

Hipgnosis Songs Fund Limited ("Hipgnosis" or the "Company")

Interim Results for the year ended 30 September 2023

The Board of Hipgnosis Songs Fund Limited which offers investors a pure-play exposure to songs and associated intellectual property rights, and its Investment Adviser, Hipgnosis Song Management Limited, announce the Company's interim results for the six-months to 30 September 2023.

Financial Headlines

- Operative NAV per share decreased 9.2% to \$1.7392 (31 March 2023: \$1.9153), driven primarily by a reduction in the Fair Value of the Portfolio
 - As at 30 September 2023, Operative NAV per share in Sterling 142.49p (£:\$ exchange rate 1.22055);
 - As at 19 December 2023, Operative NAV per share presented in Sterling 136.53p per Share (£:\$ exchange rate 1.274).
- Gross revenue from continuing operations for the period \$63.2 million (H1 2022-3: \$86.4 million)
- Net revenue from continuing operations fell to \$54.0 million (H1 2022-3: \$76.8 million) primarily driven by \$11.9 million reversal of CRB III accrual due to lower anticipated future retroactive payments
- Underlying net revenue (excluding CRB III accruals) up 14.0% to \$65.8 million (H1 2022-23: \$57.6 million)
- Pro-forma Annual Revenue (PFAR), which shows the gross royalty statements received or receivable within the reporting period and does not include any revenue accruals under IFRS grew 10.4% to \$64.9 million (Six months to 30 Sept 2022: \$58.8 million)
- Total dividends of 2.6250p per ordinary share paid
 - October 2023 dividend withdrawn
 - Dividends suspended for at least remainder of financial year
- Total debt of \$674.0 million as at 31 September 2023 (31 March 2023: \$648.2 million) representing 32.0% of Operative NAV (31 March 2022: 28.0%)

Operational Headlines

- Strategic Review, led by the Board, underway following rejection of the Continuation Resolution at the Company's AGM
 - Shot Tower Capital, LLC as lead adviser to conduct due diligence on the Company's assets
 - Investment Adviser invited to propose alternative terms for their future investment advisory arrangements for the Company
- Robert Naylor appointed non-executive director and Chair of Company's Board following period end; Francis Keeling and Christopher Mills appointed non-executive directors
- Sale of c.20,000 non-Core songs representing approximately 1% by value of the Company's investment portfolio sold for \$23.1 million, a 14.2% discount to the Portfolio Independent Valuer's valuation
- KPMG appointed Company's auditors

Robert Naylor, Chairman, Hipgnosis Songs Fund said:

"I am delighted to be appointed to the Board, with strong backing from shareholders. The Board are clear we are acting in their best interests.

"I am pleased with the progress made on the ongoing strategic review. The Board, through its advisers, has begun due diligence on the Company's assets with Shot Tower LLC, a specialist music rights practice, acting as lead adviser. This process will help the new Board bring forward proposals for delivering value to shareholders.

"Notwithstanding this progress, since I joined the Board there has been a regular occurrence of issues raised as a result of ongoing failures in the financial reporting and control process. Whilst we consider substantial progress has been made in identifying and rectifying these issues, we have had to suspend the dividend for at least the remainder of the year in order to ensure compliance with our banking covenants.

"The newly constructed Board are aware of multiple valuation data points. The Board, made up entirely of non-executive directors, has sought advice from the Investment Adviser, as the Company's delegated executive function, for their opinion as to the fair value of the Company's assets.

"Regrettably, the Investment Adviser initially refused to provide an opinion. While the Investment Adviser did eventually provide an opinion to the Board, it was heavily caveated. Whilst the Board sought for correspondence with the Investment Adviser on the matter to be published on the Company's website in order to provide transparency for shareholders, the Investment Adviser has refused to consent under the confidentiality clauses of the Investment Advisory Agreement.

"We note the announcement from Hipgnosis Song Management stating that they will 'continue to work in a constructive manner to support the interests of the Company and its shareholders'. On behalf of the Board, I therefore urge the Investment Adviser to provide the Board with their opinion as to the fair value of the Company assets, without caveats, such that we can provide greater certainty and transparency to our shareholders."

Results call

Dan Pounder, CFO of Hipgnosis Song Management, will be hosting a call for analysts and investors at 0830 BST on 4 January 2023.

To register to participate, please contact ir@hipgnosissongs.com.

A recording of the call will subsequently be placed on the Company's website www.hipgnosissongs.com/song-investors/

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The Chair's Statement

Introduction

This is my first report as Chairman of Hipgnosis Songs Fund, having joined the Board with Francis Keeling on 7 November 2023. Christopher Mills subsequently joined the Board on 15 December 2023. These interim results are for the half year ended 30 September 2023.

Votes against related party transaction and continuation as an investment company

At the Company's Annual General Meeting held on 26 October 2023, shareholders overwhelmingly voted against the Company continuing its business as a closed-ended investment company, with 83% voting against. Shareholders also rejected, with 84% against, a related party transaction to sell a portfolio of 29 music catalogues to Hipgnosis Songs Capital, the trading name of Hipgnosis SC IV (Delaware), a limited partnership which is majority owned by funds managed and/or advised by Blackstone. Hipgnosis Songs Capital is advised by the same investment adviser as the Company - Hipgnosis Song Management Limited ("**Hipgnosis Song Management**" or "**Investment Adviser**"), which is also majority owned by funds managed and/or advised by Blackstone.

Dividend

On 16 October 2023, the Company announced the suspension of the interim dividend of 1.3125p per share and further announced on 6 November 2023 that all dividends will be suspended for the rest of the financial year. This decision followed the identification, by the Investment Adviser of additional liabilities and certain over accruals for the prior year revenue.

The Board will act responsibly and only start paying dividends to shareholders when it believes that we can sustainably meet our banking covenants and working capital requirements.

The Board believes, based on forecasts provided by the Investment Adviser, that the Company should have sufficient headroom to operate within its banking covenants for at least the next 12 months. However, this is qualified by the continuation of issues around financial reporting and controls. For example, the Board were made aware on Friday 15 December 2023 of a drafting error in a contract, whereby the Company received notice of the exercise of a put option contained within an acquisition contract, which increased the estimated liability from \$4 million to \$25 million. The Investment Adviser sought to remedy this over the subsequent weekend by way of an amendment to the contract and the Board now understands, from the Investment Adviser, the potential liability to be in the region of \$7.5 million to \$8.5 million.

Portfolio Valuation

In spite of the positive music market and like-for-like income growth of the Company's assets, the Company's Operative NAV, which reflects the Fair Value of its assets as determined by the Independent Portfolio Valuer, has fallen 9.2%. This primarily reflects the material reduction in expectations of CRBIII and CRBIV income.

The Board are aware of multiple data points and transactions within the market which are at material discounts to the implied Fair Value of the Company's assets. Given these multiple valuation data points and the continued uncertainty in the wider macro-economic environment, the Board sought advice from Hipgnosis Song Management Limited, its Investment Adviser, which is majority owned by funds managed and/or advised by Blackstone on this matter. Hipgnosis Song Management is the Company's appointed expert on the marketplace for songs and de facto executive function, and the Board expects them to provide an opinion as to whether the Fair Value is reasonable.

Hipgnosis Song Management Limited at first declined to give an opinion but, after repeated requests from the Board, eventually provided an opinion which was heavily caveated. In the absence of further evidence or insight from the Investment Adviser, on which to base a judgement on the valuation of the Company's assets, the Board has concerns as to whether the Fair Value is reasonable.

Consequently, the Board recommends that investors use the Fair Value and the Operative NAV with a higher degree of caution and less certainty than might otherwise be attached to it as an accurate reflection of the fair value of the Company's assets. The Company confirms that the uncertainty around the Fair Value and Operative NAV has no impact on its banking covenants.

Strategic Review

As announced previously, the Board, through its advisers, have begun due diligence on the Company's assets. Shot Tower LLC, a specialist music rights practice, is acting as lead adviser.

We have requested Hipgnosis Song Management propose alternative terms for their future investment advisory arrangements of the Company during this period of due diligence. Should Hipgnosis Songs Management not propose terms which the Board believes are in the best interests of the future of the Company and its shareholders, it will explore bringing forward alternative proposals to shareholders.

I have personally met with shareholders holding, in aggregate, more than 60% of the Company's shares. There was a high degree of alignment between our diverse shareholders with two key themes becoming apparent from these meetings.

Firstly, the failure of the financial reporting and controls at the Investment Adviser. Dan Pounder, who joined as CFO of the Investment Adviser on 1 September 2023, has begun to improve financial reporting and disclosure, which has led to short-term negative impacts on reporting. This is evidenced in the additional catalogue bonus provisions of £23 million, deductions in the prior year income accrual of £12 million due to a reduction in expected CRB III receipts and a proposed change to the revenue accrual methodology for the year end which may result in an adjustment reducing annual revenue by up to 10%. The Board has faith in Dan and his ability to improve the financial reporting.

Despite this, there is some positive performance in the underlying assets which shows like-for-like revenue statement growth of 10%.

Secondly, the perceived mismanagement of the conflicts of interest, both in the recently failed sale of assets to Hipgnosis Songs Capital, a fund that is majority owned by Blackstone, at a material discount to fair value of those assets and in the terms of the Investment Advisory Agreement with Hipgnosis Song Management. This is harder to address, but we will seek to do so in the coming months.

Board Appointments

There has been significant change on the Board. Andrew Sutch, Andrew Wilkinson and Paul Burger all resigned as directors either immediately before or as a result of the vote at the Annual General Meeting. I am delighted that Christopher Mills joined the Board on 15 December 2023.

All the Directors on the Board last month bought shares in the Company in order show the alignment of the Board's interests with those of its shareholders.

Outlook

Further to the due diligence underway, we will be able to better assess the quality of the Company's assets and prospects from which to put forward proposals to shareholders for the future of the Company.

Robert Naylor

Chair
20 December 2023

Investment Adviser's Report

The Company's Portfolio as at 30 September 2023 comprised of 146 Catalogues containing 65,413 song rights acquired, as set out below.

Catalogue Name	Acquisition Date	Number of Songs (t)	Genre	Vintage	Rights purchased				
					Composition Rights		Sound Recording Rights		
					Publisher Share	Writer's Share	Masters	Producer	Neighbouring Rights
10cc	17 Oct 19	29	Rock	10+			X		
50 Cent	30 Oct 20	388	R&B	10+	X				
Al Jackson Jr	08 May 19	185	Soul	10+	X	X	X	X	X
Ammar Malik	05 Dec 19	90	R&B	3-10	X	X			
Andrew Watt	17 Feb 21	105	Pop	3-10	X	X			
Andy Marvel	23 Jul 19	740	R&B	10+		X			
Andy Wallace	31 Mar 21	1,242	Rock	10+				X	X
Ann Wilson	29 Jul 21	152	Rock	10+	X	X	X		X
Ari Levine	31 Mar 19	76	Pop	3-10	X	X			
Aristrotracks*	30 Oct 20	152	Pop	10+	X				
Arthouse	15 Nov 19	44	Pop	3-10	X				
B-52's	30 Oct 20	96	Pop	10+	X				
Barry Manilow	16 Jul 20	917	Disco	10+			X		X
Benny Blanco	02 Aug 19	93	Pop	3-10	X				
Bernard Edwards	28 Nov 18	290	Disco	10+	X	X			
Blondie	30 Jul 20	197	Rock	10+		X			X
Bob Rock	04 Dec 20	43	Rock	10+				X	
Bonnie McKee	30 Oct 20	78	Pop	10+	X	X			
Brendan O'Brien	13 Dec 19	1,855	Rock	10+				X	X
Brian Higgins	22 Jan 20	362	Dance	10+	X	X			
Brian Kennedy	14 Jun 19	101	R&B	10+	X				
Brian Kennedy (Writer Share)	23 Dec 20	139	R&B	10+		X			
Brill Building*	30 Oct 20	234	Pop	3-10	X				
Carole Bayer Sager	17 Mar 21	983	Pop	10+	X	X			
Caroline Ailin	10 Dec 20	2	Dance	3-10	X	X			

