industry.

The Board has formed a Portfolio Committee which considers the recommendations of the Investment Adviser before granting its approval to purchase the Catalogues of Songs, as well as an Asset Management Committee which considers the ongoing management and revenue maximisation of the Catalogues of Songs. These committees are chaired by Mr Burger and Mr Sutch, respectively.

AIC

The Company is a member of the Association of Investment Companies, complies with the AIC Code and is the sole constituent of the AIC's "Royalties" Specialist Investment Trusts sector classification. The Company's page on the AIC's website is at www.theaic.co.uk/companydata/0P0001BL9D

Website

The Company's website, which can be found at www.hipgnosissongs.com, includes information on the Company, such as its Prospectus, past reports and accounts, policies, media coverage and regulatory news announcements.

Advice to Shareholders

In recent years investment related scams have become increasingly sophisticated and difficult to spot. We are therefore warning all our Shareholders to be cautious so that they can protect themselves and spot the warning signs.

Fraudsters will often:

- contact you out of the blue
- apply pressure to invest quickly
- downplay the risks to your money
- promise tempting returns that sound too good to be true
- say that they are only making the offer available to you
- ask you to not tell anyone else about it

You can avoid investment scams by:

- **Rejecting unexpected offers** – Scammers usually cold call but contact can also come by email, post, word of mouth or at a seminar. If you have been offered an investment out of the blue, chances are it's a high-risk investment or a scam.
- **Checking the FCA Warning List** – Use the FCA Warning List to check the risks of a potential investment. You can also search to see if the firm is known to be operating without proper FCA authorisation.
- **Getting impartial advice** – Before investing get impartial advice and don't use an adviser from the firm that contacted you. If you are suspicious, report it
- You can report the firm or scam to the FCA by contacting their Consumer Helpline on **0800 111 6768** or using their online reporting form.
- If you have lost money in a scam, contact Action Fraud on 0300 123 2040 or www.actionfraud.police.uk For further helpful information about investment scams and how to avoid them please visit www.fca.org.uk/scamsmart

Cautionary Statement

The Chair's Statement, the Investment Adviser's Report and the Report of the Directors have been prepared solely to provide additional information for shareholders to assess the Company's strategies and the potential for those strategies to succeed. These should not be relied on by any other party or for any other purpose.

The Chair's Statement, Investment Adviser's Report and the Report of the Directors may include statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "expects", "intends", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology.

These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding the intentions, beliefs or current expectations of the Directors and the Investment Adviser, concerning, amongst other things, the investment objectives and investment policy, financing strategies, investment performance, results of operations, financial condition, liquidity, prospects, and distribution policy of the Company and the markets in which it invests.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance.

The Company's actual investment performance, results of operations, financial condition, liquidity, distribution policy and the development of its financing strategies may differ materially from the impression created by the forward-looking statements contained in this document.

Subject to their legal and regulatory obligations, the Directors and the Investment Adviser expressly disclaim any obligations to update or revise any forward-looking statement contained herein to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any statement is based.

Hipgnosis Songs Fund Limited

PO Box 286, Floor 2, Trafalgar Court, Les Banques, St Peter Port, Guernsey GY1 4LY
Further information available online: www.hipgnosissongs.com

Hipgnosis Playlists



HIPGNOSIS SONGS FUND

Star Power, Biggest Artists Ariana Grande

Apple Music

Spotify



Harry Styles/One Direction

Apple Music

Spotify



Hipgnosis Billion Streamers

Apple Music

Spotify



Beyoncé/Destiny's Child

Apple Music

Spotify



Justin Bieber

Apple Music

Spotify



Hipgnosis - Rolling Stones' 500 Greatest Songs of All Time

Apple Music

Spotify



Bruno Mars

Apple Music

Spotify



Lady Gaga

Apple Music

Spotify



Hipgnosis - YouTube's Most Viewed Music Videos of All Time

Apple Music

Spotify



Ed Sheeran

Apple Music

Spotify



Mariah Carey

Apple Music

Spotify



Hipgnosis - Billboard Top 5 Songs of the Decade

Apple Music

Spotify



Enrique Iglesias

Apple Music

Spotify



Hipgnosis - Top 100 Best Selling Albums in the UK

Apple Music

Spotify



HIPGNOSIS SUPPORTS HUMAN RIGHTS

WOMEN'S RIGHTS ARE HUMAN RIGHTS.
TRANS RIGHTS ARE HUMAN RIGHTS.
GAY RIGHTS ARE HUMAN RIGHTS.
BLACK RIGHTS ARE HUMAN RIGHTS.



REMINDER

what happened to us?