Chris Cornell	10 Aug 20	241	Rock	10+	X	X	X		X
Chrissie Hynde	10 Sep 20	162	Rock	10+	X	X			
Christian Karlsson	02 Mar 21	255	Dance	10+	X	X			
Christina Perri	30 Oct 20	68	Pop	3-10	X				X
Christine McVie	21 Jul 21	115	Rock	10+	X	X			X
Closer (J King & I Slade)	27 Jul 20	2	Dance	3-10	X	X			
Dave Sitek	31 Mar 21	230	Rock	10+	X	X			
Dave Stewart	07 May 19	1,068	Dance	10+	X	X	X	X	X
Dierks Bentley	30 Oct 20	113	Country	3-10	X				
Ed Drewett	09 Dec 19	109	Dance	3-10	X				
Editors*	30 Oct 20	64	Rock	10+	X				
Eliot Kennedy	16 Jul 20	217	Rock	10+	X	X			
Elliot Lurie	24 Aug 21	70	Pop	10+		X			
Eman	30 Oct 20	97	Pop	3-10	X	X			
Emile Haynie	13 Dec 19	122	Pop	3-10	X	X		X	X
Enrique Iglesias	30 Oct 20	157	Latin	3-10	X	X			
Eric Bellinger	12 Jul 19	242	R&B	3-10		X	X		X
Eric Stewart	02 Dec 20	255	Disco	10+		X			X
Espionage	26 Mar 21	151	Pop	10+	X	X			
Evan Bogart	30 Oct 20	229	Pop	3-10	X				
Fraser T Smith	05 Dec 19	298	R&B	3-10		X			
George Benson	30 Sep 20	107	Jazz	10+	X				
George Thorogood	30 Sep 20	40	Country	10+	X				
Giorgio Tuinfort	21 Dec 18	182	Dance	3-10	X	X			
Good Soldier*	30 Sep 20	760	Pop	3-10	X				
Greg Wells	10 Feb 20	11	Pop	3-10				X	X
Happy Perez	31 Mar 21	192	R&B	3-10	X	X			
Holy Ghost	30 Sep 20	62	Dance	3-10	X				
Ian Kirkpatrick	29 Jul 20	137	Pop	3-10	X	X			
Itaal Shur	31 Jan 19	209	Latin	10+	X	X			X
Ivor Raymonde	13 Aug 20	505	Soul	10+	X	X			
J-Kash	30 Sep 20	90	Pop	3-10	X				
Jack Antonoff	05 Dec 19	188	Rock	3-10	X	X			
Jamie Scott	15 May 19	144	Pop	3-10	X	X			
Jaron Boyer	05 Nov 19	109	Country	3-10	X	X			
Jason Ingram	10 Jul 19	462	Christian	3-10	X	X			
Jeff Bhasker	11 Dec 19	436	Pop	3-10				X	X
Jimmy Iovine	24 Dec 20	259	Rock	10+				X	
Joel Little	24 Dec 20	178	Rock	3-10	X	X			
John Newman	05 Nov 19	47	Dance	3-10	X	X			
John Rich	30 Sep 20	7	Country	3-10	X				
Johnny McDaid	11 Dec 19	164	Rock	3-10	X	X			
Johnta Austin	22 Mar 19	249	R&B	3-10	X	X			
Jon Bellion	14 Jun 19	180	Pop	10+	X	X			
Jonathan Cain	28 Feb 20	216	Rock	10+	X	X			
Jonny Coffer	28 Feb 20	85	Pop	3-10	X	X			

Jordan Johnson	22 Jul 21	58	Pop	3-10	X	X			
Journey (Masters)	10 Jan 20	389	Rock	10+			X		
Journey (Publishing)	21 Oct 19	103	Rock	10+	X				
Julian Bunetta	16 Sep 20	188	Pop	3-10	X				
Kaiser Chiefs (Masters)	09 Dec 19	48	Rock	10+			X		
Kaiser Chiefs	15 Jul 21	136	Rock	10+		X			X
Kevin Godley	23 Sep 20	358	Rock	10+		X			X
Kojak	30 Sep 20	148	Pop	3-10	X	X			
LA Reid	30 Sep 20	162	R&B	10+	X	X			
Lateral**	30 Sep 20	248	Pop	3-10	X				
Lindsey Buckingham	24 Dec 20	161	Rock	10+	X	X			
Lindsey Buckingham (Kobalt)	30 Sep 20	174	Rock	10+	X				
LunchMoney Lewis	30 Sep 20	116	R&B	3-10	X	X			
Lyric Catalogue	17 Jun 19	571	R&B	10+	X			X	
Lyrica Anderson	30 Sep 20	96	R&B	3-10	X				
Madcon	30 Sep 20	173	R&B	3-10	X	X			
Mark Batson	30 Sep 20	210	R&B	10+	X				
Mark Ronson	14 Apr 20	315	Pop	3-10	X	X			
Martin Bresso	31 Mar 21	51	Pop	3-10	X	X			
Michael Knox	28 May 19	110	Country	3-10				X	X
Mobens*	30 Sep 20	1,034	Pop	3-10	X				
Nate Ruess	30 Sep 20	59	Pop	3-10	X				
Neal Schon	20 Jun 19	357	Rock	10+	X	X			
Neil Young	23 Dec 20	590	Rock	10+	X				
Nelly	15 Dec 20	240	R&B	10+			X		X
Nelly (Kobalt)	30 Oct 20	145	R&B	10+	X				
Nettwerk**	30 Sep 20	25,259	Pop	3-10	X				
Nikki Sixx	03 Sep 20	305	Rock	10+			X		X
NO I.D.	24 Jul 20	273	R&B	3-10	X	X			
Paul Barry	18 Mar 21	510	Pop	10+	X	X			
Poo Bear	21 Nov 18	214	Pop	3-10	X	X			
PRMD*	30 Sep 20	335	Dance	3-10	X			X	
Pusha T	24 Jul 20	238	Hip-Hop	3-10	X	X			X
Rainbow	15 Jan 19	15	Rock	10+				X	
Rebel One	10 Jan 20	157	Dance	3-10	X				
Red Hot Chili Peppers	14 Jul 21	220	Rock	10+	X	X			
RedOne	16 Jul 20	334	Pop	10+	X	X		X	X
Rhett Akins	23 Jul 21	564	Country	3-10	X	X			
Richie Sambora	04 Mar 20	186	Rock	10+	X	X			
Rick James	18 Sep 20	97	R&B	10+	X	X	X	X	X
Rico Love	26 Feb 19	245	R&B	3-10			X		
Rob Hatch	30 Sep 20	167	Country	3-10	X	X			
Robert Diggs "RZA"	12 Aug 20	814	R&B	10+	X	X			
Rock Mafia	30 Sep 20	393	Pop	10+	X				
Rodney Jerkins	16 Jul 20	982	R&B	10+	X	X			
Sacha Skarbek	20 Nov 20	303	Pop	10+	X	X			

Sam Hollander	31 Mar 19	499	Pop	3-10	X	X			
Savan Kotecha	18 Dec 19	49	R&B	3-10	X	X			
Savan Kotecha (Kobalt)	30 Sep 20	354	R&B	3-10	X	X			
Scott Cutler	24 Sep 20	111	Pop	10+	X	X			
Scott Harris	10 Jan 20	129	Dance	3-10	X				
Sean Garrett	21 Mar 19	588	R&B	3-10	X	X			
Shakira	24 Dec 20	145	Latin	3-10	X	X			
SK Music	30 Sep 20	23	Pop	3-10	X	X			
Skrillex	30 Sep 20	153	Dance	3-10	X				
Starrah	25 Apr 19	73	R&B	3-10	X	X			
Stefan Johnson	22 Jul 21	58	Pop	3-10	X	X			
Stereoscope*	30 Sep 20	456	Pop	3-10	X				
Steve Robson	17 Sep 20	1,034	Country	3-10			X	X	X
Steve Winwood	30 Sep 20	215	Pop	10+	X				
Teddy Geiger	12 Apr 19	6	Pop	3-10	X				
Tequila	30 Sep 20	1	Country	10+	X				
The Chainsmokers	22 Aug 19	42	Dance	3-10	X	X			
The-Dream	13 Jul 18	302	R&B	10+	X	X		X	
Third Day	30 Sep 20	212	Christian	3-10	X				
Timbaland	10 Oct 19	108	R&B	10+			X	X	X
Timeflies*	30 Sep 20	80	Dance	3-10			X		
TMS	17 Dec 18	121	Pop	3-10	X				
Tom DeLonge	23 Dec 19	157	Rock	10+	X	X			
Tricky Stewart	17 Dec 18	121	R&B	10+	X	X			
Tricky Stewart (Masters)	27 Nov 20	95	R&B	10+				X	X
Walter Afanasieff	30 Sep 20	213	Pop	10+	X				
Wayne Wilkins	30 Sep 20	113	Pop	10+	X	X			
Yaslina	30 Sep 20	73	Pop	10+	X	X			

* Catalogue included in Second Disposal

** Catalogue partially included in Second Disposal

t Interest in Songs and/or recording rights. Ownership dependent on terms of acquisition

PFAR by Catalogue

The below table shows PFAR by Catalogue for the top 58 Catalogues, this represents 80% of total PFAR for the six months to 30 September 2023.

Catalogue Name	Genre	Vintage	Six months to 30 September 2021 \$	Six months to 31 March 2022 \$	Six months to 30 September 2022 \$	Six months to 31 March 2023 \$	Six months to 30 September 2023 \$
Red Hot Chili Peppers	Rock	10+	1,867.5	3,261.7	3,237.1	4,781.4	4,693.8
Nettwerk	Pop	3-10	2,888.9	3,300.3	2,783.7	4,066.8	4,273.4
RedOne	Pop	10+	1,305.3	1,854.5	1,985.2	2,624.3	2,867.9
Journey (Masters)	Rock	10+	1,758.6	1,877.1	1,634.9	1,832.2	1,654.2
Shakira	Latin	10+	1,387.3	1,130.1	1,407.2	1,349.8	1,639.8
50 Cent	R&B	10+	795.8	889.5	985.9	1,728.4	1,574.6
The Chainsmokers	Dance	3-10	1,173.7	1,324.4	1,280.8	1,555.3	1,245.5
Rick James	R&B	10+	558.3	617.7	716.7	838.4	1,222.4
Richie Sambora	Rock	10+	713.0	1,016.0	933.8	1,338.3	1,147.8
Neil Young	Rock	10+	297.6	769.7	1,015.8	1,223.6	1,136.7
Joel Little	Rock	3-10	1,290.5	1,320.1	1,308.4	1,477.1	1,124.8
Ari Levine	Pop	10+	755.0	841.5	1,062.9	1,099.9	1,104.5
Dave Stewart	Dance	10+	831.2	1,166.2	935.1	1,022.6	1,100.3
Christine McVie	Rock	10+	550.4	1,055.5	1,100.0	1,002.1	1,082.3
Johnny McDaid	Rock	3-10	874.2	883.7	894.3	1,582.0	1,040.7
Rodney Jerkins	R&B	10+	511.8	716.8	822.3	923.9	1,028.0
Chris Cornell	Rock	10+	932.2	1,102.6	1,166.4	796.4	948.2
The-Dream	R&B	10+	729.0	810.6	892.1	920.8	901.1
Lindsey Buckingham (Kobalt)	Rock	10+	2,081.6	1,066.3	851.5	994.4	877.1
Mark Ronson	Pop	3-10	925.1	1,013.9	765.3	897.1	870.4
Steve Winwood	Pop	10+	560.4	574.7	630.5	839.6	858.2

Andrew Watt	Pop	3-10	1,230.2	1,255.1	904.8	915.0	834.5
Bernard Edwards	Disco	10+	514.1	569.4	782.1	608.4	811.5
Savan Kotecha	R&B	3-10	805.3	829.6	739.4	961.7	805.6
Jack Antonoff	Rock	3-10	748.3	798.7	839.9	936.3	798.0
Enrique Iglesias	Latin	3-10	490.6	590.7	636.3	901.0	797.4
Jonathan Cain	Rock	10+	696.1	899.0	888.0	929.4	773.2
Starrah	R&B	3-10	436.0	716.0	562.6	542.3	759.9
Tricky Stewart	R&B	10+	554.5	568.4	747.1	667.1	718.0
Brendan O'Brien	Rock	10+	574.4	740.2	638.1	606.0	717.2
Jeff Bhasker	Pop	3-10	642.9	624.4	669.2	578.7	649.1
Julian Bunetta	Pop	3-10	333.2	413.5	353.7	242.0	639.7
Tom DeLonge	Rock	10+	382.6	475.3	518.1	536.2	629.7
B-52's	Pop	10+	288.6	357.7	377.3	342.0	597.3
Giorgio Tuinfort	Dance	10+	394.7	509.0	623.3	516.2	587.2
Andy Wallace	Rock	10+	416.3	521.8	585.2	440.5	579.7
Benny Blanco	Pop	3-10	771.0	755.2	590.1	626.8	567.1
Good Soldier	Pop	3-10	410.0	639.6	456.7	555.7	565.9
Emile Haynie	Pop	3-10	441.8	782.0	619.5	571.9	564.0
Timbaland	R&B	10+	332.6	437.2	432.6	472.5	526.2
Neal Schon	Rock	10+	411.2	1,061.1	579.0	782.6	479.4
Happy Perez	R&B	10+	325.4	507.5	359.6	352.9	470.2
Nelly	R&B	10+	400.4	406.3	481.1	493.4	468.3
Ammar Malik	R&B	3-10	419.1	544.6	504.0	675.1	459.2
Jamie Scott	Pop	3-10	597.9	595.7	584.2	590.1	457.8

Christina Perri	Pop	10+	347.6	430.4	375.6	518.0	452.3
Skrillex	Dance	10+	389.9	475.9	402.4	893.4	443.0
Paul Barry	Pop	10+	107.8	0.2	486.5	479.8	439.1
Blondie	Rock	10+	281.7	381.7	409.3	513.4	437.6
Nikki Sixx	Rock	10+	328.5	346.5	370.2	426.1	431.5
Walter Afanasieff	Pop	10+	310.5	324.8	401.5	328.1	430.8
Lateral	Pop	3-10	255.3	308.5	326.8	325.6	412.5
Chrissie Hynde	Rock	10+	585.3	478.3	377.1	453.7	398.3
Rock Mafia	Pop	10+	333.7	314.0	327.5	467.7	389.2
Sam Hollander	Pop	3-10	514.6	821.3	486.9	619.8	368.5
Other Catalogues			13,920.1	15,396.0	13,727.7	14,848.5	12,966.7
Total PPAR			52,780.0	61,468.5	58,573.4	67,612.1	64,817.4

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 Catalogues of Songs are held at net book value (cost less accumulated amortisation and accumulated impairment), and an Operative NAV which adjusts the net book value of the Company's Catalogues to reflect their Fair Value, as determined by the Portfolio Independent Valuer. The IFRS Net Asset Value (NAV) per share as at 30 September 2023 was \$1.1012, which is a 7.2% decrease from \$1.1863 as at 31 March 2023.

The Board and the Investment Adviser consider that the most relevant NAV for Shareholders is the Operative NAV. The Operative NAV per share decreased by 9.2% to \$1.7392 at 30 September 2023 (31 March 2023: \$1.9153), driven primarily by a 6.4% decrease in the Fair Value of the Portfolio. This, together with the dividends, of 22.94p (29.55¢), takes Total NAV Return (\$) to Shareholders to 56.7% since the IPO on 11 July 2018.

Operative NAV Bridge

From 1 April 2023 to 30 September 2023

	\$'m	Per share (\$)
Opening Operative NAV	2,316.0	1.9153
Loss for the period	(63.2)	(0.0523)
Amortisation and impairment during the period	69.1	0.0572
Dividends paid during the period	(39.8)	(0.0329)
Decrease in Fair Value of Catalogues	(179.1)	(0.1481)
Closing Operative NAV	2,103.0	1.7392

Based on the Sterling to Dollar exchange rate at 30 September 2023 of 1.221, the Operative NAV per share presented in Sterling is 142.49p per share (31 March 2023: 154.91p based on Sterling to Dollar exchange rate of 1.236). As at 19 December 2023, the Operative NAV per share presented in Sterling would be 136.53p per Share (GBP: USD 1.274).

Fair Value of the Portfolio

The Fair Value is determined by the Portfolio Independent Valuer, Citrin Cooperman. The Fair Value of the Portfolio decreased by 6.4% to \$2.62 billion (31 March 2023: \$2.80 billion).

	\$'m
Fair Value of Portfolio at 31 March 2023	2,802.8
CRB III and CRB IV adjustments	(155.0)
Alternative platform licensing adjustment	(4.1)
FX rate adjustment	1.5
35-year rule reversions	(47.5)
Other	24.3
Fair Value of Portfolio at 30 September 2023	2,622.0

The main drivers of the change in the Fair Value of the Portfolio are:

- A \$155.0 million reduction as a result of the Portfolio Independent Valuer's lower estimate of CRB III retroactive payments (2018-2022) and future CRB IV (2023-2027) cash flows;
- A \$47.5 million reduction, reflecting potentially reduced future cash flows a result of the US "35-year rule", where artists can request reversion of their US creative copyrights (composition or sound recording) 35 years after a contractual grant of rights. This primarily impacts Catalogues bought as part of the Kobalt Fund 1 acquisition;
- A \$4.1 million impact due to reduced cash flow expectations from alternative platform licensing (licensing on social media, gaming and other emerging platforms including TikTok); and
- A \$24.3 million increase in value due to changes in subscription pricing of the DSPs, improved baselines and changes to applied future growth rates.

The Portfolio Independent Valuer applied an 8.5% discount rate (31 March 2023: 8.5%), based on a weighted average cost of capital using 50% equity: 50% debt capital structure; this models the cost of equity at 9.87%. and the cost of debt at 7.13%. A sensitivity table is set out in Note 5 of the Financial Statements.

Citrin Cooperman, the Portfolio Independent Valuer:

- One of the largest valuation providers in the music transactions marketplace;
- Conducts the valuations of many music publishing and recorded music assets on behalf of buyers, sellers and lenders;
- Conducts the annual valuations of most of the major public and private music funds;
- Values the Fair Value of Hipgnosis Songs Fund twice a year;

Citrin Cooperman's Valuation Methodology

In determining the Fair Market value of the Portfolio, Citrin Cooperman ("CC"), adopts an income approach utilising a Discounted Cash Flow (DCF) method which determines the value of the Portfolio based on converting anticipated future economic benefits into a present single amount. It considers the expected growth and timing of the benefits, the risk profile of the benefits stream and the time value of money.

The key inputs to their DCF methodology include:

Determining a baseline value: This is the earnings benchmark, applied on a per income type, per catalogue basis, against which growth rates are applied. The baseline value, which is taken from royalty statements, is typically the prior year's earnings with the exception of synch, where, for the most part, an average of the prior two years is taken, given the variable earnings of the Synch business. Adjustments to these assumptions are made by the team at Citrin Cooperman dependent on Catalogue-specific activity, which may include settlements, audits, black box payments and changes in administration rates, amongst others.

The revenue provided does not consider any future ability of the Company's active management to enhance Catalogue revenues.

Applying growth rates: For Catalogues that contain significant new releases CC has developed lifecycle growth rates per major income stream that are applied on a per song basis for significant titles and are then weighted, based on each song's earnings contribution within each revenue stream. For Catalogues without significant new releases, referred to as "steady state" Catalogues by CC, growth rates from a low, mid or high tier are applied on a per income type, per catalogue basis that decline from an initial growth rate to a terminal growth rate over the period according to modelled growth curves. The selection of the growth tier applied to each Catalogue for each of its income types is determined by that Catalogue's historical earning trends.

Other considerations used by CC in developing their model for anticipated future cashflows include expectations from Alternative Platform Licensing (APL), such as TikTok, Facebook and Peloton, and adjustments required to earlier periods related to settlements, black box payments or other non-recurring payments.

Discount Rate: The other key assumption used by CC is the discount rate which it has maintained at 8.5% (31 March 2023: 8.5%). Citrin Cooperman has consistently taken a long-term view on interest rates. CC determine the discount rate using a modelled weighted average cost of capital (WACC) based on a 50:50 equity debt capital structure, with a derived cost of equity of 9.87% and a derived cost of debt of 7.13% utilizing third party data sources to support their calculation.

The Portfolio Independent Valuer reviews the discount rate regularly and will adjust the discount rate if it considers it appropriate. A 0.5% increase in the discount rate to 9.0% would result in a decrease to the Fair Value of the Catalogue of 7.8% (\$203.5 million). Sensitivities relating to the discount rate, applied growth rates and the terminal growth rate are set out further in Note 5 of the financial statements.

Revenue

Total revenue from continuing operations decreased to \$63.2 million (six month period ended 30 September 2022: \$86.4 million) and Net revenue from continuing operations decreased to \$54.0 million (six month period ended 30 September 2022: \$76.8 million). The main driver for the revenue reduction is the de-recognition of part of the CRB accruals recognised in the prior year.

In the prior period, following the confirmation of the CRB III settlement for the Songwriters' mechanical portion of US Streaming income, a retroactive accrual for these payments was made totalling \$19.2 million. This accrual was increased to \$21.7 million as at 31 March 2023.

As a result of the Portfolio Independent Valuer materially reducing its previous expectations across the industry, the Company now expects to receive significantly lower retroactive payments in relation to CRB III and therefore reduced this retroactive accrual in the reporting period to \$9.9 million, decreasing Net revenue from continuing operations by \$11.8 million.

Excluding these CRB III accruals, the Company saw an increase in IFRS adjusted Net revenue from continuing operations of \$8.2 million, 14.2% period-on-period. This increase is due to higher royalty statements received in the period which reflects an underlying increase in consumption of the Company's music.

Accrued Income

Accrued income as at 30 September 2023 was \$121.5 million on a gross basis (31 March 2023: \$126.2 million). Within this balance is the CRB III retroactive accrual of \$9.9 million (31 March 2023: \$21.7 million). The Company is exploring refinements to the methodology adopted in the revenue accrual estimation process for the year end results with an aim to bring consistency to the description of IFRS revenue and the Pro Forma Annual Revenue measure through the use of granular data in the underlying calculations, to support an improved estimation process and enhanced disclosures.

Hipgnosis Songs Group revenue

Hipgnosis Songs Group LLC (HSG) is an operating company within the Fund which carries out both administration and frontline publishing business activities. As such, a high proportion of its revenue is paid out to artists as royalty costs.

We set out Hipgnosis Songs Group LLC's (HSG) standalone Statement of Profit and Loss in Note 19; below we provide the revenue split by income stream. HSG's Net revenue has declined to \$2.8 million (six month period ended 30 September 2022: \$3.5 million) reflecting a lower margin revenue mix. A breakdown of Total revenue and Net revenue is presented below.

HSG revenue split by income stream	Six months to 30 September 2023 \$'m	Six months to 30 September 2022 \$'m	Variance %
Catalogues within the Portfolio reverted to administration at HSG	9.4	7.0	34.3
Third party administration income	6.1	7.0	(12.9)
Frontline publishing income	3.9	4.9	(20.4)
HSG Total revenue	19.4	18.9	2.6
Royalty cost	(16.6)	(15.4)	7.8
HSG Net revenue	2.8	3.5	(20.0)

Pro Forma Annual Revenue (PFAR)

Given the multiple non-recurring elements captured within IFRS revenue, to provide Shareholders with an understanding of the like-for-like performance of the Company's revenue, the Company presents the Pro Forma Annual Revenue (PFAR) performance measure. This shows the gross royalty statements received or receivable within the reporting period and does not include any revenue accruals under IFRS. Although not directly reconcilable with IFRS revenue, 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 period end.

PFAR is set out by income type for the six month period ended 30 September 2023 against the comparative period below. PFAR does not include any income from HSG (\$2.8 million in the reporting period) but does include PFAR relating to the Second Disposal of \$4.4 million (six month period ended 30 September 2022: \$3.1million).

PFAR split by income type ¹	¹ Six months to 30 September 2023 \$'m	^{1,2} Six months to 30 September 2022 \$'m	Variance %
Streaming	26.6	23.2	14.7
Synchronisation	9.8	10.0	(2.0)
Performance	14.2	12.8	10.9
Mechanical	2.5	2.5	–
Digital downloads	1.2	1.3	(7.7)
Settlement and other	2.1	1.1	90.9
Total Publishing Income	56.4	50.9	10.8
Masters ³	8.5	8.1	4.9
Total PFAR	64.9	59.0	10.0

1 This shows the royalty statements received or receivable within the reporting period.

2 Restated to reflect actual statements received or receivable in the prior period.

3 Masters income includes Artist Royalties, Producer Royalties and Neighbouring Rights.

4. PFAR for the 12 months to 30 September 2023 increased by 10.2% year-on-year to \$132.6 million (30 September 2022: \$120.3 million).

Streaming revenues increased by 14.7% period-on-period, comparing favourably with the +11% growth in US streaming revenue as reported by the RIAA. Synchronisation has seen a small decline in income by 2.0% in part reflective of the challenges created by the writers and actors strike which impacted licensing for part of this period. Performance income grew

strongly with 10.9% period-on-period growth with mechanical income remaining consistent period-on-period. Digital downloads continued a downward trend as streaming dominates the user consumption market with a 7.7% decrease period-on-period.

Whilst the majority of our revenue is derived from our music composition rights, the Company also receives revenues from Sound Recording Rights, which includes both Masters and Producers. These combined revenues increased by 4.9% period-on-period, from \$8.1 million to \$8.5 million.

Costs and EBITDA

Operating expenses

Operating expenses from continuing operations increased 25.4% year-on-year to \$117.7 million for the six month period ended 30 September 2023 (six month period ended 30 September 2022: \$93.9 million).

The increase is driven by the recognition of a further Catalogue bonus provision of \$26.5 million, discussed below, and impairment of Catalogues of Songs of \$15.2 million as the application of the Company's asset impairment policy identified seven Catalogues that required impairment.

Exceptional transaction costs of \$5.7 million relating to legal and professional fees in relation to the proposed asset sales announced on 14 September 2023 were also incurred; these are materially lower than the \$13.9 million anticipated at the time the transaction was announced since a high proportion of the fees were contingent on shareholders approving the transaction.

HSG's operating costs increased to \$5.6 million (six month period ended 30 September 2022: \$5.5 million). See Note 19 for a standalone Statement of Profit and Loss for HSG.

Fees related to the payment of an aborted deal totalling \$1.0 million were paid in the reporting period in addition to further minor costs. Whilst the Company is not attempting any new acquisitions, no further aborted deal costs will be incurred.

The increase in operating expenses is offset by a \$19.7 million fair value gain recognised on the Company's held for trading derivative financial instruments.

Adjusted operating costs less interest expense decreased by 1.9% to \$14.3 million (six month period ended 30 September 2022: \$14.5 million). This is primarily a result of the reduction to the Advisory fee of 20.1% year-on-year to \$5.4 million during the period (six month period ended 30 September 2022: \$6.8 million), which decreased due to the Company's lower share price during the period. Ongoing Charges as a percentage of the average Operative NAV decreased to 1.19% for the six month period ended 30 September 2023 (six month period ended 30 September 2022: 1.23%).