#blacklivesmatter
#antiracist



Payphone • Yeah! • **Around The World** • Call Me • **Ohio** • Many Men (Wish Death) • **Ride Wit Me** • The Lazy Song • **Roam** • Copacabana (At The Copa) 2005 • **Fell On Black Days** • Don't Let Go • **Barcelona** • 21 Questions • **Honest** • I Lived It • **Me, Myself & I** • It Will Rain • **I'm Your Baby Tonight** • Blue Jeans • **Queen Of The Night** • Don't Give Up On Me • **Maps** • They Don't Know • **Would I Lie To You?** • Mandy • **Addicted To You** • Country Grammar • **Flatliner** • New Year's Day • **Hunger Strike** • Dilemma • **Perfect Places** • Sisters Are Doin' It For Themselves • **Xo** • Good Times • **Freaky Friday** • The Zephyr Song • **Alejandro** • Dress • **You're Beautiful** • Runnin' (Lose It All) • **Do You Remember** • Home Sweet Home • **Just A Lil Bit** • Underneath Your Clothes • **Changing** • Diva • **Every Little Step** • Classic • **Say You Love Me** • Good To Be Alive (Hallelujah) • **The Prayer** • Somebody • **Harvest Moon** • Heartless • **One Last Time** • Clandestino • **Waterfalls** • Sugar • **Liability** • Dumb Disco Ideas • **Soul On Fire** • Say My Name • **Prayed For You** • I Get Money • **I'll Be There For You** • This Is Why We Can't Have Nice Things • **Out Of The Woods** • Burial • **El Perdedor** • Best Song Ever • **Somewhere On A Beach** • One Way Or Another • **I'm Not In Love** • Dare (La La La) • **Nada** • Count On Me • **Swalla** • Don't Be So Hard On Yourself • **Goodbye Angels** • Look What God Gave Her • **Kiss And Make Up** • Carry On • **Girls, Girls, Girls** • **When You're Gone** • Tennis Court • **Turn Down For What** • Liar • **Fresh Eyes** • Nervous • **Someone To You** • Dynamite • **Rusty Cage** • Sign Of The Times • **Supercut** • Even So, Come (Come, Lord Jesus) • **Soundtrack 2 My Life** • Cuando Me Enamoro • **Unknown (To You)** • Easier • **I Miss You** • Run The World (Girls) • **All Of The Lights** • Cinnamon Girl • **Southern Man** • Middle Of The Road • **You Make It Easy** • Bad Medicine • **Love On Top** • Cheating • **Fallin' All In You** • As You Are • **Scary Monsters And Nice Sprites** • Don't Come Around Here No More • **Young** • Dance For You • **Thorn In My Side Remastered V** • Lay Your Hands On Me • **It Won't Kill Ya** • Where Are U Now • **Tell Me Baby** • Fake Love • **Bailamos** • Who Says • **Something Big** • Hunger • **Sixteen** • Crying In The Club • **Human** • Ain't Your Mama • **Bad Liar** • Love • **Same Power** • Eastside • **E.I.** • Work It • **The Adventures Of Rain Dance Maggie** • Open Up The Heavens • **Birthday Cake** • Can't Find My Way Home (Winwood Greatest Hits Live) • **Arrow** • Jar of Hearts • **Head Held High** • Born To Be My Baby • **Answerphone** • Company • **Obsessed** • Monday Morning • **We Weren't Born to Follow** • A Different Way • **You Owe Me** • Over Now • **How Do You Sleep?** • Teenage Dream • **One Thing** • Break Your Heart • **Call You Mine** • Hard • **What's My Age Again?** • The One • **This Town** • Escape • **Give Me Your Love** • Slow Hands • **Strong Enough** • Motivation • **Runaway** • Naked • **Rock Lobster** • Girl On Fire • **Le Freak** • 7 Things I Hate About You • **Underneath It All** • Parallel Line • **After The Gold Rush** • Helpless • **Hey Hey, My My** • Drunk On A Plane • **King Is Born** • If I Can't Have You • **Keep The Faith** • Inside Out • **The Rest Of Our Life** • Monster • **Nice To Meet Ya** • She Wolf • **The Getaway** • Wild Horses • **Objection** • Mr. Rager • **Small Town Boy Like Me** • Glad You Came • **Fuck You** • Say Amen (Saturday Night) • **Young Girls** • Listen • **That's What Friends Are For** • Polaroid • **Peanut Butter Jelly** • Touch My Body • **Been You** • Bloodline • **Irreplaceable** • Miracle Of Love • **Would You Ever** • Yo • Soy Yo • **On My Own** • Parallel Universe • **Dirt On My Boots** • Road Trippin' • **Mariners Apartment Complex** • I'm Coming Out • **You And I** • We Can Do Better • **Is That For Me** • Because He Lives (Amen) • **Die A Happy Man** • Boys Round Here • **Me And My Broken Heart** • Therapy • **Deja Vu** • Wasted Times • **Feeling Whitney** • Be Without You • **A Groovy Kind Of Love** • 5 More Hours • **Chains** • The Lord Our God • **Haven't Met You Yet** • Beautiful Pain • **Dreams Of A Samurai** • Ciega, Sordomuda • **Girl Like You** • Lie To Me • **Nothing Else Matters** • Nothin' On You • **Follow Your Fire** • Free • **All Loved Up** • Empress • **Better Life** • Flames • **Not In That Way** • Shed A Light • **Nobody Does It Better** • Dreadlock Holiday • **50 Ways To Say Goodbye** • Get Ur Freak On • **Million Reasons** • The Longest Wave • **End Of Time** • The Things We Do For Love •



HIPGNOSIS SONGS FUND

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www.hipgnosissongs.com