Catalogue Bonus Provision

Catalogue bonuses are paid to Songwriters when performance hurdles, defined in the catalogue acquisition agreements, are met. The decision of the Company to recognise a Catalogue bonus provision is based on the probability that expected future performance will achieve the defined performance hurdles (see Note 10).

During the six month period ended 30 September 2023, the Company has recognised a further \$26.5 million Catalogue bonus provision relating to six Catalogues. The Company also released Catalogue bonus provisions of \$3.3 million relating to two Catalogues where the performance hurdles were not achieved. The Company paid \$0.1 million of Catalogue bonus provision during the six months to 30 September 2023. This brings the total Catalogue bonus provision to \$68.1 million across 10 Catalogues.

The movement in the Catalogue bonus provision during the reporting period during the six months to 30 September 2023 is presented below:

	\$'m
At 1 April 2023	45.0
Increase in provision recognised	26.5
Payments during the period	(0.1)
Release of provision previously recognised	(3.3)

In addition to the 10 Catalogues in its Portfolio that have a Catalogue bonus provision, there are a further 19 Catalogues that have an active Catalogue bonus clause which the Company considers are unlikely to meet their performance hurdles. These 19 Catalogues have theoretical bonus provisions totalling \$75.2 million (31 March 2023: nil) and are considered contingent liabilities; Note 10 provides associated sensitivity analysis.

EBITDA

EBITDA from continuing operations for the six month period ended 30 September 2023 decreased by 36.2% to \$39.7 million (six month period ended 30 September 2022: \$62.3 million), primarily reflecting the reduction of the CRB III retroactive active accrual in net revenue.

Leverage

Total debt, as defined within the Alternative Performance Measures, increased to \$674.0 million at 30 September 2023 (31 March 2023: \$648.2 million) as a result of an increase in Catalogue bonus provisions of \$23.1 million, a drawdown from the RCF facility of \$4.0 million in July 2023, offset by a reduction in PRO advances of \$1.3 million.

Under the Investment Policy, total debt of the Company should not exceed 30% of the Operative NAV, equivalent to \$630.9 million as at 30 September 2023 (31 March 2023: \$694.8 million). During the period the Company exceeds this threshold, no further drawn downs can be made from the RCF. The current ratio of total debt to Operative NAV is 32.0% (31 March 2023: 28.0%).

In order to mitigate interest rate risk and provide certainty over interest payments, the Company holds interest rate swap agreements. Since 3 January 2023, \$340 million has been hedged for the duration of the RCF (until 30 September 2027) at a fixed rate of 5.67% (including debt margin); a further \$200 million is hedged until 3 January 2026 at a fixed rate of 5.89% (including debt margin).

Interest rate swap agreements hedged \$540 million at a blended rate of 5.75%, including debt margin, for a weighted average life of 4.26 years, starting from 3 January 2023. These interest rate hedging contracts are not subject to margin calls in the event of movements in underlying interest rates. The Company received \$2.7 million income on the executed interest rate swaps which, when netted against our interest payments, results in net interest paid of \$18.3 million (six month period ended 30 September 2023: \$15.0 million). The increase in net interest paid over the period is due to an increase in the effective interest rate. There was a fair value gain recognised on the remaining interest rate swaps of \$21.1 million at 30 September 2023 as a result of their mark-to-market value at that date.

Foreign Exchange Hedge

The Company holds a series of US Dollar to Sterling foreign exchange forward contracts to limit its exposure to foreign exchange rate risk and to provide certainty on the US Dollar value of future Sterling dividend payments. This rolling hedging strategy implemented by the Board ensures there are up to £50 million of forward contracts in place.

During the period, the Company realised a gain of \$3.2 million on the executed foreign exchange forward contracts. As at 30 September 2023, the Held for Trading derivative financial asset relating to the foreign exchange forward contract is \$0.2 million.

Dividends

Dividends paid in the period of \$39.8 million related to the periods ended December 2022 (paid 28 April 2023) and March 2023 (paid 28 July 2023); this was covered 1.38x by available Distributable Revenues.

On 21 September 2023, the Company declared an interim dividend of 1.3125 pence per share for the period ended 30 June 2023. This dividend was subsequently withdrawn on 16 October 2023 to ensure on-going compliance with the RCF's Fixed Charge Coverage Ratio. This was due to the Portfolio Independent Valuer materially reducing expectations of the CRB III retroactive payments for the period covering 2018-2022 resulting in the Company partially reversing its CRB III retroactive active accrual to \$9.9 million from \$21.7 million as at 31 March 2023, thereby materially reducing its EBITDA for the reporting period. The Board has determined that it will not declare dividends before the new financial year.

EPS

EPS from continuing operations for the six month period ended 30 September 2023 is (5.27¢) (six month period ended 30 September 2022: (1.72¢)); the reduction to EPS is set out in the below table:

EPS Bridge	Cents per share
Opening EPS from continuing operations at 1 October 2022	(1.73)
Reduction in Net Revenue	(1.89)
Reduction in Operating Expenses (excluding the below)	0.62
1. Exceptional transaction costs	(0.48)
2. Increase in Catalogue bonus provision	(1.62)
3. Increase in Impairment of Catalogues of Songs	(1.09)
4. Increase in loan interest	(0.71)
5. Fair value gain on held for trading derivative financial instruments	1.63
Closing EPS from continuing operations at 30 September 2023	(5.27)

As set out previously, the reduction in Net Revenue is primarily due to the reduction in the CRB III accrual held at 30 September 2023.

Adjusted EPS from continuing operations, as defined within the Alternative Performance Measures, which primarily removes the impact of Catalogue amortisation, Catalogue bonus provision, impairment and the fair value gain on held for trading derivative financial instruments is 1.37 cents (six month period ended 30 September 2022: 3.63 cents).

Sale of non-core assets

On 14 September 2023, the Company announced the sale of a portfolio of non-core songs, subject to completion of legal documentation and the consent of the Company's lending banks, known as the Second Disposal. As this sale is not conditional on Shareholder approval and meets the requirements of IFRS 5, the Second Disposal is presented as a discontinued operation in the Condensed Consolidated Profit and Loss account for the six month period ended 30 September 2023 and a Held for Sale disposal group in the Condensed Consolidated Balance Sheet as at 30 September 2023.

The large majority of this transaction completed as set out in the announcement of 11 December 2023.

The profit for the period from discontinued operations is \$0.6 million (six month period ended 30 September 2022: \$0.8 million). See Note 20 for further detail on the Second Disposal.

Merck Mercuriadis

CEO, Hipgnosis Song Management Ltd.

20 December 2023

Condensed Consolidated Statement of Profit and Loss

For the six months ended 30 September 2023 (unaudited)

	Notes	1 April 2023 to 30 September 2023 \$'000	1 April 2022 to 30 September 2022 \$'000
Income			
Total revenue	12	63,200	86,392
Interest income		263	40
Royalty costs		(9,485)	(9,634)
Net revenue from continuing operations		53,978	76,798
Expenses			
Advisory and performance fees	15	(5,398)	(6,760)
Administration fees		(212)	(300)
Legal and professional fees		(1,711)	(1,728)
Audit fees		(571)	(189)
Brokers' fees		(115)	(94)
Directors' remuneration	15	(324)	(324)
Subscriptions and licences		(204)	(383)
Other operating expenses	13	(5,949)	(6,020)
Exceptional transaction costs	20	(5,747)	–
Movement in Catalogue bonus provision		(23,257)	(3,689)
Movement in ECL provision for HSG advances		(42)	375
Amortisation of Catalogues of Songs	5	(53,947)	(55,110)
Impairment of Catalogues of Songs	5	(15,194)	(2,007)
Amortisation of borrowing expenses	8	(620)	(1,001)
Fixed asset depreciation		(247)	(30)
Loan interest	8	(23,052)	(14,473)
Fair value gain on held for trading derivative financial instruments	18	19,652	–
Net loss from joint ventures		(446)	(48)
Foreign exchange losses		(280)	(2,083)
Operating expenses		(117,664)	(93,864)
Operating loss for the period before taxation		(63,686)	(17,066)
Taxation	4	(78)	(3,815)
Loss for the period from continuing operations		(63,764)	(20,881)
Profit for the period from discontinued operations	20	563	791
Total loss for the period		(63,201)	(20,090)
From loss for the period from continuing operations			
Basic Earnings per Share (cents)	16	(5.27)	(1.72)
Diluted Earnings per Share (cents)	16	(5.27)	(1.72)
From total loss for the period			
Basic Earnings per Share (cents)	16	(5.23)	(1.66)
Diluted Earnings per Share (cents)	16	(5.23)	(1.66)

The accompanying notes form an integral part of these Condensed Consolidated Financial Statements.

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 September 2023 (unaudited)

	1 April 2023 to 30 September 2023 \$'000	1 April 2022 to 30 September 2022 \$'000
	Notes	
Loss for the period	(63,201)	(20,090)
Other comprehensive income:		
Movement in foreign currency translation reserve	(3)	(307)
	(3)	(307)
Total comprehensive income for the period	(63,204)	(20,397)

The accompanying notes form an integral part of these Condensed Consolidated Financial Statements.

Condensed Consolidated Statement of Financial Position

As at 30 September 2023

	Notes	30 September 2023 (Unaudited) \$'000	31 March 2023 (Audited) \$'000
Assets			
Catalogues of Songs	5	1,824,675	1,921,248
Other assets		684	917
Goodwill		272	272
Non-current receivables	6	9,900	13,210
Non-current assets		1,835,531	1,935,647
Trade and other receivables	6	132,430	139,999
Held for trading derivative financial asset	18	15,239	4,914
Assets of disposal group held for sale	20	32,156	–
Cash and cash equivalents	7	34,336	37,965
Current assets		214,161	182,878
Total assets		2,049,692	2,118,525
Liabilities			
Loans and borrowings	8	599,048	594,428
Catalogue bonus provision	10	39,604	33,080
Non-current liabilities		638,652	627,508
Held for trading derivative financial liability	18	–	3,395
Catalogue bonus provision	10	28,525	11,962
Liabilities of disposal group held for sale	20	125	–
Other payables and accrued expenses	9	50,861	41,126
Current liabilities		79,511	56,483
Total liabilities		718,163	683,991
Net assets		1,331,529	1,434,534
Equity			
Share capital	11	1,692,198	1,692,198
Foreign currency translation reserve		(2,244)	(2,241)
Treasury share reserve	11	(1,961)	(1,961)
Retained earnings		(356,464)	(253,462)
Total equity attributable to the owners of the Company		1,331,529	1,434,534
Number of Ordinary Shares in issue at period end		1,209,214,286	1,209,214,286
IFRS Net Asset Value per Ordinary Share (cents)	17	110.12	118.63
Operative Net Asset Value per Ordinary Share (cents)	17	173.92	191.53

Approved and authorised for issue by the Board of Directors on 20 December 2023 and signed on their behalf by:

Robert Naylor Chair

Cindy Rampersaud Director

The accompanying notes form an integral part of these Consolidated Financial Statements.

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2023 (unaudited)

	Notes	Number of Ordinary Shares	Share capital \$'000	Foreign currency translation reserve \$'000	Treasury reserve \$'000	Retained earnings* \$'000	Total equity \$'000
As at 1 April 2023		1,209,214,286	1,692,198	(2,241)	(1,961)	(253,462)	1,434,534
Dividends paid	14	–	–	–	–	(39,801)	(39,801)
Loss for the year		–	–	–	–	(63,201)	(63,201)
Foreign currency translation reserve movement		–	–	(3)	–	–	(3)
As at 30 September 2023		1,209,214,286	1,692,198	(2,244)	(1,961)	(356,464)	1,331,529

* Distributable Revenues arising during the period were \$11.4 million which, taken together with the \$43.4 million of Distributable Revenue reserves carried forward from the previous financial year ended 31 March 2023 less dividends paid during the period, result in available Distributable Revenues of \$15.0 million as at 30 September 2023.

For the six months ended 30 September 2022 (unaudited)

	Notes	Number of Ordinary Shares	Share capital \$'000	Foreign currency translation reserve \$'000	Treasury reserve \$'000	Retained earnings (Restated*) \$'000	Total equity \$'000
As at 1 April 2022		1,211,214,286	1,692,198	(2,235)	–	(107,564)	1,582,399
Dividends paid	14	–	–	–	–	(19,312)	(19,312)
Loss for the year		–	–	–	–	(20,090)	(20,090)
Foreign currency translation reserve movement		–	–	(307)	–	–	(307)
As at 30 September 2022		1,211,214,286	1,692,198	(2,542)	–	(146,966)	1,542,690

* Refer to Note 2(e) for further detail on the prior period restatement.

The accompanying notes form an integral part of these Condensed Consolidated Financial Statements.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2023 (unaudited)

	Notes	1 April 2023 to 30 September 2023 \$'000	1 April 2022 to 30 September 2022 \$'000
Cash flows generated from operating activities			
Operating loss for the period from continuing operations before taxation		(63,686)	(17,066)
Operating profit for the period from discontinuing operations before taxation	20	563	791
Adjustments for:			
Movement in trade and other receivables		4,819	(18,368)
Movement in other payables and accrued expenses		8,702	5,219
Movement in Catalogue bonus provision		23,257	–
Movement in ECL provision for HSG advances		42	–
Movement in HSG restructuring provision		504	–
Lease liability interest		158	(378)
Amortisation of Catalogues of Songs – Continued	5	53,947	55,110
Amortisation of Catalogues of Songs – Discontinued	20	872	761
Impairment of Catalogue of Songs	5	15,194	2,007
Amortisation of borrowing expenses		620	1,001
Fixed asset depreciation		247	30
Loan interest	8	23,052	14,473
Fair value gain on held for trading derivative financial instruments	18	(19,652)	–
Foreign exchange (gains)/losses		280	2,083
Taxation paid		43	(200)
Net cash generated from operating activities		48,962	45,463
Cash flows used in investing activities			
Disposal of Catalogues of Songs		788	–
Purchase of other assets		(14)	(48)
Writer advances paid		(1,742)	(1,915)
Catalogue bonuses paid		(170)	–
Deferred consideration paid		–	(2,500)
Net cash used in investing activities		(1,138)	(4,463)
Cash flows generated from financing activities			
Dividends paid	14	(39,801)	(19,312)
Lease interest paid		(349)	–
Interest paid		(21,030)	(14,973)
Gain on executed held for trading derivative financial instruments	18	5,932	–
Borrowing costs		–	(941)
Bank loan drawn down	8	4,000	1,771
Net cash generated from financing activities		(51,248)	(33,455)
Net movement in cash and cash equivalents		(3,424)	7,545
Cash and cash equivalents at the start of the period		37,965	30,067
Effect of foreign exchange rate changes on cash and cash equivalents		(205)	(1,219)
Cash and cash equivalents at the end of the period		34,336	36,393

The accompanying notes form an integral part of these Condensed Consolidated Financial Statements.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2023 (unaudited)

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 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, 2020. The Company is not authorised or regulated by the Financial Conduct Authority.

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 Group is principally engaged in investing in and managing music copyrights and associated musical intellectual property. The Company makes and manages its investments through its subsidiaries, which are registered in the UK and US as limited companies. The Condensed Consolidated Financial Statements present the results of the Group for the period ended 30 September 2023, rounded to the nearest US Dollar.

There has been a presentational change in the comparative period in the Condensed Consolidated Statement of Profit and Loss, as set out in Note 21.

2. Accounting policies

a) Basis of preparation

The Condensed Consolidated Financial Statements included in this Interim Report have been prepared in accordance with IAS 34 'Interim Financial Reporting' and the Disclosure and Transparency Rules of the FCA.

The Condensed Consolidated Financial Statements do not include all the information and disclosures required in the Annual Report and should be read in conjunction with the Company's Annual Report for the year ended 31 March 2023, which are available on the Company's website (www.hipgnosissongs.com). The Annual Report has been prepared in accordance with IFRS.

The same accounting policies and methods of computation have been followed for the preparation of these Condensed Consolidated Financial Statements as in the Annual Report for the year ended 31 March 2023. 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.

b) Group information

As at 31 March 2023, the details of the Company's subsidiaries are as follows:

Name of the subsidiary	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.

All subsidiaries undertake the same activities as the Group. In addition, Hipgnosis Songs Group LLC undertakes publishing administration.

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 all are subject to applicable State and Federal Taxes.

c) 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 returns from existing Catalogues of Songs and annual operating costs.

Based on these sources of information and their judgement, the Directors believe it is appropriate to prepare the Condensed Consolidated Financial Statements of the Group on a going concern basis.

As a result of Continuation Resolution not passing the Board will, in accordance with the Company's Prospectus, put forward proposals for the reconstruction, reorganisation or winding-up of the Company to Shareholders for their approval within six months following the AGM held on 26 October 2023. These proposals may or may not involve winding-up the Company or liquidating all or part of the Company's existing portfolio of investments. On that basis there is a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern in its current form and, therefore, that it may be unable to realise its assets and discharge its liabilities in line with the current normal course of business.

d) 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 and UK. 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, with an attractive and growing level of income, together with the potential for capital growth.

e) Restatement of prior period results

The Interim Report for the six months ended 30 September 2022 was reviewed by the FRC as part of its routine monitoring of corporate reporting. The review was based on the Interim Report and did not benefit from detailed knowledge of the business or an understanding of the underlying transactions entered into and therefore provide no assurance that the Interim Report is correct in all material respects. It was, however, conducted by staff of the FRC who have an understanding of the relevant legal and accounting framework.

In the Interim Report for the six months ended 30 September 2022 the Company recognised an interim dividend at the point when the Board declared the dividend. As a result of the FRC's review, going forward the Company will recognise interim dividends when paid because no legal binding liability is established prior to payment of the interim dividend. A prior year restatement is presented in the Condensed Consolidated Statement of Changes in Equity for the six months ended 30 September 2022 where the accrued dividend declared of \$19.3 million has been derecognised. There is no impact to the comparative period for the Condensed Consolidated Profit and Loss account, Condensed Consolidated Balance Sheet and the Condensed Consolidated Statement of Cashflows.

f) Assets held for sale and discontinued operations

On 14 September 2023 the Company announced the sale of a portfolio of non-core songs, subject to completion of legal documentation and the consent of the Company's lending banks, known as the Second Disposal. In accordance with IFRS 5, the assets and liabilities of the Second Disposal are reclassified as held for sale and its results for the period are presented as discontinued operations. Prior period comparatives in the Condensed Consolidated Statement of Profit and Loss, Condensed Consolidated Statement of Cash Flows have been restated accordingly. These assets and liabilities are recognised as assets held for sale and liabilities associated with assets held for sale, without offset. The related assets recorded as assets held for sale are valued at the lower of their fair value and their carrying value (i.e. at their cost less accumulated depreciation and impairment losses), and they are no longer depreciated. Further details of this transaction and the implications for the Condensed Consolidated financial statements can be found in Note 20.

3. Significant accounting judgments, estimates and assumptions

The preparation of the Group's Condensed Consolidated Financial Statements requires the application of estimates and assumptions which may affect the results reported in the Condensed 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 period, 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.

Critical estimates in applying the Group's accounting policies – revenue recognition and royalty costs

Accrued income as at 30 September 2023 was \$121.5 million (31 March 2023: \$126.2 million), a breakdown of which is set out below:

- \$69.5 million for earnings where, due to the time lag in royalty reporting, statements are not expected to be received until calendar Q4 2023 onwards. This includes international PRO reporting and HSG (31 March 2023: \$62.3 million).
- \$9.9 million CRB III accruals (31 March 2023: \$21.7 million).
- \$42.1 million Usage Accrual, which recognises revenues that have triggered a contractual payment but have not been paid to, and processed by, collection societies, publishers and administrators. This represents on average three months of royalty reporting (31 March 2023: \$42.2 million).

In calculating accruals, the Company 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. The Company also makes an estimate of revenue from consumption to reporting.

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 revenue also includes 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.

Net revenue is subject to a royalty cost accrual applied to gross revenue receipts primarily within the Hipgnosis Songs Group ("HSG") subsidiaries. Royalty cost accruals represent contractual royalties due to Songwriters and other rights holders that are payable on a six-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.

A sensitivity of the significant estimates used in calculating accrued income and the impact of the sensitivities on the balance is performed below:

Revenue accrual	30 September 2023	Sensitivity +10%	Sensitivity -10%
Accruals due to the time lag in royalty reporting	\$69.5 million	\$7.0 million	(\$7.0) million
CRB III accruals*	\$9.9 million	\$1.0 million	(\$1.0) million
		One month increase	One month reduction
Usage accrual	\$42.1 million	\$14.0 million	(\$14.0) million

* The CRB III sensitivity represents the variability of the historical US streaming mechanical revenue that the contractual rates are applied to.

Expected Credit Loss (ECL) in relation to revenue receivables

Royalty earnings for accruals and receivables recognised in the year ended 30 September 2023 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 the Group's 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. This impact is considered immaterial and a sensitivity analysis on this is performed in Note 6.

Expected Credit Loss (ECL) in relation to HSG advances

Hipgnosis Songs Group LLC advances royalty payments to Songwriters. Management is 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 affecting the relevant assets.

Management adopts a simplified approach, has analysed their historical loss ratio data and applied this using a risk based methodology as there are no defined terms of repayment related to advances. The risk categories against which the historical loss ratios are assessed and expected credit losses are 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 believes that either because of the writer's unknown potential or other factors, a large level of recoverability may not be achieved.

A sensitivity analysis on the expected credit loss provision of the HSG recoupable advances is performed in Note 6.

Assessment of impairment and the calculation of Operative NAV

Intangible assets are subject to a bi-annual review to identify any indicators of impairment. The Fair Value of the Catalogues as calculated by the Portfolio Independent Valuer is used to identify any indicators of impairment. The Portfolio Independent Valuer adopts a DCF valuation approach and applies a number of significant assumptions to the projected future earnings for all Catalogues including:

- Market factors impacting revenues;
- Discount rate, currently 8.5% (31 March 2023: 8.5%); and
- Terminal value at 16 years.

As Value-In-Use is calculated for any Catalogues with a residual risk of impairment. The Value-In-Use is calculated by using the original projected cash flows used during the Fair Value calculation by the Portfolio Independent Valuer, with a 0.5% reduction to the discount rate. The reduction in the discount rate reflects the Company's ability to drive additional value through active management of a Catalogue and addresses the passive nature of the Company's cash flows within the Portfolio Independent Valuer's fair value analysis.

If the Value-In-Use calculation for the Catalogue is lower than the carrying value of the Catalogue, an impairment loss equal to the difference is recognised in the Condensed Consolidated Statement of 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.

Management's impairment review as at 30 September 2023 concluded that an impairment of \$15.2 million (six month period ended 30 September 2022: \$2.0 million) was required to the Group's Catalogues. A sensitivity analysis on the Value-In-Use calculation and impact on the impairment charge is performed in Note 5.

4. Taxation

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 incurred is these UK entities. Therefore it is considered most appropriate to use the standard UK tax rate of 25% (31 March 2023: 19%).

The Group currently has no exposure to US Corporation Tax as the US based subsidiaries are currently not making a taxable profit. Aside from the US, the Group has no other foreign subsidiaries.

The taxation charge of \$0.1 million (six months ended 30 September 2022: \$3.8 million) is based on adjustments in respect of the prior period.

Disposals of Catalogues may give rise to potential tax charges depending on the availability of tax attributes (tax losses) to offset any taxable gains otherwise arising. There were no such disposals of Catalogues during the period and so no such tax liabilities arose.

5. Catalogues of Songs

	Note	\$'000
Cost		
At 1 April 2023		2,237,284
Disposals		(788)
Transfer to Held for Sale Assets	20	(30,446)
At 30 September 2023		2,206,050
Amortisation and impairment		
At 1 April 2023		316,036
Amortisation		53,947
Impairment		15,194
Transfer to Held for Sale Assets	20	(3,802)
At 30 September 2023		381,375
Net book value		
At 1 April 2023		1,921,248
At 30 September 2023		1,824,675
Fair value as at 30 September 2023		2,622,000
Cost		
At 1 April 2022		2,237,284
Additions		–
At 31 March 2023		2,237,284
Amortisation and impairment		
At 1 April 2022		200,552
Amortisation		111,583
Impairment		3,901
At 31 March 2023		316,036
Net book value		
At 1 April 2022		2,036,732
At 31 March 2023		1,921,248
Fair value as at 31 March 2023		2,802,762

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). An assessment of the useful life of Catalogues is considered at each reporting period, which is 20 years, in line with what the Board of Directors and the Investment Adviser deem to be industry standard. At 30 September 2023 accumulated amortisation for Catalogues of Songs is \$365.5 million (31 March 2023: \$310.6 million).

As disclosed on page 132 of the Company's Annual Report for the year ended 31 March 2023, Catalogues of Songs are subject to a bi-annual review to identify any indicators of impairment. For the six month ended 30 September 2023, the Company has recognised an impairment charge of \$15.2 million on 7 Catalogues of Songs as a result of this review. This brings accumulated impairment to 30 September 2023 to \$20.6 million (31 March 2023: \$5.4 million).

A Value-In-Use is calculated for any Catalogue with a residual risk of impairment following the impairment review. The Value-In-Use is calculated by using the original projected cash flows used during the Fair Value calculation by the Portfolio Independent Valuer, with a 0.5% reduction to the discount rate.

The sensitivity of the discount rate and the Value-In-Use calculation to the impairment charge is as follows:

	Discount Rate	Sensitivity to the reduction to the discount rate used in the Value-In-Use calculation		
		-0.50%	Current	+0.50%
Impairment of Catalogues of Songs (\$'000)	8.50%	6,532	15,194	23,738
	9.00%	15,194	23,738	30,942
	9.50%	23,738	30,942	37,096

The Board engaged Portfolio Independent Valuer, Citrin Cooperman Advisors LLC, to value the Catalogues as at 30 September 2023. 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 of the discount rate to the fair value of the Portfolio is as follows:

Discount Rate	8.50%	9.00%	9.50%
Portfolio Value (\$'000)	2,622,000	2,418,533	2,243,899
Variance to Fair Value (\$'000)	–	(203,467)	(378,100)
Variance to Fair Value (%)	–	(7.8%)	(14.4%)

The sensitivity of the terminal value growth rate to the fair value of the Portfolio is as follows:

Sensitivity to the Terminal Value Growth Rate	Current Rate	Current Rate – 1.00%	2.00% Rate	Current Rate +1.00%
Portfolio Value (\$'000)	2,622,000	2,476,587	2,537,198	2,826,184
Variance to Fair Value (\$'000)	–	(145,413)	(84,801)	204,185
Variance to Fair Value (%)	–	(5.5%)	(3.25%)	7.8%

The sensitivity of the applied growth rate to the fair value of the Portfolio is as follows:

Sensitivity to the Growth Rate	Current Rate	Current Rate – 1.00%	Current Rate +1.00%
Portfolio Value (\$'000)	2,622,000	2,360,337	2,922,061
Variance to Fair Value (\$'000)	–	(261,663)	300,061
Variance to Fair Value (%)	–	(10.0%)	11.4%

6. Trade and other receivables

	30 September 2023 \$'000	31 March 2023 \$'000
Non-current receivables		
Accrued income	9,900	13,210
	9,900	13,210
Current receivables		
Accrued income	105,236	112,943
Royalties receivable	7,680	7,078
Net recoupable advances	16,280	16,436
Prepayments and other debtors	3,132	3,542
Corporation tax	102	–
	132,430	139,999

The material reduction to accrued income for the six months ended 30 September 2023 is due to the reduction of the CRB III retroactive accrual. As at 31 March 2023, \$21.7 million was accrued following the confirmation of the CRB III rate increase to 15.1% for the Songwriters' mechanical portion of US Streaming income. This accrual estimated the retroactive payment due to the Company as a result of revenues in previous accounting periods not having been recognised at the full CRB III rates. The Company's Portfolio Independent Valuer materially reduced its expectations of these industry-wide retroactive payments for its valuation of the Company's portfolio as at 30 September 2023. As a result, the Company now expects to receive significantly lower retroactive payments in relation to CRB III and therefore reduced its CRB III retroactive accrual to \$9.9 million.

Credit Risk and Provision for Expected Credit Losses (ECL)

As disclosed in Note 3, the probability of future default against revenue receivable balances has been deemed close to nil. At 30 September 2023, an ECL provision is recognised against the recoupable advances as below:

At 30 September 2023	High Risk \$'000	Medium Risk \$'000	Low Risk \$'000	Total \$'000
<i>Expected loss rates</i>	100.0%	22.7%	0.0%	48.9%
Gross carrying amounts	13,295	10,053	8,506	31,853
Provision for expected credit losses	(13,295)	(2,278)	–	(15,573)
Net carrying amounts	–	7,775	8,506	16,280
<hr/>				
At 31 March 2023	High Risk \$'000	Medium Risk \$'000	Low Risk \$'000	Total \$'000
<i>Expected loss rates</i>	100.0%	24.0%	0.0%	48.6%
Gross carrying amounts	13,000	10,520	8,436	31,956
Provision for expected credit losses	(13,000)	(2,520)	–	(15,520)
Net carrying amounts	–	8,000	8,436	16,436

Net recoupable advances relating to HSG amount to \$16.26 million (31 March 2023: \$16.35 million).

If the probability of future default against the royalties receivable balances were to be 5% higher, this would result in a \$0.4 million ECL provision on royalties receivable. If the probability of future default against the medium risk recoupable advances were to be 10% higher, this would result in a \$1.0 million increase to the ECL provision on recoupable advances.

7. Cash and cash equivalents

	30 September 2023 \$'000	31 March 2022 \$'000
Cash available on demand	34,336	37,965
	34,336	37,965

8. Loans and borrowings

During the period, the Company entered into an amendment relating to the calculation of the fixed charge coverage covenant. There are no other changes to the terms of the Company's RCF as disclosed on page 144 of the Company's Annual Report for the year ended 31 March 2023.

Key financial covenant	Description	30 September 2023 Actual	31 March 2023 Actual	Lender Covenants
i) Total debt to Catalogue value as determined by the lender	Represents total debt as a percentage of Catalogue value as determined by the lender.	33.0%	31.5%	Must not exceed 40%
ii) Total debt leverage	Represents the ratio of pro forma EBITDA to total debt.	6.6:1.0	5.5:1.0	Not greater than 7:1
iii) Fixed charge coverage	Represents the ratio of pro forma EBITDA to trailing tax, interest and dividend declaration and payments over the last 12 months.	1.1:1.0	1.3:1.0	Not less than 1:1

The Catalogue value as determined by the lender is specifically prepared for the banking syndicate based on a set of assumptions that reflect an immediate sale of the portfolio in order to provide maximum loan security.

The covenants are reviewed quarterly and are secured by, inter alia, a charge over the shares in all the subsidiaries of the Company, a charge over all of their assets including all Catalogues of Songs of the Company held through these subsidiaries and a charge over the bank accounts of the Company and its subsidiaries. The Company has also provided a parent company guarantee. Under the Investment Policy total debt of the Company should not exceed 30% of the Operative NAV which is \$630.9 million (31 March 2023: \$694.8 million); any excess to this threshold prevents the Company from drawing down further amounts from the RCF. The current ratio of total debt to Operative NAV is 32.0% (31 March 2023: 28.0%). Loans and borrowings are initially measured at Fair Value, net of transaction costs.

	30 September 2023 \$'000	31 March 2023 \$'000
Opening balance	600,000	600,000
Amounts drawn down during the period	4,000	607,000
Amounts repaid during the year – pre-existing RCF	–	(600,000)
Amounts repaid during the year – new RCF	–	(7,000)
Total loan drawn down	604,000	600,000
Cumulative borrowing costs	(4,952)	(5,572)
Closing balance	599,048	594,428

The interest expense recognised in the Condensed Consolidated Profit and Loss account of \$23.0 million is calculated on an accruals basis (six month period ended 30 September 2022: \$14.5 million). As disclosed on page 154 of the Company's Annual Report for the year ended 31 March 2023, the Company has entered into interest rate swap arrangements to mitigate interest rate risk. An analysis of the interest paid and income on the interest swap arrangements during the period ended 30 September 2023 is detailed below:

	1 April 2023 to 30 September 2023 \$'000	1 April 2022 to 30 September 2022 \$'000
Interest expense paid	21,030	14,973
Income on interest swap arrangements	(2,696)	–
Total interest paid (net of swap arrangements)	18,334	14,973

9. Liabilities and accrued expenses

	30 September 2023 \$'000	31 March 2023 \$'000
Amounts owed to Songwriters	22,507	18,799
Loan interest payable	11,913	9,891
Trade creditors and accruals	11,682	5,846
PRO advances	1,862	3,178
Corporation tax payable	–	67
VAT	1,365	1,789
Lease liability	545	735
Directors fees payable	44	27
Other creditors	943	794
	50,861	41,126

10. Catalogue bonus provision

	30 September 2023 \$'000	31 March 2023 \$'000
Non-current liabilities		
Catalogue bonus provision	39,604	33,080
	39,604	33,080
Current liabilities		
Catalogue bonus provision	28,525	11,962
	28,525	11,962

The Group has a number of Catalogue bonuses which are dependent on the individual Catalogues meeting performance hurdles defined in their respective acquisition agreements. There are 10 Catalogues (31 March 2023: 6 Catalogues) likely to meet the performance hurdles defined in their acquisition agreements triggering the recognition of Catalogue bonus provisions. The movement in the Catalogue bonus provision during the period is presented below:

	Number of Catalogues	\$'000
At 1 April 2023	6	45,042
Increase in provision recognised	6	26,537
Payments during the period	–	(100)
Release of provision recognised	(2)	(3,350)
At 30 September 2023	10	68,129

Catalogue bonus contingent liabilities

There are a further 19 Catalogues with active bonus clauses totalling \$75.2 million (31 March 2023: \$Nil) which are unlikely to meet the performance hurdles defined in their acquisition agreements; the Company has disclosed these as contingent liabilities. Catalogues forming the remainder of the Portfolio either do not include Catalogue bonus clauses, or the Catalogue bonus clauses are no longer active as performance hurdles have not been achieved and bonus obligations no longer exist. The performance hurdles of the 19 Catalogues with active bonus clauses are calculated on three different bases:

1. NAV basis

There are 3 Catalogues with performance hurdles based on achieving a contractually specified NAV target which trigger a Catalogue bonus obligation. Detailed below is the total current NAV valuation by the Portfolio Independent Valuer, alongside the aggregate target NAV required to trigger the Catalogue bonus obligations.

Number of Catalogues	Latest date required to meet performance hurdles	Total Catalogue bonus contingent liability \$'000	Portfolio Independent Valuer:	
			NAV at 30 September 2023 \$'000	Target NAV to achieve bonus \$'000
1	May 2024	5,000	53,352	71,600
1	November 2028	2,500	12,136	26,251

1	January 2029	1,000	8,875	11,200
		8,500		

2. Defined cash income amount basis

There are 4 Catalogues with performance hurdles based on a contractually-specified cash amount received by the Company at a specified point in time, which triggers a Catalogue bonus obligation. Details of the number of performance hurdles, the Compound Annual Growth Rate (CAGR) required to achieve the performance hurdles, CAGR forecast by the Portfolio Independent Valuer and the associated contingent liabilities are detailed below.

Number of performance hurdles	Latest date required to meet performance hurdles	CAGR required to meet performance hurdles %	Total Catalogue bonus contingent liability \$'000	Portfolio Independent Valuer: Forecast range in CAGR %
–	–	0-60%	–	–
2	December 2027	61-100%	4,500	14.5-15.8%
1	December 2025	101-200%	2,000	20.2%
1	September 2024	201-300%	525	6.1%
2	April 2024	> 300%	4,275	(31.2)-39.4%
			11,300	

3. Cash income growth rate basis

There are 12 Catalogues with performance hurdles based on a calculated growth rate that must be achieved to trigger a Catalogue bonus. Details of the number of performance hurdles, CAGR required to achieve the performance hurdles, CAGR forecast by the Portfolio Independent Valuer, and the associated contingent liabilities are detailed below.

Number of performance hurdles	Latest date required to meet performance hurdles	CAGR required to meet performance hurdles %	Total Catalogue bonus contingent liability \$'000	Portfolio Independent Valuer: Forecast range in CAGR %
–	–	0-15%	–	–
1	March 2025	16-20%	1,400	9.0%
1	December 2024	21-25%	4,175	16.4%
5	December 2025	26-50%	15,075	5.8-20.7%
2	June 2025	51-100%	8,250	1.6-7.9%
3	October 2025	101-150%	9,344	3.0-37.4%
4	October 2024	151-200%	1,286	5.5-27.6%
7	July 2024	> 200%	15,913	2.6-25.7%
			55,443	

11. Share capital and capital management

Ordinary Share Capital

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;
- (ii) C Shares denominated in such currencies as the Directors may determine; and
- (iii) Ordinary Shares purchased by the Company through share repurchase and held as Treasury Shares.

As at 30 September 2023 the Company's authorised and issued share capital consisted of 1,211,214,286 Ordinary Shares, of which 2,000,000 were held in treasury. Treasury shares hold no voting rights, are not entitled to a dividend and are excluded from the EPS, IFRS and Operative Net Asset Value per share calculation.

Ordinary Shares of no par value

	No. of Units outstanding	Share Capital \$'000	Treasury Reserve \$'000
Issued and fully paid:			
Shares as at 1 April 2023	1,209,214,286	1,692,198	(1,961)
Shares as at 30 September 2023	1,209,214,286	1,692,198	(1,961)
	No. of Units outstanding	Share Capital \$'000	Treasury Reserve \$'000
Issued and fully paid:			
Shares as at 1 April 2022	1,211,214,286	1,692,198	–
Repurchase of ordinary shares into treasury	(2,000,000)	–	(1,961)
Shares as at 31 March 2023	1,209,214,286	1,692,198	(1,961)

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. Revenue

	1 April 2023 to 30 September 2023 \$'000	1 April 2022 to 30 September 2022 \$'000
Mechanical income	3,888	2,641
Performance income	6,343	4,209
Digital downloads income	1,224	2,282
Streaming income	14,170	46,923
Synchronization income	10,565	12,199
Publishing admin income	237	154
Masters income	3,749	1,424
Writer share income	15,622	12,839
Neighbouring rights income	974	663
Other income	1,266	(498)
Producer royalties	5,162	3,556
	63,200	86,392

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 6 Trade and other receivables. There is a material reduction in streaming income as a result of the reduction in income arising from CRB III accruals (see note 6).

13. Other operating expenses

	1 April 2023 to 30 September 2023 \$'000	1 April 2022 to 30 September 2022 \$'000
Aborted deal expenses	1,099	332
Debt financing fees	176	53
Public relations fees	181	136
Marketing & events	373	355
Listing fees	32	41
Bank charges	15	26
Record label costs	18	–
Charitable donations	20	28
Directors' and officers' insurance	31	42
Lease liability interest	158	378
HSG staff payroll and expenses	3,029	3,154

HSG office expenses	223	198
HSG restructuring provision	504	925
Travel, accommodation and entertainment expenses	–	23
HSG travel, accommodation and entertainment expenses	103	258
Sundry	(13)	71
	5,949	6,020

14. Dividends

The Company, being a Guernsey-regulated entity, is able to pay dividends out of capital, subject to the assessment of solvency in accordance with the Companies Law and subject to a levered free cashflow test as required by the Revolving Credit Facility.

A summary of the dividends paid are set out below:

	Dividend per share Pence	Total Dividend \$'000
1 April 2023 to 30 September 2023		
Interim dividend in respect of quarter ended 31 December 2022	1.3125	20,177
Interim dividend in respect of quarter ended 31 March 2023	1.3125	19,624
	2.6250	39,801
1 April 2022 to 30 September 2022		
Interim dividend in respect of quarter ended 31 March 2022	1.3125	19,312
	1.3125	19,312

15. 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.

Directors

All Directors are non-executive. The Directors' remuneration, excluding disbursements, for the period ended 30 September 2023 amounted to \$0.3 million with no outstanding fees due to the Directors at 30 September 2023 (six month period ended 30 September 2022: \$0.3 million, with no outstanding fees). 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.

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.

Investment Adviser fees for the six month period ended 30 September 2023 were \$5.4 million (six month period ended 30 September 2022: \$6.8 million) with \$0.4 million outstanding at 30 September 2023 (31 March 2023: \$0.4 million).

16. Earnings per share

	30 September 2023 Basic	30 September 2023 Diluted
Loss for the period from continuing operations (\$'000)	(63,764)	(63,764)
Total loss for the period (\$'000)	(63,201)	(63,201)
Weighted average number of Ordinary Shares outstanding	1,209,214,286	1,209,214,286
Earnings per share (cents) from continuing operations	(5.27)	(5.27)
Earnings per share (cents) from total loss for the period	(5.23)	(5.23)

	30 September 2022 Basic	30 September 2022 Diluted
Loss for the period from continuing operations (\$'000)	(20,881)	(20,881)
Total loss for the period (\$'000)	(20,090)	(20,090)
Weighted average number of Ordinary Shares outstanding	1,211,214,286	1,211,214,286
Earnings per share (cents) from continuing operations	(1.72)	(1.72)
Earnings per share (cents) from total loss for the period	(1.66)	(1.66)

The earnings per share is based on the loss of the Group from continuing operations for the period, the total loss of the Group for the period and on the weighted average number of Ordinary Shares outstanding for the period ended 30 September 2023. The Company holds 2 million Treasury Shares as at 30 September 2023; these shares are not included the EPS calculation.

17. Net Asset Value per share and Operative Net Asset Value per share

	30 September 2023	31 March 2023
Number of Ordinary Shares in issue	1,209,214,286	1,209,214,286
IFRS NAV per share (cents)	110.12	118.63
Operative NAV per share (cents)	173.92	191.53

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

	30 September 2023 \$'000	31 March 2023 \$'000
IFRS NAV	1,331,529	1,434,534
Adjustments for revaluations of Catalogues of Songs to fair value	385,504	565,478
Reversal of accumulated amortisation and impairment	386,049	316,036
Operative NAV	2,103,082	2,316,048

Tax considerations

The Company's Investment Trust Company (ITC) status may allow for the Company to make disposals of shares or certain other capital assets on a tax-exempt basis for UK corporation tax purposes. However, a disposal of Catalogues, considered intangible fixed assets for UK corporation tax purposes, would not qualify for exemption in the same way.

A disposal of Catalogues by way of a sale of shares of a Group subsidiary company by the Company, in order to take advantage of its ITC tax-exempt status, would not necessarily result in greater value for the Group, depending on the

attractiveness of such a transaction structure to the prospective purchaser and their other potential tax considerations on future sales of the acquired shares.

If the Group were to dispose of all of its Catalogues, an indicative tax calculation (subject to a number of assumptions in its preparation – see below) estimates that a potential corporation tax charge (or equivalent in the US) could be incurred by the Group subsidiary companies, of approximately \$215.6 million. This has been calculated based on comparing the Fair Value determined by the Portfolio Independent Valuer (as a representation of indicative sales proceeds) to the Catalogues' carrying value as at 30 September 2023.

The calculations assumes a 25% tax rate as: (a) the prevailing rate of UK corporation tax from 1 April 2023 and (b) a proxy for US Federal and State corporate income tax. This indicative tax calculation does not take into account attributes such as UK tax losses, which could be used to offset some of the taxable gains, or where the tax treatment of an element of sale proceeds may be considered to be the sale of a receivable aligned with a Catalogue rather than part of the disposal value of that Catalogue, which could result in a materially lower tax charge.

As the Company has not disposed of any catalogues to date, no such tax liability currently exists.

18. Held for trading derivative financial instruments

The Company has the following derivative financial instruments:

	30 September 2023 \$'000	31 March 2023 \$'000
Held for trading derivative financial asset		
Foreign exchange forward contracts	225	4,914
Interest rate swap arrangements	15,014	–
	15,239	4,914
Held for trading derivative financial liability		
Interest rate swap arrangements	–	(3,395)

The carrying value of the held for trading financial instruments represent their fair value at the period end.

The fair value gain on held for trading derivative financial instruments recognised in the Condensed Consolidated Statement of Profit and Loss relates to the following:

	1 April 2023 to 30 September 2023 \$'000	1 April 2022 to 30 September 2022 \$'000
Foreign exchange forward contracts	(1,454)	–
Interest rate swap arrangements	21,106	–
	19,652	–

19. Hipgnosis Songs Group LLC

As disclosed in Note 2(d) 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. Hipgnosis Songs Group LLC is a US based subsidiary which undertakes publishing administration on behalf of the Group as well as third parties and its results are presented within the consolidated results of the Group.

The Statement of Profit and Loss of Hipgnosis Songs Group LLC for the six months ended 30 September 2023 are presented below, together with its comparative period.

	1 April 2023 to 30 September 2023 \$'000	1 April 2022 to 30 September 2022 \$'000
Income		
Total revenue	19,318	18,933
Royalty costs	(16,552)	(15,400)
Net revenue	2,766	3,533
Expenses		
Legal and professional fees	(506)	(507)
Audit fees	(128)	–
Subscriptions and licences	(140)	(119)
Travel, accommodation and entertainment expenses	(103)	(259)
Public relations fees	(30)	(54)
Marketing & events	(35)	–
HSG office expenses	(223)	(198)
HSG Staff payroll and expenses	(3,029)	(3,154)
Sundry	(52)	(54)
Bank charges	(1)	(4)
Lease liability interest	(158)	(378)
HSG restructuring provision	(504)	(925)
Movement in ECL provision for HSG advances	(42)	375
Amortisation of Catalogues of Songs	(5)	(143)
Fixed asset depreciation	(224)	(30)
Net loss from joint ventures	(446)	(48)
Foreign exchange losses	(1)	–
Operating expenses	(5,627)	(5,498)
Operating loss for the period before taxation	(2,861)	(1,965)
Taxation	(231)	(8)
Loss for the period	(3,092)	(1,973)

20. Assets held for sale

On 14 September 2023, the Company announced the sale of 29 Catalogues, known as the First Disposal. This was conditional upon the approval of the sale by Shareholders at the EGM and the approval by Shareholders of the Continuation Resolution at the Company's 2023 AGM, both held on 26 October 2023. As the sale was not approved by Shareholders by 30 September 2023, the First Disposal is presented as a continuing operation in the Consolidated Statement of Profit and Loss for the six months ended 30 September 2023.

Also, on 14 September 2023, the Company announced the sale of a portfolio of non-core songs, subject to completion of legal documentation and the consent of the Company's lending banks, known as the Second Disposal. As this sale is not conditional on Shareholder approval and meets the requirements of IFRS 5, the Second Disposal is presented as a discontinued operation in the Consolidated Profit and Loss account for the six months ended 30 September 2023 and a Held for Sale disposal group in the Consolidated Balance Sheet as at 30 September 2023.

	1 April 2023 to 30 September 2023 \$'000	1 April 2022 to 30 September 2022 \$'000
Income		
Total revenue	5,013	5,286
Royalty costs	(3,578)	(3,734)
Net revenue	1,435	1,552
Expenses		
Amortisation of Catalogues of Songs	(872)	(761)
Operating expenses	(872)	(761)
Profit for the period from discontinued operations	563	791

The assets and liabilities of the Second Disposal are below:

	30 September 2023 \$'000	31 March 2023 \$'000
Catalogues of Songs – Cost	30,446	–
Catalogues of Songs – Accumulated amortisation	(4,674)	–
Accrued income	6,532	–
Net recoupable advances	32	–
Total held for sale assets	32,156	–
	30 September 2023 \$'000	31 March 2023 \$'000
Trade creditors and accruals	125	–
Total held for sale liabilities	125	–
Total held for sale assets and liabilities	32,031	–

The Company has incurred exceptional transaction costs of \$5.7 million relating to legal and professional fees incurred in relation to First Disposal and Second Disposal.

21. Presentation changes

The Company has made immaterial changes to the presentation of the Condensed Consolidated Statement of Profit and Loss and accompanying notes during the period. This has resulted in the following changes of the comparative figures.

Condensed Consolidated Statement of Profit and Loss

	As reported in 30 September 2022 Interim Report 1 April 2022 to 30 September 2022 \$'000	Presentation change \$'000	Discontinued operation \$'000	As reported in 30 September 2023 Interim Report 1 April 2022 to 30 September 2022 \$'000
Income				
Total revenue	91,678	–	(5,286)	86,392
Interest income	40	–	–	40
Royalty costs	(13,368)	–	3,734	(9,634)
Net revenue	78,350	–	(1,552)	76,798
Expenses				
Advisory and performance fees	(6,760)	–	–	(6,760)
Administration fees	(300)	–	–	(300)
Legal and professional fees	(1,728)	–	–	(1,728)
Audit fees	(189)	–	–	(189)
Brokers' fees	(147)	53	–	(94)
Directors' remuneration	(324)	–	–	(324)
Listing fees	(41)	41	–	–
Subscriptions and licences	(383)	–	–	(383)
Public relations fees	(326)	326	–	–
Other operating expenses	(4,847)	(1,173)	–	(6,020)
Exceptional transaction costs	–	–	–	–
Catalogue bonus provision	(3,689)	–	–	(3,689)
Movement in ECL provision for HSG advances	–	375	–	375
Amortisation of Catalogues of Songs	(55,871)	–	761	(55,110)
Impairment of Catalogues of Songs	(2,007)	–	–	(2,007)
Amortisation of borrowing expenses	(1,001)	–	–	(1,001)
Fixed asset depreciation	(30)	–	–	(30)
Loan interest	(14,473)	–	–	(14,473)
Finance charges for deferred consideration	(378)	378	–	–
Fair value gain on held for trading derivative financial instruments	–	–	–	–
Net loss from joint ventures	(48)	–	–	(48)
Foreign exchange losses	(2,083)	–	–	(2,083)
Operating expenses	(94,625)	–	761	(93,864)
Operating loss for the year before taxation	(16,275)	–	(791)	(17,066)
Taxation	(3,815)	–	–	(3,815)
Loss for the period from continuing operations	(20,090)	–	(791)	(20,881)
Profit for the period from discontinued operations				791
Total loss for the period	(20,090)	–	791	(20,090)
Other operating expenses				
	1 April 2022 to 30 September 2022 \$'000	Presentation change \$'000	Discontinued operation \$'000	1 April 2022 to 30 September 2022 \$'000
Aborted deal expenses	332	–	–	332
Debt financing fees	–	53	–	53

Public relations fees	–	136	–	136
Marketing & events	–	355	–	355
Listing fees	–	41	–	41
Bank charges	26	–	–	26
Charitable donations	28	–	–	28
Directors' and officers' insurance	160	(118)	–	42
Lease liability interest	–	378	–	378
HSG staff payroll and expenses	3,154	–	–	3,154
HSG office expenses	79	119	–	198
HSG restructuring provision	925	–	–	925
Movement in ECL provision for HSG advances	(375)	375	–	–
Travel, accommodation and entertainment expenses	187	(164)	–	23
HSG travel, accommodation and entertainment expenses	258	–	–	258
Sundry	73	(2)	–	71
Operating expenses	4,847	1,173	–	6,020

22. Litigations and claims

The Company is a defendant in a case brought against it, Merck Mercuriadis and Hipgnosis Songs Management Limited, alleging a diversion and unlawful assistance in the diversion of a business opportunity from Hipgnosis Music Limited to the Hipgnosis Songs Fund Limited. Proceedings are at a preliminary stage, and it is not possible for the Hipgnosis Songs Fund Limited to determine the likelihood or costs associated with this claim.

Furthermore, in the normal course of its business, the Company is subject to various lawsuits, arbitrations and governmental, administrative or other proceedings. However, based on the information currently available, it believes that the outcome from these legal proceedings will not have a material impact on its consolidated results of operations and financial position.

23. Subsequent Events

On 13 October 2023, the Portfolio Independent Valuer materially reduced its expectations of the CRB III retroactive payments for the period covering 2018-2022 and as a result, the Company reduced its CRB III retroactive accrual to \$9.9 million, from \$21.7 million as at 31 March 2023. In consequence of this unwinding, on 16 October 2023, the Board withdrew the proposed interim dividend of 1.3125 pence per share announced on 21 September 2023 with a payment date of 27 October 2023. As disclosed in Note 8, an amendment to the RCF was agreed to return the Company to compliance with the Fixed Charge Coverage covenant.

On 19 October 2023, the Board initiated a Strategic Review. The Strategic Review will look at all options to be considered for the future of the Company with the aim of maximising value for Shareholders including, among other things, a review of the future management arrangements of the Company.

On 24 October 2023, the result of the Go-Shop period in relation to the First Disposal was announced: no Superior Offer was received by the Company. At the EGM held on 26 October 2023, Shareholders voted against the First Disposal.

On 25 October 2023, the Company announced that Andrew Wilkinson and Paul Burger resigned as Non-Executive Directors of the Company.

On 26 October 2023, at the Company's AGM, Shareholders voted against the Continuation Resolution. The Board will, in accordance with the Company's Prospectus, put forward proposals for the reconstruction, reorganisation or winding-up of the Company to Shareholders for their approval within six months following the date of the AGM.

On 26 October 2023, Andrew Sutch was not re-elected as a Director of the Company and therefore ceased being a Director and Chair of the Board from the conclusion of the AGM.

On 6 November 2023, as a result of undertaking a review of the Company's financial position, the Board has determined that it would not declare dividends before the new financial year.

On 7 November 2023, the Company announced the appointment of Robert Naylor as Chairman of the Board and Non-Executive Director and Francis Keeling as Non-Executive Director, with immediate effect.

On 11 December 2023, the Company announced the completion of the sale of a portfolio of non-core songs. This portfolio represents the majority of the Held for Sale disposal group recognised at 30 September 2023.

On 11 December 2023, the Company announced the appointment of Singer Capital Markets as sole corporate broker and financial adviser and Shot Tower Capital, LLC as lead adviser to conduct due diligence on the Company's assets as part of its strategic review.

On 15 December 2023, the Company announced the appointment of Christopher Mills as Non-Executive Director, with immediate effect.

On 20 December 2023 the Company announced the appointment of KPMG Channel Islands Limited, Guernsey (KPMG CI) as its auditor with immediate effect for the financial year ended 31 March 2024. KPMG CI succeed PricewaterhouseCoopers CI LLP, Guernsey (PWC CI), who were the previous auditors. The re-appointment of KPMG CI as auditor will be subject to approval by the Company's shareholders at General Meeting of the Company to be convened in due course.

Post period end the Company will be acquiring the remaining rights to an existing Catalogue within the Company's portfolio. This acquisition arises due to an exercisable option in the existing Catalogue acquisition contract.

Alternative Performance Measures

For the six months ended 30 September 2023 (unaudited)

Adjusted EPS from continuing operations

Definition

Loss for the period from continuing operations excluding Total Amortisation, impairment, depreciation, Catalogue bonus provision, restructuring costs, foreign exchange losses and provision for HSG advances divided by weighted average number of Ordinary Shares outstanding.

Reason for Use

Adjusted EPS from continuing operations is a strong indicator of Company performance and profitability after adjusting for non cash and financing items.

	1 April 2023 to 30 September 2023 \$'000	1 April 2022 to 30 September 2022* \$'000
Calculation		
Loss after tax from continuing operations	(63,764)	(20,881)
Total Amortisation	54,567	56,111
Impairment of Catalogues of Songs	15,194	2,007
Fixed asset depreciation	247	30
Lease liability interest	158	378
Exceptional transaction costs	5,747	–
Movement in Catalogue bonus provision	23,257	3,689
HSG restructuring costs	504	925
Foreign exchange losses	280	2,083
Fair value gain on held for trading derivative financial instruments	(19,652)	–
Movement in ECL provision for HSG advances	42	(375)
Adjusted earnings	16,580	43,967
Weighted Average number of Ordinary Shares outstanding (number)	1,209,214,286	1,211,214,286
Adjusted Earnings per Share (cents)	1.37	3.63

* Definition changed since the prior period, refer to page 170 of the Company's Annual Report for the year ended 31 March 2023.

† Tax arising on above adjusting items amounts to \$18.3 million (six month period ended 30 September 2022: \$11.7 million). This figure is the sum of the tax effects of individual adjusting items other than permanent differences, calculated using the prevailing 25% corporation tax rate for the periods for UK items and 21% rate of US Federal corporate income tax for US items.

Adjusted Operating Costs less Interest Expense

Definition

Operational expenses excluding Total Amortisation, impairment, depreciation, Catalogue bonus provision, restructuring costs, foreign exchange losses, provision for HSG advances and interest expense.

Reason for Use

An indicator to Shareholders of the Company's underlying operational expenditure excluding non cash and financing items.

	1 April 2023 to 30 September 2023 \$'000	1 April 2022 to 30 September 2022 \$'000
Calculation		
Advisory and performance fees	5,398	6,760
Administration fees	212	300

Legal and professional fees	1,711	1,728
Audit fees	571	189
Brokers' fees	115	94
Directors' remuneration	324	324
Subscriptions and licences	204	383
Aborted deal expenses	1,099	332
Debt financing fees	176	53
Public relations fees	181	136
Marketing & events	373	355
Listing fees	32	41
Bank charges	15	26
Record label costs	18	–
Charitable donations	20	28
Directors' and officers' insurance	31	42
HSG staff payroll and expenses	3,029	3,154
HSG office expenses	223	198
Travel, accommodation and entertainment expenses	–	23
HSG travel, accommodation and entertainment expenses	103	258
Sundry	(13)	71
Net loss from joint ventures	446	48
	14,268	14,543

Annualised Ongoing Charges

Definition

Adjusted Operating Costs less Interest Expense and non-recurring administrative expenses annualised over a 12-month period.

Reason for Use

Ongoing Charges are a good indicator to Shareholders of the Company's continuing operating expenses excluding the cost of financing. These operating expenses are likely to recur in the foreseeable future.

	1 April 2023 to 30 September 2023 \$'000	1 April 2022 to 30 September 2022 \$'000
Calculation		
Adjusted operating costs less interest expense	14,268	14,543
Non recurring operating expenses	(1,153)	(854)
Total ongoing charges over a six-month period	13,115	13,689
Annualised ongoing charges over a 12-month period	26,230	27,378

Distributable Revenues

Definition

Distributable Revenue is the total loss for the period excluding Total Amortisation, impairment, depreciation, Catalogue bonus provision, restructuring costs, foreign exchange losses and provision for HSG advances.

Reason for Use

Distributable Revenues are profits, after adjusting for non-cash and financing items, attributable to the Company's revenue activities and are an indicator of the Company's ongoing ability to pay its dividends.

	1 April 2023 to 30 September 2023 \$'000	1 April 2022 to 30 September 2022 \$'000
Calculation		
Total loss for the period	(63,201)	(20,090)
Total Amortisation	54,567	56,111
Impairment of Catalogues of Songs	15,194	2,007
Fixed asset depreciation	247	30
Lease liability interest	158	378
Catalogue bonus provision	23,257	3,689
HSG restructuring provision	504	925
Foreign exchange losses	280	2,083
Fair value gain on held for trading derivative financial instruments	(19,652)	–
Movement in ECL provision for HSG advances	42	(375)
	11,396	44,758

Dividend Cover

Definition

Distributable Revenues generated during the period divided by the dividend paid during the period.

Reason for Use

A strong indicator to Shareholders of the Company's ability to pay a dividend from retained earnings.

	1 April 2023 to 30 September 2023 \$'000	1 April 2022 to 30 September 2022 \$'000
Calculation		
Distributable Revenues	11,396	44,758
Dividend Paid	39,801	19,312
	0.29	2.32

EBITDA

Definition

The Operating loss for the period before taxation from continuing operations plus Total Amortisation, impairment, depreciation, Catalogue bonus provision, restructuring costs, foreign exchange losses, provision for HSG advances and interest expense.

Reason for Use

A strong indicator to Shareholders of Company performance and profitability after adjusting for non cash and financing items.

	1 April 2023 to 30 September 2023 \$'000	1 April 2022 to 30 September 2022* \$'000
Calculation		

Operating loss for the period before taxation from continuing operations	(63,686)	(17,066)
Total Amortisation	54,567	56,111
Impairment of Catalogues of Songs	15,194	2,007
Fixed asset depreciation	247	30
Lease liability interest	158	378
Exceptional transaction costs	5,747	–
Catalogue bonus provision	23,257	3,689
HSG restructuring provision	504	925
Foreign exchange losses	280	2,083
Fair value gain on held for trading derivative financial instruments	(19,652)	–
Movement in ECL provision for HSG advances	42	(375)
Interest expense	23,052	14,473
	39,710	62,255

* Definition changed since the prior period, refer to page 170 of the Company's Annual Report for the year ended 31 March 2023.

Leveraged Free Cash Flow

Definition

Net cash generated from operating activities less interest paid, acquisition related balances and foreign exchange losses.

Reason for Use

A good indicator to Shareholders of the cash position of the Company and the availability of cash flows to fund dividend payments.

	1 April 2023 to 30 September 2023 \$'000	1 April 2022 to 30 September 2022* \$'000
Calculation		
Net cash generated from operating activities	48,962	45,463
Foreign exchange losses	(280)	(2,083)
Interest paid (net of swap arrangements)	(18,334)	(14,973)
	30,348	28,407

* Definition changed since the prior period, refer to page 170 of the Company's Annual Report for the year ended 31 March 2023.

NAV Total Return

Definition

Operative NAV per share plus cumulative dividends paid up to the period end less the Operative NAV per share as at 11 July 2018, divided by the Operative NAV as at 11 July 2018.

Reason for Use

To show how the assets have performed since IPO to Shareholders.

	As at 30 September 2023 \$'000	As at 31 March 2023 \$'000
Calculation		
Operative NAV per share	1.7392	1.9153

Cumulative dividends paid to year end	0.2955	0.2789
Operative NAV at IPO	(1.2983)	(1.2983)
	0.7364	0.8959
Operative NAV at IPO	1.2983	1.2983
	56.72%	69.01%

Non recurring operating expenses

Definition

Non recurring expenditure included within operating expenses.

Reason for Use

A good indicator to Shareholders of expenses not likely to recur in the foreseeable future.

	1 April 2023 to 30 September 2023 \$'000	1 April 2022 to 30 September 2022 \$'000
Calculation		
Non recurring expenses included within:		
Legal and professional fees	39	116
Subscriptions and licences	–	8
Listing fees	–	4
Aborted deal expenses	1,099	332
Debt financing fees	–	53
Marketing and events	–	266
Travel, accommodation and entertainment expenses	–	23
Charitable donations	–	42
Public relations fees	15	10
	1,153	854

Ongoing Charges %

Definition

Annualised ongoing charges divided by Average Operative NAV.

Reason for Use

To monitor the expenses, which are likely to recur, relative to the fund size over time.

	1 April 2023 to 30 September 2023 \$'000	1 April 2022 to 30 September 2022 \$'000
Calculation		
Annualised Ongoing Charges	26,230	27,378
Average Operative NAV	2,209,564	2,228,806
	1.19%	1.23%

Operative NAV

Definition

The IFRS NAV adjusted for the Fair Value of the Catalogues of Songs.

Reason for Use

The Operative NAV reflects the values of the Catalogues of Songs based on fair values produced by the Portfolio Independent Valuer.

Calculation	As at 30 September 2023 \$'000	As at 31 March 2023 \$'000
IFRS NAV	1,331,529	1,434,534
Adjustments for revaluations of Catalogues of Songs to fair value	385,504	565,478
Reversal of accumulated amortisation and impairment	386,049	316,036
Operative NAV	2,103,082	2,316,048

Total Amortisation

Definition

Amortisation of Catalogues of Songs plus amortisation of capitalised borrowing costs.

Reason for Use

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.

Calculation	1 April 2023 to 30 September 2023 \$'000	1 April 2022 to 30 September 2022 \$'000
Amortisation of Catalogues of Songs	53,947	55,110
Amortisation of borrowing expenses	620	1,001
	54,567	56,111

Total Debt

Definition

Total gross indebtedness of the Company including the drawdown RCF balance, PRO advances and Catalogue bonus provision.

Reason for Use

Total debt is used as a measure in the Company's covenant compliance reporting and in the Company's Investment Policy.

Calculation	As at 30 September 2023 \$'000	As at 31 March 2023 \$'000
Loans and borrowings	604,000	600,000
PRO advances	1,862	3,178
Catalogue bonus provision	68,129	45,042
	673,991	648,220

6 Month NAV Total Return

Definition

Operative NAV per share as at year end plus dividend paid during the six-month to 30 September 2023 less the Operative NAV per share as at the beginning of the year divided by the Operative NAV per share as at the beginning of the year.

Reason for Use

To show how the assets have performed over the past six months to Shareholders.

	1 April 2023 to 30 September 2023 \$'000	1 April 2022 to 30 September 2022 \$'000
Calculation		
Operative NAV per share at year end	1.7392	1.8312
Dividend paid during the six-month period to 30 September 2023	0.0166	0.0308
	1.7558	1.8620
Operative NAV per share at beginning of year	1.9153	1.8491
	(8.33%)	0.70%